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Members hone staff skills via
**professional
development**

By Dinah Adkins

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NBIA REVIEW

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Going beyond best practices: **The cutting edge of entrepreneur support**



Whatever stage you are at with your incubation program or career, there's always some-

thing new to be learned. Although NBIA's Principles and Best Practices of Successful Business Incubation have been around for many years, incubator managers around the world find innovative new ways of implementing best practices every day.

That's why each year NBIA scours presentation proposals to bring you top-notch programming for its International Conference on Business Incubation and Preconference Institute. The event is heralded as the premier conference on business incubation because it carefully designs a grid of in-depth workshops and concurrent educational sessions on current best practices and up-and-coming industry innovations – all of which are presented by veteran industry practitioners.

Fittingly, *Beyond Best Practices: The cutting edge of entrepreneur support* is the theme for NBIA's 26th International Conference on Business Incubation, scheduled for May 6-9 in Atlanta. Each year, conference participants take home proven tools and techniques to help them better assist clients and develop a stronger incubation program.

In addition to exceptional programming, NBIA's conference offers other key ingredients that create the complete professional development experience. Nearly 600 incubator managers, researchers, economic development professionals, policymakers, venture capitalists and educators from around the world are in

attendance and available for networking and brainstorming. Tours of award-winning Georgia incubators provide optional experiential activities. An awards luncheon heralds top industry and client

innovations. A robust exhibit hall showcases companies and products that can help you do your job better. And there's plenty of time for fun with an opening reception, vendor mixer and an optional tour of CNN and the High Museum of Art.

The Sheraton Atlanta Hotel serves as NBIA's conference headquarters, where all conference-related activities take place. NBIA has arranged a special group rate of \$149 per night for a single or double room. The cutoff date for the rate is April 11, so make your reservations soon.

The cost of your registration is determined by when you register and the number of events you want to attend, including the conference, Preconference Institute workshops and optional tours. Register by March 23 to receive the early-bird rate.

The demands of developing or operating an incubation program are vigorous and time-consuming. It's difficult to dedicate time to professional development. However, as anyone who has attended a conference of any kind knows, you always return to work with renewed energy, new ideas and new contacts and mentors for help and support. Plus, keeping a finger on the pulse of the industry – and going *Beyond Best Practices* – will ensure you and your program are growing and learning at the same rate as your clients.

Learn more about this year's conference at www.nbiainconference.org. See you there.—Kim Barlag

How Venture Development Organizations relate to the **incubation industry**

The U.S. Economic Development Administration recently funded a project by the State Science & Technology Institute of Westerville, Ohio, to create the Regional Innovation Acceleration Network to establish and support a virtual community of Venture Development Organizations across the United States. But what exactly are VDOs? And how do they relate to traditional business incubation programs?

To find out, NBIA asked Mark Skinner, vice president of SSTI and RIAN director, to describe some of the characteristics of a VDO. Skinner says that although VDOs share a series of attributes, few economic development programs possess them all.

As it stands, the VDO designation is basically a benchmark, a series of features and qualifications that incubation programs or accelerators, among other groups involved in economic development, might have. These include a regional aspect, a network aspect, access to capital and other attributes. SSTI's RIAN Web site (www.regionalinnovation.org) offers tools to determine which attributes a particular program possesses.

RIAN participants developed this list of attributes over a course of formal, informal and anecdotal study, Skinner says. "We took a small group of people to the U.S. Department of Commerce's Economic Development Administration and said we want to study this and see if it [the aggregation of attributes that have since become VDOs] is an emerging trend in tech-based economic development."

At the beginning of the project, Skinner asked about 40 organizations if they'd like to participate in discussions about ways they might benefit from the administration's interest in

regionalization. The group began by examining the emerging organization models in economic development and the traits that they share.

"We had conference calls and focus groups," Skinner says. "We went to meetings of groups such as NBIA and asked questions. It turned out that 102 different organizations participated. We came up with a list of 16 characteristics that a really good [tech-based economic development] organization should have."

What do these characteristics involve? Access to capital is important, Skinner says. So are expertise and experience – programs should involve successful entrepreneurs, and the boards of directors should include experienced private-sector individuals. "They should have an entrepreneurial mindset," Skinner adds. "They should be at least as entrepreneurial as the companies they are trying to assist, not existing largely to acquire grants for their programs."

VDOs, he says, possess a strong regional component. "Sometimes, incubators have been a bit too insular – our chairs have faced in. We need to think more on the regional level." This change in approach involves establishing networks of organizations, venture funds, public-sector institutions and the like to maximize the likelihood of economic development – as many best practice incubators already do.

What role ought high scores in VDO benchmarks play in federal program funding? "I'm not in the position to decide this," Skinner says. "My impression is that the federal government is always going to look for organizations heavily supported by the communities where they are located. And in this or a possible future administration, money is going to be scarce."

—Dennis E. Powell





Lavelle, president of Lavelle & Associates in Slomczyn, Poland, and a former NBIA board chair. “What happens without having a standard methodology and consulting tools is that the staffs of incubators don’t know where to begin.”

Lavelle, an incubation pioneer who founded the Fulton-Carroll Center for Industry in Chicago in 1980 and ran the program until 1992, has since been consulting in Europe, particularly Eastern Europe, and in Africa. In those regions, staff may have no business coaching or business development experience. “I work mostly with incubator teams in transitioning and emerging economies where the professional infrastructure is very thin, so we have to create it almost from scratch,” Lavelle says. Among the core needs she identifies are “a methodology for assessing client needs and a methodology for coaching clients, presumably based on those needs.”

Last among the major divisions of professional development topics are those related to personal, career and leadership development. These include leadership development programs, training on managing teams, reading and discussing books such as those by Peter Drucker and Steven Covey, and participating in exercises to gain an understanding of important life goals or how to find balance in life and work.

Opportunities for learning even when staff is small

A problem for many incubator managers is that their programs are “chronically understaffed” with perhaps only the manager and a receptionist, says Long. “The constraints of time and money prohibit many managers from availing themselves of opportunities for professional development.”

However, small incubators can do many things that larger incubators can. If you’re the sole professional on your team, or if there are only two of you, you still need to ensure that your incubator environment is one that helps others succeed. And this requires taking your own professional development seriously and modeling that for your clients – building a culture that is based on continual self-improvement and learning.

“I subscribe to the Disney philosophy of leadership that states every leader is telling a story by his or her actions,” explains Karl LaPan, president & CEO of the Northeast Indiana Innovation Center in Fort Wayne, Ind. Basic for build-

ing a dynamic and growth-oriented culture is ensuring high performance by setting high expectations for yourself and others, he says.

Having been strongly influenced by his participation in a three-year coaching certification program based on the premise of Matthew Kelly’s book *The Dream Manager*, LaPan notes Kelly’s main coaching thesis: “An organization can only become the best version of itself to the extent that people who drive the organization are striving to become better versions of themselves.”

So, of course, incubator managers should ensure their budget includes funds for their own development, whether this permits attending NBIA conferences and enrolling in the Incubator Management Certificate Program (see www.nbia.org/certificate), buying books from the NBIA Bookstore or other activities.

“The NBIA library is a must,” says Moreira, who particularly recommends two books: *Best Practices in Action: Guidelines for Implementing First-Class Business Incubation Programs, Revised 2nd edition*, a top-seller that describes in detail 118 examples of incubator best practices; and *A Comprehensive Guide to Business Incubation*, also in a second edition, which contains more than 70 chapters on incubation topics.

Moreira also finds back issues of NBIA newsletters (see NBIA’s online archives at www.nbia.org/resource_library/review_archive) and the member listserv of great value. “This is the best ... continuous education available for me and my staff. We keep the [listserv] postings and all the attached materials of the last three years. It is part of our reference library,” he explains.

Dionne Palmer, incubator manager of the Technology Innovation Centre in Kingston, Jamaica, concurs about the usefulness of the listserv. Using it, she makes contact with people who have addressed similar issues or who have experience with programs she would like to implement.

The listserv and newsletter archives are free to NBIA members. Another resource that is free to all is the library of information attached to an NBIA tool that permits benchmarking your incubator’s operations (see www.nbia.org/benchmark). This library contains hundreds of pages of excerpts and Web links organized by 10 topic headings, such as “Selecting Clients” and “Incubator Finances.”

Many incubator managers we contacted mentioned NBIA’s occasional free Webinars. Even

“What happens without having a standard methodology and consulting tools is that the staffs of incubators don’t know where to begin.”

—June Lavelle, president,
Lavelle & Associates,
Slomczyn, Poland



For more on professional development for incubation professionals, see the April issue of the *NBIA Review*, which will contain a listing of useful resources and an examination of an exemplary state association program.

Webinars available for a fee offer great training value at \$69. Archived Webinars are available to members for \$29 each.

Other resources are also available inexpensively, for free or for only the time spent organizing them. “Due to budgetary issues, we look for opportunities that are either free or inexpensive,” says Ann Lansinger, president of Baltimore’s Emerging Technology Centers. “We look to local seminars usually offered by law and accounting firms on such things as changes to the IP [intellectual property] laws or new financial services regulations. We also ask our mentors to prepare seminars for our clients, which we attend.”

Megan Reichert-Kral, manager of the University of Michigan Venture Accelerator in Ann Arbor, Mich., relied heavily on the business community in both Toledo, Ohio, where she previously managed an incubator, and now in Ann Arbor. Her current program tapped alumni networks to bring in a founder of The Foundry, an innovative company based on image-processing technologies, who was glad for the chance to return to his alma mater. “You need to find some kind of tie to your community; having that alumni network is useful. But there are entrepreneurs who have made it big elsewhere. Frequently those people are able to come back for no or a reduced fee,” she says.

Lansinger has found another inexpensive way to assist with professional development. “We ask each staff member to prepare a training exercise for the other staff on an annual basis,” she says. This could be anything from a tutorial on a new software program to how to run a wet lab incubator.

Agencies and businesses that support your program may provide sponsorships for professional development activities, if asked, and other sources include local foundations that support capacity building for nonprofits. “I depend heavily on sponsorships [to attend training programs], free Webinars and any printed material that comes my way,” says Palmer. “Sometimes creativity is necessary for professional development.”

“Most incubators participate in ‘action learning’ [an educational process whereby the participant acquires knowledge through actions and experience] and don’t even realize it,” explains Long. He notes that many “top level” programs conduct monthly CEO/manager meetings in which the “client CEOs sit around and exchange information. I did and it made a huge difference in how I operated and how the businesses interacted,” he says.

These days, many incubator managers also are conducting Startup Weekends (see www.startupweekend.org). These events offer opportunities for professional development, even though the primary beneficiary is the start-up business, says Steve Morris, executive director of the Oregon Technology Business Center of Beaverton, Ore. “Startup Weekend attracts a different set of investors and mentors than our usual crew, so it’s an opportunity to hear how others approach the coaching/advising task, and for junior staff, it’s an opportunity to see the start-up process in a 54-hour microcosm.”

Professional development for those with larger staffs and budgets

Over the 24 years Charlie D’Agostino has managed the Louisiana Business & Technology Center in Baton Rouge, La., he has grown staff from two to 11, including Small Business Development Center counselors and seven MBA students. Yet, despite his experience, D’Agostino signed up for the NBIA’s Incubator Management Certificate Program. And he sent his student incubator director and office manager to earn NBIA certificates as well.

To fulfill LBTC’s need to sharpen other skills, D’Agostino has attended or sent staff to programming organized by the National Association of Seed and Venture Funds, the State Science & Technology Institute, the Federal Laboratory Consortium, the Association of University Research Parks and the Association of Small Business Development Centers. “If I hire a per-

son and the bulk of their time is charged to SBDC counseling, I will ask them to become ASBDC certified,” he says.

D’Agostino encourages staff to participate in local or state leadership programs, Chamber of Commerce committees, Startup Weekends, and Entrepreneurs’ Organization and Entrepreneur Headquarters meetings. “Our attitude is that we have to be involved to see what they are up to,” D’Agostino explains.

Ed Hobbs, president & CEO of the Toronto Business Development Centre in Toronto, introduced professional development into all levels of the organization. “Managers, as part of their annual review process with staff, must jointly identify an area of development need with each staff member, and then together with the staff member and our human resources person, choose a course or seminar that could address that need,” he says. “We register the staff member and have them put in writing their learning objectives prior to attending,” then assess the value of the session afterwards. Each manager can send each of their staff to one session a year, “with the option to find a second course if the original one failed to address the individual’s learning objectives.”

Hobbs sent a vice president to Toastmasters to improve one-on-one and presentation skills. He himself attends NBIA events including the Summit for Advanced Incubation Professionals, which offers small group discussions of various topics and abundant networking – all designed for experienced incubator managers.

Hobbs also found Bill Hybels’ Willow Creek Community Church, which runs an annual Global Leadership Summit. Though initially concerned by the retreat’s religious backing, he found it so “rejuvenating” that he attends each year, paying for it himself. “They bring in two days worth of guest speakers, mostly from the world of business or successful government officials, and they talk about their leadership philosophies and the importance of leadership. I was totally shocked by how valuable this was,” says Hobbs. Hybels recruits “the likes of Jim Collins (*Good to Great*), Terry Kelly (CEO of W.L. Gore, the GORE-TEX company), Blake Mycoskie (CEO, Tom’s Shoes), Michelle Rhee (CEO, StudentsFirst.org), and Jack Welch (famed former CEO of GE).

“I came away with a lot more insightful ideas from these speakers than from most so-called professional development sessions,” Hobbs

explains. “There are many valuable professional development tools out there. People have to be willing to experiment.”


John Mercer, executive consultant to the King Abdulaziz City for Science and Technology’s BADIR Program for Technology Incubation in Riyadh, Saudi Arabia, is fortunate that BADIR incubators have generous government funding. Mercer and BADIR Program Director Abdulziz Al Hargan are willing to consider a range of professional development options for staff, including:

- On-the-job in-house incubator manager training, including training in business counseling skills based on Asia-Pacific Economic Cooperation-accredited business counseling (Mercer is an APEC-accredited trainer and his consulting colleague Julian Webb is a World Bank infoDev program master trainer)
- International and Saudi conference and training program participation and international placements of two to four weeks with host incubators in the U.S., U.K., Australia, etc.
- Transfer of knowledge through staff peer presentations on returning from training/placements
- Training and professional development competency-based reviews as part of their ISO 9000 quality management process
- An annual monitoring and evaluation of each incubator by a team of international and local experts

Like Lavelle, Mercer sees “common gaps in the skills and ability to counsel clients. Hands-on assistance with directly helping a client – not just managing a mentoring or advising program – is more difficult and requires a different skill set as well as an understanding of entrepreneurs.”

Pondering the issue of professional development, United Kingdom Business Incubation Chief Executive Peter Harman says, “In looking at the *successful* business incubator managers and directors around the world, I firmly believe that the key competence is one of leadership – in that primarily they ‘create environments where others succeed.’”

Many managers agree with Harman’s assertion. “It is all about empowering others,” Mercer says, “be they entrepreneur clients, incubator staff, mentors or advisors.”

For more on training related to leadership issues, see “Leading and innovating from Fort Wayne, Ind.,” on page 8. 

FEATURED SOURCES

Charlie D’Agostino, executive director, Louisiana Business & Technology Center, Baton Rouge, La.

Rafael Garcia Moreira, manager, Ingenio-Incubator de empresas, Montevideo, Uruguay

Peter Harman, chief executive, United Kingdom Business Incubation, Birmingham, U.K.

Ed Hobbs, president & CEO, Toronto Business Development Centre, Toronto

Ann Lansinger, president, Emerging Technology Centers, Baltimore

Karl LaPan, president & CEO, Northeast Indiana Innovation Center, Fort Wayne, Ind.

June Lavelle, president, Lavelle & Associates, Slomczyn, Poland

Mark Long, president, Long Performance Advisors, Ellettsville, Ind.

John Mercer, executive consultant, King Abdulaziz City for Science and Technology BADIR Program for Technology Incubation, Riyadh, Saudi Arabia

Steve Morris, executive director, Oregon Technology Business Center, Beaverton, Ore.

Dionne Palmer, manager, Technology Innovation Centre, Kingston, Jamaica

Megan Reichert-Kral, manager, University of Michigan Venture Accelerator, Ann Arbor, Mich.

Leading and innovating from Fort Wayne, Ind.



By Dinah Adkins

NBIA's foremost proponent of professional development – including building leadership skills – is likely Karl LaPan, president & CEO and “Certified Dream Manager” of the Northeast Indiana Innovation Center in Fort Wayne, Ind. LaPan takes seriously managing dreams and building a culture that will help him and others succeed.

“Everything starts with the leader,” LaPan says. “Engaged professional development starts with the leader’s philosophy about continuous lifelong learning.” He requires that all staff learn to respect each other’s ideas, teaches that authority equates with accountability, and stresses that “higher expectations yield higher performance.”

These aren’t empty words at NIIC. LaPan relies on a performance management system that includes performance reviews, soft skills assessments, and other tracking and measurement tools to assist in growing staff. “I believe in regular self-assessment, linked and shared goals between and among employees, and evaluation of actual results metrics to determine success in reaching and aligning individual and organizational goals,” he says.

NIIC serves a 10-county region, and LaPan insists his crew of 11 (five full-time and six part-

time employees) be diligent in career development, staff development and personal development activities. (See *Sample professional development activities* for examples.)

LaPan believes personal development should be based on finding the answers to questions he has gleaned from personal study:

- Where should I invest my own time, talents and treasure?
- What are the values that give purpose to my life?
- What changes would I make if I could reinvent my life?
- If I were hired as a consultant to my own organization, what advice would I give?
- How do I encourage my personal continuous workplace learning?
- How do I go from success to significance and chart a path to a winning life?
- On a scale of one to 10, how happy am I right now? What would make me happier?

These are all big questions. LaPan believes in opening himself up to learning moments; reflective thinking; and finding how to advance the incubator, improve himself or identify a gap or opportunity. He also believes the best leaders are lifelong learners engaged in a purpose that keeps them connected and motivated. “I am always open to *creative* self-destruction of the model that has gotten our program where it is.

“I believe strategy is not only about being better but different, so I am always looking at how we meet the higher order and more

complex requirements of entrepreneurs,” LaPan says. “For example, I think incubators can be engaged in the executive recruiting business, but in order to do so, we need credentials in hiring the right-fit talent. My certification in a psychometric instrument like Predictive Index allows me to provide a service that would be cost-prohibitive for our clients.”

LaPan says professional development should be ongoing. “I believe incubation program leaders must be active lifelong learners, demonstrating their relevance and intellectual curiosity and investing in the most relevant toolkit and skill set to deliver the highest quality entrepre-

neurial training, coaching and services to their clients,” he says.

“I am driven to achieve my personal best, and in doing so, I have committed myself to the highest standards of performance and personal accountability. Personal reinvention is a prerequisite for staying power and success as an incubator CEO,” he stresses. LaPan then quotes legendary former GE CEO Jack Welch: “An organization’s ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage.’ This mantra drives me daily – personally, professionally and organizationally.” **R**

“Personal reinvention is a prerequisite for staying power and success as an incubator CEO.”

—Karl LaPan, president & CEO, Northeast Indiana Innovation Center, Fort Wayne, Ind.

Sample professional development activities

For career development:

- Civic and professional involvement and memberships (work on taskforces, teaching courses, etc.)
- Incubator-specific activities (NBIA and state association conferences and training, certificate programs, shadowing and identifying mentors)
- Personal training and continuing education (certification in areas of functional expertise and also in Coach U., Dream Manager, Predictive Index, 1-Page Business Plan and Kauffman FastTrac training)
- Leadership-development programs (Leadership Fort Wayne locally, and national executive education programs such as those at Stanford, Harvard, etc.)
- Lifelong learning (staff retreats, investment clubs, learning circles and discussion groups, coaching and mentoring, etc.)

For staff development:

- Tools for staying on top of the game (Readings with application to the incubator – *Creating Magic*, *Pyro-Marketing*, *Global Achievement Gap*, *The New Gold Standard*, *Daily Drucker*, etc., and classes in Spanish, anatomy, etc.)
- Access to NBIA and other association resources (Training, conferences, Webinars, etc.)
- Lunch and Learn sessions (Intellectual property, building management teams, financials and cash flow, etc.)
- Staff retreats (Held quarterly to address “a Big Rock [challenge] or two” and annually to focus on “Bold Moves,” update strategies and brainstorm tactics)
- Visits to best practice incubators and incubator consulting

For personal development:

- Immersion in themed study (A year on leadership, a year of Drucker)
- Learning from interesting people, places and gadgets (Pick people’s brains, seek mentors and thinkers who will challenge your ideas, test new products, etc.)
- Read, read, read (Books, magazines, podcasts, RSS feeds, etc.)
- Sharpen the saw (Teach, benchmark yourself against best practice models, be a mentor, etc.)



Incubators innovate to diversify income streams and increase program sustainability

By Dennis E. Powell

TO THE POINT

Incubation programs encourage clients to diversify their customer base, markets and investments to improve long-term sustainability. In much the same spirit, incubators themselves seek ingenious ways to increase program revenues and maximize available resources and skills. ▶

The Arts Incubator of Kansas City had some extra room, and like many incubation programs, the omnipresent need for additional income. So AIKC decided to rent out the third floor of its facility for events.

Soon organizations were conducting church services and dance classes in the space. As the incubator's neighborhood in downtown Kansas City, Mo., became increasingly gentrified, requests to rent the space for wedding receptions and other functions increased.

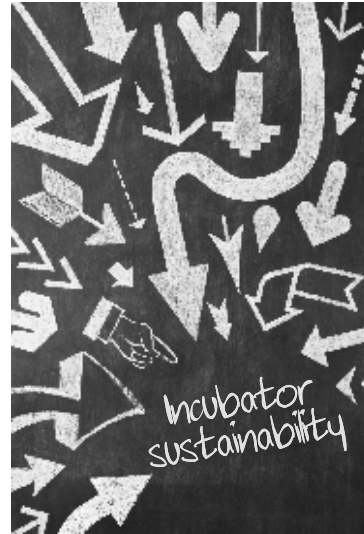
The event space became so popular that the incubator renovated it, adding a commercial kitchen to further broaden its appeal and possible uses as a venue. Ultimately, more than a third of AIKC's revenue resulted from rental income generated from the event space.

It became so successful that a competing reception hall lodged a complaint with the city's building department, which conducted an inspection and ended up shutting down the whole AIKC facility for code violations – not just the reception hall but the incubator, too.

In June 2011, AIKC closed permanently. The building problems were more than it could overcome, especially with the loss of the rental hall revenue.

Its savior – the rental of extra space to bring in additional revenue – proved also to be its downfall.

A cautionary tale to be sure, but also one that exemplifies the importance of imagination and innovation in diversifying incubator revenue streams.



Putting common spaces to use

Ohio University's Innovation Center in Athens, Ohio, has a large meeting room, a reception lobby and areas to prepare refreshments. Director Jennifer Simon says clients use the space a lot, but the incubator also rents it to commercial and nonprofit organizations.

While many incubation programs rent meeting spaces to outside organizations, Simon says she

also plans to draw revenue from other specialized facility resources, including several well-equipped wet labs and trained staff members.

"Our lab manager is getting certified in use of all of our equipment," she says. "We then will be able to provide for-pay lab services to researchers who are not clients – professors from the university and other researchers in the area. It's not a moneymaker for us yet," she says. "But we're confident it will be."

Capitalizing on a variety of programs

In addition to its core business incubation program, Louisiana Business & Technology Center in Baton Rouge, La., has branched out into several other lucrative fields, some closely related to business incubation and some less so, says Charlie D'Agostino, LBTC executive director.

"I was told in 1988 when I established the LBTC at Louisiana State University that I had two years to become self-funding or we would not continue at LSU," he says. "I was forced to be as entrepreneurial as our incubator clients."

Building on relationships forged when he worked at the NASA Stennis Space Center, D'Agostino knew NASA needed outreach and SBIR assistance for their programs in technology transfer and technology commercialization. So

he proposed that LBTC become the outreach arm in Louisiana for SBIR and tech transfer. NASA funded his proposal, and the relationship has continued since 1990. The contract earns LBTC \$310,000 annually to provide SBIR/STTR counseling for businesses statewide.

LBTC follows the same model to support other client services. “We do not get any government grants or subsidies; all of our funding is on contracts with deliverables,” D’Agostino says. “If we deliver, they are renewed; if not, they’re canceled. Therefore, we are motivated, like our incubator clients, to perform on contracts and give good customer service.”

Recognizing needs and finding innovative ways to respond to them has become a way of life at LBTC. “Because of the hurricanes and British Petroleum oil spill, the LBTC has established a disaster business counseling center, which brings in about \$250,000 annually to provide recovery and contingency planning services to businesses impacted by the disasters,” D’Agostino says. “This program has gotten the LBTC national attention as the leader in disaster recovery, and we were funded to assist L’Aquila, Italy, through a Fulbright Specialist Program to help Italian businesses recover after the 2009 earthquake there.”

LBTC also developed an international trade program to assist incubator clients and other Louisiana companies develop international markets and customers in China, Brazil, Colombia, Panama and Mexico. D’Agostino says the program is funded by the U.S. Department of Commerce and the Louisiana Committee of 100 for \$240,000 for two years.

As with the international program, LBTC drew on its core competencies to address a resource gap in the region, conducting incubator-like programs beyond the 35,000-square-foot business incubator. “The LBTC established the Incubator on Wheels mobile classroom to provide outreach statewide in rural areas and areas impacted by the hurricane disasters,” D’Agostino says. The Incubator on Wheels, funded by the U.S. Department of Agriculture, the U.S. Economic Development Administration and local entities such as the Louisiana Municipal Association and the Louisiana Public Facilities Authority, brings in about \$250,000 annually. The Incubator on Wheels received NBIA’s 2009 Incubator Innovation Award.

A key component to LBTC’s sustainability is that D’Agostino operates the incubator like any

entrepreneurial business – by seeking opportunities to increase services and value by attracting a full array of diversified funding sources. “It has worked for us, but it is also very demanding to keep the customer – the funding agency – happy by delivering quality services to our constituents,” D’Agostino says.

Selling products and services

Over more than a quarter century of operation, Houston’s Entrepreneurial Development Center has developed a variety of revenue streams beyond its incubation program.

Since 1983, its parent group, Services Cooperative Association, has sponsored monthly entrepreneurial breakfasts open to guests as well as clients, at prices ranging from \$18 to \$27. Additionally the center sells guidebooks on incubation-related topics such as advising and mentoring clients, and the benefits of mentoring relationships.

Also available for sale are model legal documents useful to incubation programs, as well as a variety of services. “Candidly, we sell everything ‘but the cluck,’” says C. Dean Kring, director of research at EDC, a for-profit incubation program.

Assessing opportunity and risk

Business incubators, just like the entrepreneurs they serve, must continually evaluate potential gain against risks when considering new ways to bring in revenue. Few incubator managers complain of having too much money, and just about all look for ways to leverage existing spaces, facilities and programs to increase revenues. This can involve small things with big potential, such as renting wall space to art galleries, in hope not just of additional income but of a new source of publicity and advocacy for the program. Or it can involve diversification on a scale that would put a lot of corporations to shame.

But careful planning and implementation are critical to success. “Diversification of risk applies to a nonprofit business as well as it does to a for-profit,” says Joseph A. Rosa, former board member of the AIKC. “If the interruption of one aspect of your business can have a huge effect, it can undermine the stability of your entire business.” Adds fellow former board member Tom Corbin, “If you do have a profit center like that, you have to be prepared to cross all your t’s and dot all your i’s.”

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—Charlie D’Agostino,
executive director, Louisiana
Business & Technology
Center, Baton Rouge, La.

FEATURED SOURCES

Charlie D’Agostino,
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Joseph A. Rosa and
Tom Corbin, former board
members, Arts Incubator of
Kansas City, Kansas City,
Mo.

Jennifer Simon, director,
Ohio University Innovation
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Engaging stakeholders through reports and activities **yields real benefits**

By Dennis E. Powell

TO THE POINT

Whether the audience is grantors, local government or community members, keeping stakeholders engaged and informed greatly benefits an incubation program. Well-informed stakeholders are often more invested in incubator operations, which means they are better able to advocate for a program's effectiveness and more committed to its success. ►

What do you do, how do you do it, and how much does it cost?

What's the return on that investment? Those are short, simple questions that practically always have long, complicated answers. They are also questions that incubator managers need to answer regularly and ought to be prepared to answer always.

Your stakeholders want to know about your program. Some have formal reporting requirements. Some merely seek to stay informed. Some incubation programs that are part of larger organizations or institutions have just one stakeholder to satisfy, while others with diverse revenue streams from multiple organizations may need to file a broad array of forms and reports annually or quarterly.

"If you're receiving funding from the federal government, the chances are the reporting requirements are fixed, one size fits all, and there's nothing you can do except comply," says Tracy Kitts, NBIA's vice president & chief operating officer. "But for others, there may be some flexibility. You may be able to provide equivalent figures that you have, rather than calculating similar numbers that could take a lot of time to compile."

Stakeholder reporting is often much more than letting financial benefactors know how you spent their money. It is an important tool in demonstrating how efficient and cost-effective business incubation is, compared with other means of economic development and job creation.

Encouraging stakeholder involvement

Some programs have found stakeholder education is easier when stakeholders are involved intimately with the incubator. An example is Delaware Technology Park in Newark, Del.

DTP's board includes all relevant stakeholders, including the president of the University of Delaware, the secretary of Delaware's Economic Development Office and executives from both large and small companies in the region, says J. Michael Bowman, president and CEO of the program. This assures stakeholders are in on decisions and keeps them in a position of informed advocacy.

"Together, we continually share real-time information," Bowman explains. "But we also formally meet four times each year. During those meetings, the metrics are presented and analyzed." With full working knowledge of the park's operation and decision-making, those stakeholder-board members are better equipped to explain the program to others in their respective organizations. This positions them both to justify expenditures and to educate others about the importance and efficacy of business incubation.

Indeed, the term "stakeholders" can be broadly drawn, with every taxpayer a stakeholder to some extent in programs that receive public financing. When programs educate the public, support for them is likely to grow, and the few concerns the public might have – such as the notion that incubator clients benefit from perceived subsidies to help them compete with nonincubated companies – are allayed.

"I also meet monthly with the leaders of the county and city – ours is a college town – for issue discussions," Bowman says. "DTP is the technology hub for the state and has access to many support systems and services from the state, university and private sector. The continuum of events, conferences, seminars and so on in DTP keeps everyone current."

Baltimore's Emerging Technology Centers takes a formal approach to keeping stakeholders informed. "We provide an annual report and

quarterly board reports with updated statistics and meet with stakeholders as requested,” says Ann Lansinger, ETC’s president.

The annual report runs several pages, beginning with a statement of “Company Statistics and Achievements.” This describes important milestones reached by client companies during the year, including funding received, program graduates and awards received. It then describes new client companies and the program’s recruitment process, including the organizations involved in client selection.

Stakeholder education is important to ETC, as demonstrated in a section of its annual report describing efforts to increase program awareness among all its stakeholders. “Building strong bonds with related organizations and partners is the key to increased awareness of the ETC and attraction of quality clients,” it says. “In so doing, we have successfully built a positive image and are becoming increasingly well-known locally, nationally and internationally.”

ETC’s annual report isn’t merely a document looking back on the facts and figures of the previous year. It also looks ahead, describing goals for the coming years and areas where growth is expected and improvements are planned. For example, in the 2010 report, ETC expressed the goal of reducing its need for local subsidy while increasing its benefit to the city of Baltimore.

Building awareness and good will

A well-thought-out report doesn’t just inform stakeholders; it wins them over where there is doubt and builds support among existing advocates. Each year, the Innovation Depot in Birmingham, Ala., publishes a bright, four-color report folder illustrating how the program has benefited the city, using easily understood charts and figures. It shows the incubator facility on the cover and provides statistics and highlights (for the incubator and client companies) on the first inside page. The third page illustrates the program’s economic impact, and the back page lists the organization’s officers and directors.

The report is both brief and surprisingly comprehensive, serving as a powerful advertisement for the incubation program.

In many respects, the lines between reporting to stakeholders, educating stakeholders and advocating for an incubation program dim to near invisibility. For instance, a Spotlight article

on page 15 describes an event held last month by abi Innovation Hub in Manchester, N.H., in which companies were invited to make pitches. But this differed from most pitch contests in that the first round of judging was done by local residents invited to a free reception by the incubator.

“This is part of our continuing effort to make local residents aware of what we do here,” says Michele Petersen, chief operating officer at abi. “It draws attention to us, builds support for what we do and teaches people about business incubation and about our program.”

Streamlining formal financial reporting

There are, of course, formal reporting requirements involving the expenditure of grants and other revenues received by incubation programs.

“Knowing the numbers you will need ahead of time is a lot better than trying to put them together at the last moment,” Kitts advises. “Often, one stakeholder will want figures that are very similar to those needed by another. So it can save you time in the long run if you try to negotiate to see if they will accept the number you already have rather than put you to work calculating figures that are almost, but not quite, the same.”

Incubation programs registered as 501(c)(3) organizations must undergo regular audits to maintain their non-profit status, and these audits frequently provide much of the information required by stakeholders, he explains. “If you are dealing with a big federal agency or another body that distributes a lot of money to a lot of grantees, chances are their reporting requirements are pretty strict. You’ll have to give them what they require in the form that they require. But in other cases, you’ll find that they’re often willing to be very flexible. It certainly doesn’t hurt to ask.” ■

FEATURED SOURCES

J. Michael Bowman,
president and CEO,
Delaware Technology Park,
Newark, Del.

Tracy Kitts, vice president &
chief operating officer,
National Business
Incubation Association,
Athens, Ohio

Ann Lansinger, president,
Emerging Technology
Centers, Baltimore

Susan Matlock, president &
CEO, Innovation Depot,
Birmingham, Ala.

Michele Petersen, chief
operating officer,
abi Innovation Hub,
Manchester, N.H.



Membership note: During its membership restructure, NBIA added slots in each membership category to allow you to add stakeholders to your membership so they can learn more about the business incubation industry. To see if you have open slots on your membership, e-mail info@nbia.org.

Spotlight

on practice

NOTE:

This column features NBIA members who have found creative ways to better manage their programs and serve clients. If your program has found a unique way to improve operations, let us know by sending an e-mail to news@nbia.org.



Innovation begins during high school in Kansas

Entrepreneurship begins early in Overland Park, Kan.

That's where high school students may spend half of each school day their junior and senior years in the Blue Valley School District's Center for Advanced Professional Studies. They do research, invent things and develop businesses. It is probably unlike any high school program you've ever seen.

"We treat these kids as if they were professionals with college degrees," says Donna M. Deeds, executive director of CAPS. "They have the same software, tools and equipment."

The CAPS program began with a conversation between the district's board of education and the superintendent five years ago. The board asked the superintendent to consider how secondary education could be improved, to toss out the existing assumptions and models. A plan to let high school juniors and seniors explore their innovative and entrepreneurial muses was part of the result.

Two years later, CAPS opened its doors to 250 students. Currently, 690 students are enrolled, and administrators expect to reach the program's 1,000-student capacity next year. It

draws students from the five high schools of the Blue Valley district, six private high schools and home-schoolers. Applicants who agree to a code of conduct and business ethics may participate for one semester or for as many as four.

Each student chooses one of four tracks: bioscience, engineering, business or human services. Then, under teachers who have typically worked outside of education, with mentors from outside the school, and with existing businesses, they become involved in projects of their choice, either under the aegis of an outside

business or on their own. Some students work on their own while others collaborate with one or more of their peers.

Through the program, students have developed a variety of products, from self-watering flowerpots to a unique way of charging cellular telephones to a method of increasing the safety of hydrogen fuel cells. "It's ideation to commercialization, all in high school," Deeds says.

What's more, the intellectual property generated belongs to the students who invented it. The program even assists in obtaining patents.

In addition to receiving business training, students are subject to a dress code and a code of business ethics that includes attending class each day on time and completing assignments promptly and well.

"Sometimes I feel as if I'm running a charm school," jokes Deeds. "But they learn that business letters don't begin, 'Hey, Dude.' We're breaking the paradigms of what people think high school kids can do. Our model is to combine the best of the business world and the best of education. It's hard work, but it isn't rocket science."

Many classes meet in CAPS' 66,000-square-foot building, which opened in 2010, while other learning takes place in corporate offices and labs. This spring, CAPS will launch a 7,000-square-foot accelerator with a video-conferencing area, rapid prototyping labs and ideation rooms.

Crucial to the start of CAPS was getting in touch with local companies and industries and asking them what they seek in model employees. "We said, 'Tell us what we should be teaching – we need to hear from you as customers,'" Deeds says.

The program has all been financed locally, through a small bond issue, corporate backing and by normal education funding. The program receives corporate backing from Black & Veatch, Garmin, Bayer, Sprint, Cerner, Cisco and IBM.

caps

“We prepare students for the world,” Deeds says. “It’s possible here to come up with a product that guarantees your college is paid for. The networking skills and contacts extend through college and beyond.”

CAPS is itself a work in progress. “We’re still prototyping this program,” Deeds says. “Any district could do it. And we don’t know how far it will go.”—*Dennis E. Powell*



New Hampshire incubation program reinvents itself

It has been a year of significant changes at abi Innovation Hub in Manchester, N.H. In February 2011, the Amoskeag Business Incubator, a mixed-use incubation program with a 14-year history, announced its rebranding as abi Innovation Hub.

While abi is still a mixed-use program, the name change represents a change of focus, too. “We felt there was an opportunity to diversify into the world of innovation,” says Jamie Coughlin, CEO, who joined the then-Amoskeag program in October 2010. “That is subtly different from ‘mixed-use.’ The world is beginning rapidly to change, and people in New Hampshire can take part.”

The rebranding provides an opportunity to change incubator policies and strategies, says Michele Petersen, chief operating officer and a four-year veteran of the program. “We have a review committee now and are trying to focus on companies that are a good match.”

In its new incarnation, abi Innovation Hub is a 15,000-square-foot facility with 40 “residents – we prefer that to ‘tenants’ or ‘clients,’” says Petersen. About half locate their businesses at the abi facility full time, while the other half is involved in a newly revamped co-working program. “We have a co-working lounge they can access 24 hours per day, seven days per week, and private meeting rooms and a conference room they can sign up to use.”

Because New Hampshire is in some ways in the shadow of the Boston area and its rich business incubation environment, Coughlin and Petersen make a point of including people from the local community and beyond to sell the incubator, the city and the state to companies thinking of locating there. “We’re trying to put some eyeballs on what we do, to make it interactive and get the public engaged,” says Coughlin.

The most visible public outreach has been VentureX, an event held at the end of January, conceived as a pitch competition and more. Wasabi Ventures, a venture capital firm with offices in Silicon Valley and at abi Innovation Hub, offered \$10,000 in seed capital and \$20,000 of engineering and product management services from Wasabi Ventures, and a year’s free residency at abi to the winner of the competition.

But it wasn’t an ordinary pitch contest. Instead, each of 10 companies chosen by abi and Wasabi from among 100 that applied via a Web entry form

received a booth where it could explain its products at a cocktail party open to the public. Attendees were asked to distribute five “golden tickets” in all or part to whichever enterprise(s) they found worthy. The three businesses that received the most tickets were named finalists and judged by a panel of five successful entrepreneurs and investors. The preliminary judging, final pitches and winner announcement all took place that evening.

More than 250 community residents attended the event. The winner was Mosaic Photo Systems, a company that provides storage and tools for commercial and other photographers who need access to their images from everywhere. Their presentation involved taking photographs of VentureX attendees, which they could see almost instantly on the Mosaic Web site.

“We’re in the midst of an evolution in thought,” says Coughlin. “New Hampshire is a very attractive state, both tax-wise and lifestyle-wise. People are starting businesses in very different ways these days. Now they can ask themselves if they want to be a small fish in a very large pond, or if they want to get established in a state ecosystem full of opportunity. New Hampshire has stuff going on, and we’re part of it.”—*DEP*



In 2011, Jamie Coughlin and Michele Petersen helped rebrand New Hampshire’s Amoskeag Business Incubator as the abi Innovation Hub.

Help guide the future of NBIA

Board nominations now open

NBIA is now accepting nominations for candidates in the upcoming election of five new members to its Board of Directors.

Participation on NBIA's board gives members the opportunity to become recognized leaders in the incubation industry while helping strengthen NBIA for the future. The deadline for nominations is **Friday, March 9.**

If you are interested in serving a three-year term or would like to nominate an industry colleague to serve on the board, please send an e-mail of intent to Mary Ann Gulino at mgulino@nbia.org. Information and application materials are available at www.nbia.org/member_services/board/nominations/.



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A graphic for the NBIA 26th International Conference on Business Incubation. It features a man in a suit holding a glowing lightbulb over his head. A large speech bubble contains the text "26TH INTERNATIONAL CONFERENCE ON BUSINESS INCUBATION". To the right, a banner says "Register now! MAY 6-9". The background is dark with various business-related icons like a dollar sign, a lightbulb, a question mark, and a gear.

26TH
INTERNATIONAL
CONFERENCE ON
BUSINESS
INCUBATION

Register now!
MAY 6-9

Beyond
BEST PRACTICES

Sheraton Atlanta (hotel)
Atlanta, Georgia



Register now for NBIA's 26th International Conference on Business Incubation, May 6-9 in Atlanta. Go *Beyond Best Practices* and explore the cutting edge of entrepreneur support at this premier event in the incubation industry.

This year's conference will include 60 educational sessions, as well as incubator tours, keynote addresses and networking opportunities. The Preconference Institute features six full-day workshops, two of which fulfill requirements for the NBIA Incubator Management Certificate Program.

Visit www.nbiaconference.org for more information and to register.

