

How do incubators contribute to local and regional economies?

Incubator graduates create jobs, revitalize neighborhoods and commercialize new technologies, thus strengthening local, regional and even national economies.

- NBIA estimates that in 2011 alone, North American incubators assisted about 49,000 start-up companies that provided full-time employment for nearly 200,000 workers and generated annual revenue of almost \$15 billion.
- Source: *2012 State of the Business Incubation Industry*
- Business incubators reduce the risk of small business failures. Historically, NBIA member incubators have reported that 87 percent of all firms that have graduated from their incubators are still in business.

Source: *Business Incubation Works*

Why are business incubators worthy of government subsidies?

Government subsidies for well-managed business incubation programs represent strong investments in local and regional economies. Consider these returns:

- Research has shown that for every \$1 of estimated public operating subsidy provided the incubator, clients and graduates of NBIA member incubators generate approximately \$30 in local tax revenue alone.

Source: Extrapolated from data in *Business Incubation Works*

- NBIA members have reported that 84 percent of incubator graduates stay in their communities.

Source: *Business Incubation Works*

Do business incubators that receive local funding and/or tax abatements compete unfairly with local landlords?

No. Business incubators actually contribute to the long-term viability of the local real estate market. Incubation programs graduate strong and self-supporting companies into their communities, where these companies build, purchase or rent space. Because incubated companies are more likely to succeed than nonincubated firms, landlords of incubator graduates face far less risk than they otherwise would. Also, while they're in the start-up phase, incubator client companies can obtain flexible space and leases that are more appropriate to their stage of growth than they could on the commercial market.

How do business incubators differ from SBDCs?

The U.S. Small Business Administration administers the Small Business Development Center (SBDC) program to provide general business assistance to current and prospective small business owners. SBDCs (and similar programs) differ from business incubators in that they do not specifically target early-stage companies; they often serve small businesses at any stage of development. Some business incubators partner and share management with SBDCs to avoid duplicating business assistance services in a region.

How do business incubators differ from coworking spaces?

Coworking spaces offer a gathering point for independent contractors and freelancers who want to eliminate the isolation of working from home or wish to collaborate with other freelancers. Some may also offer networking opportunities and basic technical assistance. While the primary value of co-working is the interaction with other professionals, the primary value of an incubation program is its mix of business assistance services specifically targeted to emerging companies. Those services generally extend well beyond networking and basic technical assistance.