

BOISE STATE UNIVERSITY

Business Incubators: Do They Matter?

A qualitative study of business incubators in
Idaho's Treasure Valley

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Executive Summary

During August and September 2008, Larissa Lee and Alan Hunt of Boise State University conducted interviews with nine clients of the WaterCooler, fourteen clients of the TECenter, two interviews with the Small Business Development Center, and one interview with the Boise Valley Economic Partnership.

This executive summary provides an overview of the themes and concepts observed during the interviews with each of the clients in both business incubators. Following the executive summary are five detailed areas including an introduction to the project, a literature review, the research methodology, the results and analysis of the interviews conducted, and the conclusions. The appendices provide background information on the companies interviewed and the raw survey data collected from other Idaho incubators.

Overview

Prior to the interviews, little to no background information was obtained on the incubators or the companies residing in each facility. During the interviews, many of the commonalities between the incubators and the companies surprised us given the difference in focus of the incubators and the diverse mix of companies. Below are a few main themes identified in the interviews with additional detail provided in the *Results and Analysis* section of this paper.

- Most companies did not shop around town for office space before selecting the TECenter or WaterCooler. The driving factor for new businesses to choose an incubator is the below market office space and the bundled and value-added services. The clients of both incubators looked at the essential business service and amenities offered in addition to the value added services such as mentoring and coaching when selecting an incubator.
- Companies wanted a social and collaborative atmosphere to work. An advantage of business incubators is that they provide and often help facilitate business networking and socializing among companies. During the interview, many formal and informal business-to-business partnerships and collaborative efforts were identified at each of the facilities.

- The location of the incubator is important to some companies but not others. Business owners prefer an office that is a close commute to home while their business operations are impartial in terms of the location of the operations. Many of the companies interviewed conduct business online or with customers and markets outside of Boise so the location of the office is irrelevant.
- Businesses stay in incubators often longer than they expect. The expected length of stay for companies is one to two years while some companies stay for as many as five or more years.
- Businesses want and need outside networking opportunities with other entrepreneurs and businesses in the Treasure Valley. Networking events such as TechBoise and Kickstand and informal events such as meet and greets have proven to be successful for incubated companies.
- WaterCooler and TECenter businesses like and are open to utilizing high school and college student teams and interns to assist with business-related issues. Most of the companies have had positive experiences with interns and student teams and would continue to use them. Those that had less positive experiences attribute frustrations to wide project scopes or unmet expectations.
- The majority of business growth is from new and existing companies in Idaho. Though the Boise Valley Economic Partnership (BVEP) is working on bringing in companies from outside Idaho, the majority of new businesses have started and grown in Idaho.
- New businesses are typically hung up on the details surrounding their business and forget to look at the bigger picture. New business owners often work “in the business and not on the business”.
- Incubators are important to the community. The lack of community involvement typically transforms a business incubator into a facility that offers inexpensive office space. The support of the Chamber of Commerce and business leaders is crucial to the success of a business incubator.

Introduction

Business incubation has grown over the last thirty years to the point where there are now thousands of facilities located in the majority of countries across the globe. As successful companies graduate and move on from incubation business and political leaders, as well as the local community members, can easily see the importance of these incubators.

This paper analyzes the role incubators play in their respective communities, performing an in depth case study on two business incubators located in the Boise, Idaho area. In order to determine the

extent to which incubators have an impact on the companies that reside there, the researchers interviewed twenty-three client companies over the course of two months. Other business leaders were interviewed in order to gain a more macro view of the business environment and business incubation. Almost all interviews were transcribed in order to organize and analyze the data. Surveys were also sent to all other Idaho incubators to determine the level of collaboration between incubators.

This paper contains five main sections. The *Introduction* defines the concept of business incubation, followed by an introduction to the two case study incubators. The *Literature Review* discusses business incubation research performed both nationally and internationally. The *Methodology* section outlines the framework and method used in writing this paper, which is qualitative in nature. The *Findings and Analysis* of our research includes interviews with incubated client companies, interviews with business leaders, and survey results from five other incubators in Idaho. The *Conclusion* contains conclusions of the overall study.

The Function and Role of Business Incubators

Business incubators are a unique type of facility that typically provide client companies inexpensive office space, shared services, and assistance with business development through a consultant or onsite management. (David N Allen & McCluskey, 1990). These facilities are created for various purposes, but what is typical of all incubators is the desire to help the survival rate of new businesses and to allow these companies to get out of the day-to-day operations of the business in order to focus more on strategy, marketing, forecasting, and the development of a business plan. In other words, businesses are able to “see the bigger picture,” which can be essential for the long-term survival of any company.

Introduction to the WaterCooler

In 2007, a class of executive MBA students at Boise State University were asked what should be the next steps to improve the City of Boise. Students presented ideas to their classmates as well as several political and business community members. Two of the groups came up with the same idea of developing a business incubator type facility in downtown Boise (TechBoise, 2007). Mark Rivers, a commercial developer and entrepreneur in Boise, was among those attending the presentations. While others in the crowd thought the idea had merit, Mr. Rivers decided to put the idea into action and less than a year later the WaterCooler was up and running as a non-profit business development center.

Shelley Bennett, an assistant to Mark Rivers, stated the mission of the WaterCooler is “to create a building and community to house a business development center for synergistic, emerging businesses and interests in Boise’s creative economy.” (Bennett, 2008). The WaterCooler envisions developing and fostering a center for creativity and innovation that will promote awareness of entrepreneurship opportunities in the Boise community.

Today there are nine companies at the WaterCooler, ranging from marketing and accounting firms to the manufacturing of bicycle cables and solar light poles. The WaterCooler is less of an incubator and more of a business development center because it does not provide onsite consulting through an incubator manager like a typical business incubator.

The WaterCooler is unique, however, in that one of the tenants is Idaho TechConnect, an established firm that has experience consulting with new business start-ups. This company steps in and acts as the “den parents” in the WaterCooler, allowing other companies to come in and receive technical advice. Idaho TechConnect also serves as a soundboard for ideas.

The WaterCooler has been open less than one year and it still fine tuning the processes and services that it provides for the tenants. As the WaterCooler facility develops and matures in terms of business resources and processes, it will become a staple for business development in the downtown Boise area.

Introduction to the BSU TECenter

The Boise State University Technology and Entrepreneurial Center (TECenter) opened in 2003 at the Boise State West Campus in Nampa, Idaho. Currently, there are over thirty companies in the TECenter constituting almost one hundred people (BSU TECenter, 2008). The mission of the TECenter is “to offer start-up and early stage technology company entrepreneurs the expertise, networks, and tools they need to succeed.” (BSU TECenter, 2008).

The focus of the TECenter is to provide support services to new businesses to help facilitate business growth. The TECenter provides a full-time, onsite business consultant to assist businesses with business plans, market research, financial forecasting, and quarterly reports. The onsite consultant also serves as the incubator manager and main soundboard for questions, ideas, and direction of the clients. In addition, the TECenter is heavily involved with the Idaho Small Business Development Center (SBDC) and their consultants frequently travel to the TECenter to provide additional consulting services.

The TECenter offers flexible office space that can adjust to meet the size of most new businesses. It also has the capacity to offer additional office, industrial, or specialty space in the future, since one-third of the building is still unfinished. Currently, the unfinished space is serving as warehouse space for client’s product inventory. When the space is finished, businesses may have to relocate their inventory to other spaces in the building.

The TECenter caters mostly to technology-based businesses but has capacity for other Treasure Valley based businesses that want to take advantage of the consulting services and building amenities. The TECenter provides consulting to many different offsite clients that need less of the office space and more of the consulting services or access to business resources, such as conference rooms.

The TECenter has over six years of experience in operations. This facility has been instrumental in helping new companies grow and mature, helping improve the economic areas in which these businesses operate.

A Review of the Literature

The following reviews the current academic literature involving business incubators. It begins with a look into what is happening in the United States, followed by an international perspective. The section will then focus on the role and types of incubators, the services they typically provide, the incubator life-cycle, incubation process, benefits and drawbacks of incubation, the variables that determine success, and the future outlook for incubators.

Incubators started appearing in high numbers in the United States in the 1980s; today, there are over 3,000 incubators worldwide (Aernoudt, 2004). Some incubators are general purpose or mixed-use, but many have specialized either in technology, economic development, research, or various other areas. Approximately ninety percent of incubators are non-profit corporations focused on economic development; of these forty-seven percent are mixed-use and thirty-seven percent focus on technology (Green & Venkatachalam, 2005). Universities are the largest sponsor of incubators; other sponsors include government, economic development organizations, and for-profit or other non-profit individuals or corporations.

In Europe, the types and purposes of incubators vary dramatically from country to country. Germany targets innovative start-ups, while France and the Netherlands tend to promote university sponsored incubators (Aernoudt, 2004). Countries such as Finland and Denmark place emphasis on the building of social capital and networking; meaning there is heavy interaction between the incubator managers and client companies as well as collaboration between the client companies (Bollingtoft & Ulhoi, 2005; Totterman & Sten, 2005).

The European Business Innovation Network (EBN) was created in 1984 by the European Union in order to promote entrepreneurship and innovation in member countries, especially those suffering economic distress (Aernoudt, 2004). There are currently one hundred and sixty Business Innovation Centres in twenty-one countries. Centres provide consulting and training for small innovative companies, and seventy-eight percent of them offer incubation support. Today, Europe still suffers from a lack of entrepreneurship and lack of financial support for new start-ups (Aernoudt, 2004).

Business incubators have shown dramatic reductions in the failure rate of new start-ups and are increasingly more in developing countries such as China and India. Nigeria has seven business incubators and, regardless of the issues associated with the client companies not moving out and lack of government funding, they are still running (Adegbite, 2001). This shows that the communities feel they are important.

Incubators have a development life cycle. The initial or Start-Up Phase of its life cycle begins when an area starts to consider the possibility of an incubator and ends when the incubator is built and has reached its occupancy capacity (1988). The second stage is the Business Development Stage, which includes heavy interaction between the incubator manager or consultant and the client companies. During this time, increased support is shown by the local community and incubator demand is stable (D.N. Allen, 1988). The final stage of the incubator life cycle is Maturity, in which there is greater

demand than supply of space and the incubator has become a stable and core part of the community (D.N. Allen, 1988).

There are many identified benefits of business incubators, regardless of the type of incubator. These include an increased amount of credibility, a faster learning curve, the ability to solve problems faster, and access to a network of other entrepreneurs (Hackett & Dilts, 2004).

Arguably, the greatest benefit afforded these companies is access to an incubator manager. Elements such as shared facilities, business services, and collaboration have shown to help with firm survival, but do not impact the ability to develop or grow the firm (Rice, 2002). Assistance from an incubator manager can help with business growth, but it depends on the time spent with the client company, the benefits derived from these meetings, and the willingness of the client company to listen to the incubator manager and follow through with their advice (Rice, 2002). The best incubators are those that provide proactive management assistance, rather than waiting until problems occur and then merely helping with cleanup (Rice, 2002).

Business incubators also face a variety of challenges. One of the challenges facing incubators is the ability to standardize the incubation process. Incubators typically serve the needs of businesses in a particular geographic area, which makes them difficult to standardize on a regional, national and international level (Chappell & Sherman, 1998). Business incubation has typically focused on improving business processes, rather than the business outcomes or economic impacts as a result of business incubation (Chappell & Sherman, 1998). Business incubators that specialize in a given industry have shown to be under-utilized due to the unavailability of new firms or promising entrepreneurs within the respective industry in a specific region (Schwartz & Hornyh, 2008).

According to the U.S Small Business Administration office, the failure rate for a small business is between fifty-five and sixty-five percent during the first four to six years (US Small Business Administration Office of Advocacy, 1992). This rate of failure drops to twenty percent for those businesses that use any type of business incubator (McKee, 1992). Several variables determine the success of the incubation process, which include the selection process of potential client companies, the internal network and collaboration between companies, the density and quality of support services, and the level of standardization and policy formalization (Hackett & Dilts, 2004).

Incubators that have shown to perform well are those that have enough funding, careful preparation, community involvement, and a culture of entrepreneurship (Lalkaka, 2001). In addition, public policy, professional networking, community involvement, and private sector partnerships will contribute to incubator success (Lalkaka, 2001).

While some of the idealism of incubators may have worn off, especially after the dot com crash, new incubators are built and successful companies are still graduating and growing. The future of business incubation is dependent upon continued community involvement, greater financial sustainability, professionalization of the incubator services, virtual incubation to allow more businesses to be reached, and alliances between the incubators (Lalkaka, 2001).

Methodology

The design of this study is qualitative in nature and uses the Glaser and Strauss grounded theory approach. The purpose of this study is to gain in-depth knowledge and understanding of how business incubators influence their client companies in comparison to typical office space. Therefore, the data cannot be statistically analyzed or proven. The focus is on the “why” or “how” questions to understand

business incubation in its natural setting and to be able to compare results across the two incubators studied.

The researchers first chose the two incubators on which to focus and then met with the management of these incubators. After gaining a better understanding of their purpose and goals, thirty minute to one hour interviews were arranged with twenty-three client companies; nine from the WaterCooler and fourteen from the BSU TECenter. These interviews were transcribed in order to analyze the material with content analysis software.

Next, the researchers moved on to a macro environmental analysis, sending online surveys to all other Idaho incubators and interviewing business leaders from the Idaho Small Business Development Center and the Boise Valley Economic Partnership. This helped to gain insight beyond the internal environment of business incubation to be able to see more clearly the impact of these facilities on their communities and what effects the economy can have on the successes or failures of new business start-ups.

Results and Analysis

Interviews with the Incubator Client Companies

The information below summarizes the key findings and analysis from the interviews with nine client companies from the WaterCooler and fourteen client companies from the Boise State University TECenter. This section will analyze the clients' points of view on the various aspects of choosing to move into the incubators and their observations as current clients of the incubators. For a listing of names and descriptions of the client companies interviewed, please see *Appendix I*.

Why Incubate?

Companies that desire to be located within an incubator are those that are new startups or are working from home. The motivation for companies to choose an incubator over typical office space varies. Typically, companies are looking for affordable space based on the shared services and amenities provided. Having access to consulting services or a soundboard is something that companies stated as being very important to the success of their business. Other companies enjoy the idea of being surrounded by similar businesses in a similar situation, that of being a new startup that is struggling and growing as well.

Soundboard and Consulting

Providing on-site consulting services or someone to act as a soundboard has proven invaluable to the client companies. John Glerum of the BSU TECenter is a fulltime, onsite manager available to companies needing advice or assistance. In addition to acting as an informal soundboard, companies approach him to go over their required quarterly financial reports, or to discuss their business and marketing plans. In addition to Mr. Glerum, consultants from the Idaho Small Business Development Center (SBDC) come out on a regular basis to advise client companies.

The WaterCooler has taken a different, more informal approach to consulting services. While there is no onsite full-time manager, one of the more established companies, Idaho TechConnect, has stepped in and taken the role of being a soundboard to the other companies. Idaho TechConnect and the Boise office is managed by Rick Ritter, a former consultant at the SBDC. Many WaterCooler client companies visit Idaho TechConnect, also known as the “den parents,” when they need business assistance or advice.

Collaboration

Collaboration among the client companies is a common feature of both incubators. Since the WaterCooler is relatively new and the companies are still getting to know each other, collaboration has

been mostly informal. As the stronger companies in the list of WaterCooler clients are becoming apparent, they are now the “go-to” companies for technical and business-related issues. A few of the companies have developed a reputation for solving problems and have become a soundboard for some of the clients in the WaterCooler.

A few of the WaterCooler companies have even discussed using each other’s services and product offerings. Two companies discussed doing product testing together using the equipment from one company to perform product testing on the other company’s product. The companies that reside at the TECenter have been there longer and, therefore, collaboration is more prevalent. These businesses rarely set up meetings when they want to go talk with another company. Many of the companies talk to each other about legal and business agreements, ways to enter into new markets, recommendations on services, and using Google Analytics or Google Adwords to improve their websites position in the search engine rankings. These informal meetings occur as often as weekly for many of the companies in the TECenter and WaterCooler.

Many of the current and graduated companies have done work for other TECenter clients such as website design, graphic design, database services, product or service referrals, blogging, and marketing. A few of the companies came up in numerous interviews as sources that have experience in many diverse areas of business. They are willing to share their experiences with the other businesses, which has been helpful to the younger companies looking for ways to avoid common pitfalls in their own business.

Location

The location of the incubator was not a driving force for most of the companies interviewed. Most companies do business online, regionally, or nationally and very few have clients in the Boise area. Therefore, location is more of a personal preference, rather than a critical element for their business.

Companies at the TECenter do not enjoy the drive out to Nampa, but some saw it as a time to gather their thoughts or plan their day. Most of the WaterCooler clients enjoy the downtown Boise location because it is close to home and, for the companies seeking funding in Boise, they enjoy the high visibility of other businesses in the downtown area.

Length of Time Companies Stay

The amount of time companies initially plan to spend in the incubator tends to be quite different from the actual time spent. Most companies assume in the beginning that they will go in and be able to move out within one to two years. In reality, their businesses have grown at a slower pace or their reliance on the consulting services has kept them in the incubator, some for as long as five years.

The clients were asked in the interviews when they plan to move out and the majority of them have no idea or have not put any thought into it. Some said they will stay as long as possible or until they are “kicked out.” Very few have a timetable or a plan for graduation from the incubator.

Building Layout

The building layout of the TECenter and the WaterCooler are dramatically different. High cubical walls devoid of a false ceiling separate the companies in the TECenter. At times, the noise levels between the offices can be quite high and there has even been an instance of eavesdropping between offices. The TECenter has two main wings of the building that contain office space and light industrial space. One of the wings is currently unfinished and is used as warehouse space for product inventory for TECenter clients. The majority of the companies leave their doors open during business hours, which creates a very inviting and open feel for interaction between businesses.

The WaterCooler and the TECenter building layouts differ quite significantly. The floor space of the WaterCooler is open with several enclosed office spaces around the perimeter of the building. The center of the WaterCooler contains multiple one-to-two person cubicles with four-foot walls.

Companies in the enclosed spaces enjoy this layout because they can easily see the other businesses but still can shut their doors to reduce noise levels. Based on conducted interviews, clients of the WaterCooler find the layout of the building quite conducive to socializing with other businesses due to the ease of visibility across the building. Since the WaterCooler still maintains the industrial feel in the building, carpet was scarce in many parts of the building. The lack of carpet in many of the offices, the cubicles, and conference areas allows sound to carry well in the building. As a result, the cubicle offices are most susceptible to being affected by the noise levels.

Business Growth

As noted in the literature review, affordable space can be beneficial to a company, but does not assist with growth. Clients of the TECenter and WaterCooler find there are several benefits to business growth that are unrelated to cheap office space. Both the TECenter and WaterCooler have been instrumental in connecting client companies with outside networking opportunities that they would not have been exposed to otherwise. Many of the companies said they would or could not be where they are today without being a client of an incubator.

The ability of John Glerum to help focus the companies when they need it most has been one of the biggest factors of success to TECenter client companies. The business structure and mentoring has a sustainable affect on current businesses and those that have graduated and moved on to other office spaces.

The WaterCooler is providing high visibility of their client companies to other businesses in the Treasure Valley. The diversity in services and mentoring provides companies new growth opportunities with increased flexibility as the needs of the business change.

Services and Amenities

Both of the incubators provide basic shared services such as phone, internet, receptionist, refrigerator, and conference rooms. The WaterCooler has a shower that many of the clients enjoy because they ride their bicycles to work. The WaterCooler also has a large room called the “Idea Studio” that has been used for events and seminars.

The TECenter allows its clients to store their products in the unfinished section of the building. The scalable office space is also of great value to the client companies. In the past, some companies had expanded their office in as little as a few hours to provide additional office space to their employees. One company mentioned that they expanded into a few offices for a couple of weeks to handle a large project, and then scaled back to a single office when the project was complete.

Events and Networking

Every TECenter company has exposure to numerous networking opportunities and all them had positive feedback about the contacts they met through the TECenter. The introductions to outside resources such as the Small Business Association (SBA), Small Business Development Center (SBDC), and Idaho TechConnect have been an invaluable resource to most of the companies. These resources have provided the companies with additional leads to new customers and sales in many different markets. TechBoise, Kickstand, and Boise Young Professionals events have been widely attended by clients of the TECenter.

The internal networking opportunities have been very successful at the TECenter. Many, if not all of the companies collaborate or sell services to one or more companies within the TECenter. The internal networking helps these companies avoid pitfalls and move their business up the business lifecycle curve faster and more efficiently.

The networking and events organized by the WaterCooler have been beneficial to many of the clients of the WaterCooler. Many of the clients attend the monthly Kickstand meetings and the

TechBoise events held in the Idea Studio. These meetings provide a tremendous opportunity for companies to network and meet like-minded people.

A few of the WaterCooler companies received business leads in networking with community members at an informal “meet and greet.” The success of this event was due to the fact that outside businesses had the opportunity to hear about the companies at the WaterCooler and could share leads and advice with the clients. Outside influences and strong business leaders in these events will be a key success factor to both of the incubators and their clients.

Student Teams and Interns

All of the TECenter companies interviewed have been involved with one or more Boise State student teams. The experiences of the companies regarding student teams varied but most said they were happy with the work that was done and would continue to use student teams. Many of the companies also had the opportunity to work with students from the university in Heidelberg, Germany. The experiences with these students also varied as to the quality and results of the projects.

The frustrations identified dealt with projects that had either a very broad scope or insufficient interaction between the student team and the company. Many times the companies held very high expectations for the project and were sometimes disappointed with the final results. Those that were disappointed said that they did not pay for the services and the results typically provided a different point of view. As a result, the project still presented some value to the companies. Several companies recommend setting a very narrow scope for the students from the beginning and outlining deadlines to follow.

The companies that utilize student interns typically have a positive experience. The fact the TECenter subsidizes the cost of the intern is a huge incentive for businesses to utilize student interns.

Many companies are interested in using interns, but the present timing is not right to maximize this opportunity.

A few of the interns did not work out well for the TECenter companies. The companies either had higher expectations of the work to be performed than the student or the student had a poor attitude. The companies that had bad experiences recommended contacting the Dean of the college or the internship coordinators to obtain recommendations on applicants before hiring them as interns.

Student teams can play an important role for any new business at the WaterCooler. Many of the companies have used student teams in the past and all of the interviewed companies said they would use a student team for their business, if offered. Therefore, it is recommended that faculty and students of Boise State University should take advantage of the opportunity to work with local diverse businesses.

Interviews with BVEP and the SBDC

The following section contains a summary of the current environment for new businesses, what is being done to attract new businesses into the Boise area, the industries and companies that are targeted, and the importance of business incubators to the community of Boise and the State of Idaho.

All information in this section was obtained from the interviews conducted with Jim Hogge and Rick Vycital from the Idaho Small Business Development Center, and Paul Hiller with the Boise Valley Economic Partnership. Therefore, some of the data may be subjective or opinion-based.

(For more information on the SBDC and BVEP, please see Appendix I).

Bringing in Companies from the Outside

According to Jim Hogge, State Director of the Idaho SBDC, approximately eighty percent of the growth in the business community will come from people or businesses who are already here. Less than

twenty percent of this growth will come from businesses that are brought in from outside of the area. He believes there is far too much attention given to attracting new businesses rather than helping improve or grow those businesses that are already here. Another issue he identified with attracting businesses from the outside is the concern that, if they are willing to leave where they are, they may be just as willing to move from Boise to the next good deal. People who grew up in Boise or are already here are more likely to stay because this is “home.”

Paul Hiller from BVEP spends the majority of his time trying to reach such outside businesses and attract them to the area. Boise is marketed as a young, well-educated, tech-driven workforce, in a vibrant, metro area. Mr. Hiller said that businesses are attracted to Boise because of the great quality of life and the resources available to companies. These resources include a highly educated workforce, with 37% of the population having college degrees, compared to a national average of 27%. Also, the average age of workers is relatively low at thirty-three years old. Another valuable resource is the low operating costs. Wages are lower here because the cost of living is lower (i.e. the price of electricity is about three and a half cents a kilowatt compared to the national average of about six cents a kilowatt.) Businesses that are looking for a quality workforce and low operating costs find Boise to be a perfect fit.

Boise Now and in the Future

BVEP works with a public relations firm to help promote the Boise area. Instead of focusing on advertising, BVEP works hard at having articles on Boise published in newspapers, journals, and other major publications. The PR firm is charged with the goal of having one story per week published, and they have thus far accomplished this feat. Articles on Boise have been published in the Wall Street Journal, CNBC, Business Week, and several others. This is helping to push Boise into the public eye and spread awareness that Boise is a great place to live and work.

The Boise State Football program has inadvertently been a great catalyst to economic development. People from all around the country and world have heard about our athletic program, and when “site search” consultants come to Boise they are typically taken to a football game. Involvement with BSU and the support from BSU’s President Kustra has significantly impacted businesses relocating here.

As for the future, Mr. Hiller does not envision Boise becoming the next Silicon Valley in the next ten years. Instead, he sees it as continuing to be a diverse economy that is the center of government, manufacturing, high tech, finance, and medicine for the state. He pointed out that even though Micron is perceived as a large part of the business community, it is still only 3% of the total jobs available in this area, and we aren’t as reliant on it as might be perceived. He believes this area will have continued economic growth, and we will continue to be a diversified economy with a great environment for businesses.

Effect of the Down Economy on Businesses

Jim Hogge pointed out that companies that have not put enough planning into their business and were struggling before, are now on their way out or finished. Many new startups focus too heavily on working in their business and not on their business, meaning they fail to keep their overall strategy or the bigger picture in mind. This is not always a negative in terms of competition as it allows for reallocation of resources. There is now room for new businesses with fresh ideas to come fill that unmet demand. In a down economy where resources are tight, you cannot ignore planning and expect to float by. Businesses that remain successful are those who focus on lean processes.

Another issue brought up by Mr. Hogge is that the present state of the economy has created an inverse relationship between revenue and expenses. Prices are increasing so expenses are increasing, but demand is decreasing. As a result the difficulty is being able to meet a smaller demand with higher

expenses. This has been especially difficult for those who are in the food industry with the exponential increases in food prices.

The researchers also spoke to Rick Vycital from the Idaho Small Business Development Center. He stated that because of all the layoffs with larger companies such as Micron and HP, there are a number of individuals from the baby boomer generation who are breaking off and starting their own companies. In the past, it was typically younger people fresh out of college who would try to start their own business, and were often not successful because of lack of experience or funding. There has been a shift in the age of new business owners who have shown to be more successful because they have several years of experience working or managing a company, and they have already built up a nest egg to support themselves and their new business.

Even in this economy, BVEP has never been as busy as they are at present, with several companies analyzing whether to locate here. In our interview with Mr. Hiller, he said that these companies are planning ahead for the future, and saying that maybe these companies doesn't need this capacity right now, but in five to ten years they will need it and when they need it is has to be available. Some of the companies looking to come to Boise include a Fortune 200 company, several alternative energy companies, and a large manufacturing company. The success rate of bringing these companies here is about 10-20%, once they are shortlisted.

Why Business Incubators are Important to the Community

Jim Hogge remarked that the fact that business incubators are present and operating shows that the community feels it is important, because they require a lot of community support to start and remain functional. Those with little to no community support do not last, or they become simply a cheaper office space. He further commented that the support from the Chamber of Commerce is important, further there is internal entrepreneurial support coming from groups like Kickstand. It is

important that the community remains involved and that better awareness about these facilities is spread and recognized, especially with public officials.

Paul Hiller had limited past experience with business incubators. He said that his experience with business incubators was in California, where he witnessed that, while they did alright, they did not tend to ever meet community expectations as far as being an economic force within the community. He did say that because of Boise's history and strength of entrepreneurs as well as the emphasis on innovation, if an incubator could live up to expectations anywhere, it would be here.

One of the clients we interviewed from the WaterCooler made the point that business incubators help create an environment of collaboration. The issue with basic office space or working from home is that it is difficult to see beyond your own business. Business incubators create an ideal environment: they don't necessarily force someone to see beyond themselves or their company, but they allow the *possibility* for collaboration and meeting new people. A business can change their perspective in an environment like that. This is important for the community because it brings people together and new connections are made that wouldn't have otherwise come into fruition.

Ingredients for a Successful Business Incubator

From the national research studies Mr. Hogge reviewed, the most important ingredient for a successful incubator is its management. Someone who is there onsite or on a continuous basis to provide consulting, feedback, act as a sounding board, or even someone who is just there to answer the questions the clients may have are very important to businesses. In addition, there must be long-term support from those who are behind the incubator, it can't just be there in the building process or initial starting phase of the incubator. Finally, an incubator needs to reach a minimum number of square feet (approximately 30,000) to make the space sustainable, or you have to be able to subsidize the difference. If you have those ingredients, the incubator should be successful.

Mr. Hiller discussed subsidization, in that if startup costs are to be reduced for these businesses, the money to make up the difference has to come from somewhere, whether it is a university, foundation, economic development organization, or private donations from the community.

Conclusion

In conclusion, the outlook of Boise looks very positive with an environment that values and emphasizes new startup businesses, and will take the appropriate steps to ensure those businesses are as successful as possible. Boise will continue to have a diverse economy with several industries, in order to reduce reliance on any one company or industry. Business incubators in this area are thriving and the businesses within them are growing and moving on to other office spaces. As community attention and appreciation for these facilities increase, there will be a greater demand to create new incubators and enrich the incubators currently in operation.

Survey Sent to Other Idaho Incubators

In conjunction with the interviews at the TECenter and WaterCooler, a survey was distributed to Idaho incubators to determine the current level of collaboration between Idaho Incubators and the future interest of collaboration. The following outlines the findings from the survey and while the raw survey data can be found in the *Appendix*.

Survey Introduction

In September 2008, a Qualtrics.com survey was distributed to ten incubators in various regions of Idaho. The focus of the survey was to: evaluate where and how incubators attract clients, assess service offerings available to clients, and measure the importance of collaboration and location for these incubators.

Of the ten surveys sent, five of the incubator managers responded to the survey. The results either were submitted online directly from the incubator or were summarized based on a follow-up telephone interview and entered into the online survey. Feedback from the survey included the following incubators: Upper Snake River Valley Incubator in Rexburg, CSI Small Business Incubator in Twin Falls, Bonner Business Center in Sandpoint, the University of Idaho Business Technology Incubator in Moscow, and the North Idaho Business Center for Innovation and Development in Hayden.

Finding Clients

All of the incubators surveyed attract new businesses from their geographic or economic region. Most of the incubators are finding new business via word-of-mouth or through economic development organizations such as the Chamber of Commerce, Small Business Development Center (SBDC), and the Service Corps of Retired Executives (SCORE). The University of Idaho incubator is mostly university-based clients and targets clients via word-of-mouth. The incubators do not use active marketing or promoting

efforts to bring new clients into the incubators. The incubators in Northern Idaho are full to mostly full based on the businesses that are occupying office/industrial space.

Length of Stay

The length of stay for the incubators surveyed is typically twelve to thirty-six months for clients with a maximum length of stay of thirty-six months. A few of the incubators have allowed their tenants to stay in the incubator for longer than the maximum time limit, but those are handled on a case-by-case basis. The North Idaho Business Center incubator typically has companies outgrow the facility in two years and has a high graduation rate of businesses.

Impact of Location on Businesses and Clients

The locations of the incubators surveyed varied based on the geographic location of the incubator. The incubator at CSI is unique because the incubator is virtual and the clients are scattered throughout the community. The incubator in Sandpoint is on the edge of town in the industrial park area and is not optimal for clients and business owners.

In both metropolitan and rural areas of the state, the incubator typically resides close to other business resources and is located near the main streets in the respective cities and towns. For most of the businesses, the location is good for business owners and in close proximity to potential customers.

Collaboration with Other Incubators

Based on the survey results, over half of the incubators in Idaho have collaborated with other incubators in Idaho or surrounding states. The incubators associated with similar industries have shown the greatest amount of business-to-business collaboration.

Jim Deffenbaugh of the North Idaho Business Center (Hayden, ID) assisted in launching the Bonner Business Center (Sandpoint, ID). Over the years, Jim has shared his expertise to help the

incubator grow. The Bonner Business Center works closely with the University of Idaho's Food Technology Center in Caldwell, Idaho in the food processing industry. The two incubators share technical help for both users and managers.

The University of Idaho Business Technology Incubator is the only incubator surveyed that has worked with incubators outside of the state. This incubator views the geographic regions of Moscow, Idaho and Pullman, Washington as a single economic area. As a result, the incubator at the University of Idaho in Moscow is collaborating with the incubator at Washington State University in Pullman, Washington.

Overall, of those incubators currently collaborating with one another, most stated there are some benefits to collaborate with other incubators in their geographic region. However, they are unsure of the benefits of collaborating with other incubators statewide. The number of resources in the incubators is small, and by working with other incubators around the state, they will overextend their already limited resources. Many of the experienced incubator managers and mentors understand business development and do not recognize the benefits from knowledge or idea sharing that they could gain by working with other incubators in Idaho. None of the incubators managers interviewed by telephone perceived other incubators as a threat, which would hinder future collaboration effects.

Management and Mentoring

Of the incubators surveyed, all have an onsite incubator manager to assist businesses. The incubator managers may also provide mentoring services to the clients of the incubator. In many cases, the incubators use a mentoring committee of outside business owners or use economic development resources in the community such as the SBDC, SCORE, and Idaho TechConnect.

Services and Amenities

The most common services and amenities provided by the incubators surveyed are individual, scalable office spaces with access to conference spaces with printing/faxing services. Most of the incubators provide internet and phone access to their clients for an additional fee.

Based on the survey, the services lacking most are the offering of web/domain space and email services. For many of the businesses, an internet presence with an email address may not be necessary. These services may be dependent on the type of incubator and the industries in which the businesses operate and compete in and, therefore, be less important. The survey also indicated that the incubators do not take any preferred stock in their clients.

Differentiators

The most common differentiator identified between the incubators is the outside relationships with the organizations that include the SBDC, Idaho TechConnect, SCORE, the SBA, and the CDC. The second biggest differentiator was affordable office space at below market prices. The third most common differentiator is the ability to lend money to the small businesses as they grow. A few of the incubators are financial lenders and offer SBA loans to small businesses owners. As the businesses graduate, the incubator manager typically knows the financial situation of the company and is able to assist with financing equipment or property for the businesses.

Recommendations

Based on the survey information, we have identified many areas of opportunity for businesses and for business incubators in Idaho. The following is a list of recommendations based on the observations and needs identified from the survey.

- The incubators are sustaining, not growing. The incubators are able to make the monthly financial obligations, but do not have the additional revenue to continue to grow. Incubators around the State could benefit from collaborating with each other and sharing ideas about how to grow even in difficult economic times.
- Economic Development organizations are imperative to success. Regional offices of SBDC, SCORE, and Idaho TechConnect need more involvement with the statewide incubators and with the other regional offices. Jim Hogge from the SBDC has traveled around the state and visited the incubators in the past; this should be done again now and in the future.
- Businesses need to see the benefits of collaboration. The survey shows that most incubators find some benefit in collaborating with other incubators in the same geographic region, but they do not recognize a need for collaborating with the other Idaho incubators. In order for more collaboration to exist between incubators throughout Idaho, the value and benefits of these efforts must be effectively communicated to each of them.
- According to Jim Hogge, a coalition of Idaho incubators was attempted in the past by the University of Idaho, but was unsuccessful because of the perceived threat of the university trying to “take over.” Coordinating a small advocacy group that is neutral would be paramount in attempting to involve Idaho incubators and have true face-to-face collaboration.

Conclusion

Based on the interviews and survey information, we have identified many of the strengths and areas of improvement for business incubation in Idaho. As discussed in the analysis and findings section, business incubators today have many internal and external resources and tools to help new businesses grow and prosper. The internal mentoring and coaching resources available to the clients are invaluable to any new business. For incubators that do not provide these services onsite, economic partnership programs such as the SBA, SBDC, and Idaho TechConnect have been able to help fill this need for mentorship and coaching.

Most new businesses do not research the many different office spaces available before selecting a location, it is important to encourage businesses to look at different types of office spaces before deciding on office space. Providing the research on the cost of business services and the market cost of office space can be a selling point for the incubator. New businesses have differing needs and perhaps one incubator may be better suited than another incubator or office space. By encouraging businesses to look at different spaces, a more educated decision can be made on their selection of office space, thereby increasing satisfaction levels for business owners.

It is important to ask and understand the company's short and long-term goals before they become part of an incubator. Many new companies have no idea how long they would stay in the incubator and had not identified their goal or timeframe to move on to a different office space. By initially asking these questions would help with increasing the graduation rates of incubated businesses.

The importance of the incubator location varies among business owners. Cost of office space and the services/amenities provided are typically driving factors for businesses in choosing an incubator. Businesses should compare the importance of location to the services/amenities offered and overall office space costs before making a decision.

Businesses want to collaborate and socialize with other businesses. It is important for incubators to foster a positive working environment by providing opportunities for businesses to socialize and discuss business issues with other businesses. Soundboards, networking events and informal social gatherings are a great way to improve idea sharing with one another to help each other learn and grow.

Incubators provide a crucial role of growing new businesses in all parts of Idaho. However, incubators need the support of their local communities, the state economic development organizations, and fellow local businesses to provide the resources, expertise, and funding to survive. Expert resources and financial support from each of these segments will allow Idaho to grow to its economic potential. Help the local entrepreneurial community by supporting business incubations in your area.

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Appendices

Appendix I: Description of Interviewed Companies and Other Organizations

BSU TECenter Interviewed Client Companies

208 Wireless Business Integration

208 Wireless Business Integration (208 WBI) helps you look at your business technology processes and develops an implementation strategy and plan to re-engineer the culture and operational platform to increase productivity, profitability, and efficiency of your organization. We realize we can not run your business for you. We simply look at your business goals and utilize industry proven processes to integrate technology into your organizations, resulting in a technical skilled workforce that is equipped and able to take advantage of today's evolving technologies.

<http://www.208wbi.com/>

2Moto

2Moto has developed two products, the Radix and Rogue out of the desire to ride dirt bikes on snow. The feel and handle are the same as it is lightweight and agile. A conversion kit is available that delivers a nimble, compact, and light weight feel with exceptional handling and suspension performance.

<http://www.2moto.com/>

AeroLEDs

AeroLEDs has taken flight in the kit aircraft industry with the introduction of the AeroSUN lighting system. AeroLEDs is passionate about flight and exploring new and innovative products to improve the flying experience for enthusiasts and professionals alike.

<http://www.aeroleds.com/>

Beckmer Products - Dental R.A.T

Beckmer Products is a company dedicated to alternative hands-free solutions to data entry, challenging the dental and medical industry. Beckmer Products Inc. is an emerging, custom electronic device company that specializes in developing and marketing foot-operated, data input devices for the worldwide dental industry. Beckmer has accumulated over three years of experience developing and introducing its first application for dental offices and schools, across the country and across the world.

<http://www.dentalrat.com/>

BuildingCredibility.com

Building Credibility is a new construction resource. The website lists all the new and developing subdivisions in town, where they are, and who's building there. It also provides information on Idaho home builders including client reviews. In addition the website provides a blog and real estate forum.

<http://www.buildingcredibility.com/Home/>

E Oil Change

This company negotiates between local non-profits and auto repair shops that provide oil service packages. The auto repair shops sell these packages at a discounted rate in order to attract new

customers, and the non-profits sell these packages for fundraisers.

<http://www.eoilchange.com/>

eTripTrader

eTripTrader is a leading provider of trip trading and schedule management software for the airline industries. This company is redefining how to work with businesses and professionals to deliver robust tools that empower employees with greater schedule control.

<http://www.etriptrader.com/>

Garden Logic

This is a software-as-a-service product, it's a one-stop shop, for anyone needing to create a garden for their own space in their own color scheme in only eight simple steps.

www.garden-logic.com

MetaGeek

MetaGeek is an innovator and leading provider of Wi-Fi spectrum analyzer solutions. Its award-winning Wi-Spy hardware - widely recognized as the most compact in its class - comes bundled with MetaGeek's powerful visualization application, Chanalyzer. Together, this solution allows users to visualize, troubleshoot, and optimize their wireless networks at home or work. By building advanced features into an affordable, mobile, and easy-to-use product, Wi-Spy with Chanalyzer is the ideal solution for any user - from corporate IT pros... to tech geeks... to the non-technical home consumer.

<http://www.metageek.net/>

OnPoint Advantage

OnPoint Advantage is a third party rating and verification contractor specializing in verification of EnergyStar® homes and U.S. Green Building Council (USGBC) LEED for Homes program. This company provides a wide range of services, including consulting, testing, and inspecting, in order to help clients create homes that are efficient and environmentally conscious.

<http://www.onpointadvantage.com/>

OuterWorld

OuterWorld provides web hosting, VPS hosting, and exchange hosting solutions. In addition it can provide custom solutions for server maintenance and support, custom website development, dedicated FTP server, co-location and dedicated hosting, email only plans, third party software installation and configuration, and custom server configurations.

<http://www.outerworld.net/>

Ready Financial

Ready Financial Group offers the READYdebit™ prepaid Visa® card and online check-writing service—an affordable alternative to high-fee checking accounts. The systems are specially designed to prevent overdrafts, allowing the ability to offer the READYdebit card to virtually anyone, including people with past credit problems that other banks have to turn away. Customers can use the card everywhere Visa debit cards are accepted worldwide and all deposits are insured by the FDIC.

<http://www.readyfinancial.com/>

Valitics

Valitics is an interactive marketing agency that helps businesses and organizations of all shapes and sizes display, market, and monitor their business online. This is accomplished through: website assessments, logo design, web design, e-commerce, SEO, paid search marketing, website management, email marketing, and website optimization.

<http://www.valitics.com/>

Visual String

Visual String builds custom marketing applications, web sites, and the complex backends for marketing departments and advertising firms. We talk through your ideas (in English), match budget to reality, and help you build, run, and report on advertising rich but technically challenging campaigns.

<http://www.visualstring.com/>

WaterCooler Client Companies

Easy Office

Easy Office provides finance, accounting and bookkeeping services tailored to the needs of small and medium-sized non-profits. We help non-profits: focus more time on programs and less time on day-to-day financial management and make better financial decisions with more accurate and timely financial data.

<http://www.youeasyoffice.com/>

Idaho TechConnect

TechConnect accelerates Idaho's innovation-based economy by connecting people, ideas and resources through activities in 4 areas: building an entrepreneurial culture, promoting industry-university collaboration, facilitating commercialization, and encouraging investment in infrastructure to support an innovation-based economy.

<http://www.idahotechconnect.com/>

Ikahoot

This is a website dedicated to providing financial advice on opening a bank account, saving up for a home, and empowering consumers.

<http://ikahoot.com/>

Io Dupont – Power Cordz

Io Dupont develops high-end technology products to optimize performance of its intended application. Our flagship product, Power Cordz, is a synthetic fiber cable system designed to address the problems of steel control cables currently used on the bicycle. Steel cables are prone to stretching, corroding and they carry unnecessary weight. Years of research, testing and teaming up with the best synthetic fiber experts yielded a superior cable, Power Cordz, a fiber control cord that does not corrode and is 75% lighter than the current standard! Power Cordz are sold worldwide through multiple

distribution chains. Io DuPont is currently working on a CVT Transmission that is expected to revolutionize the bicycle and simultaneously impact multiple industries including wind, electric cars, scooters, dam generators among several others.

<http://www.powercordz.com/IODuPont/>

Lion's Tooth Marketing

Serving client worldwide, services include: strategy development, planning and execution, marketing communications, new media and web 2.0, blogs, pod/vidcasts, social media site integration, web site development, copywriting, copyediting and proofreading.

<http://www.lionstoothmarketing.com/>

Military Vehicle Parts Accessories Locator (MVPAL)

MVPAL is a sort of Craigslist that provides unlimited free classified ads for anything related to Military Vehicles in the Community Warehouse.

<http://www.mvpal.com/>

MingSolar

Ming Solar develops innovative outdoor lighting that will truly change the way you think about the category. Ming Solar has integrated the world of solar power, the Internet, LED lighting and advanced energy management to totally redefine outdoor lighting. With its new technology incorporating an amorphous thin-film collector that harnesses energy from the sun, Ming Solar light poles are more cost effective to install and manage, far easier on the earth's atmosphere and safer for the public. All this is accomplished without any compromise on aesthetics.

<http://www.mingsolar.com/home.html>

Novel Projects - Booklamp.org

BookLamp.org matches readers to books through an analysis of writing styles, similar to the way that Pandora.com matches music lovers to new music. Do you like Stephen King's It, but thought it was too long? BookLamp allows you to find books with a similar level of tone, tense, perspective, action, description, and dialog - while at the same time allowing you to specify details like... half the length. It's impervious to outside influences - like advertising - that impact socially driven recommendation systems, and isn't reliant on a large user base to work.

<http://beta.booklamp.org/>

OKOS Solutions

OKOS Solutions, LLC, an American company and a technology transfer partner of the premier Idaho National Labs, is a technology leader in cutting edge signal processing and next generation data acquisition technologies & solutions. We offer turnkey systems and sub-systems in Inspection Imaging, Software Radio and Signal Processing areas. Specializing in real time data acquisition, OKOS offers end to end solutions for imaging, signal processing, and real time digitization and processing.

<http://www.okos.com>

Other Companies and Organizations

TechBoise

“Dedicated to highlighting the what and who of the local tech scene in the greater Boise area. We hope to spotlight the people and companies that are making a difference here in the Boise Valley. We are currently holding monthly meetups at the WaterCooler.”

<http://techboise.com>

Kickstand

The first organization dedicated exclusively to helping Idaho’s entrepreneurs and innovators network, learn and grow. There are 650 Kickstand members.

<http://www.kickstand.org/home/index.rails>

Idaho Small Business Development Center (SBDC)

The main role of the SBDC is to provide education and resources for small business owners and those with a potential business idea that are not sure where to go next. The Center provides management and technical assistance including guidance on how to develop a business plan, market research, and financial forecasting. Their emphasis is on committing the necessary time in order to ensure quality results. The Region III Idaho SBDC office is ranked number three in the nation of SBDCs based on the amount of efficiency of their consultants.

Companies who have utilized the SBDC have been found to plan better and stay in business longer. According to Jim Hogge, sales for these companies grow at three times that of a business that does not use SBDC services, and employment is six times greater. This gap is widening now in this economy because it takes planning and strategy to be able to compete, and the SBDC will help businesses with these steps.

<http://www.idahosbdc.org/>

Boise Valley Economic Partnership (BVEP)

BVEP was created in 2005 with the purpose of increasing the economic vitality of the area and by diversifying the jobs that are being brought in from the outside. The program was funded a million dollars a year for five years, with specific objectives and goals that were outlined. Mr. Paul Hiller, the executive director of BVEP, was brought in after great success managing an economic development partnership in Irvine, California.

BVEP focuses on two main areas. The first is attracting companies to the area. They are not looking at startup companies, they tend to look for established companies that will come in and bring several hundred valuable jobs with them, and make an impact on the economy in the Boise valley. The industries that BVEP focuses on bringing in include advanced manufacturing, food processing (including BioAgriculture), office space users, software, building materials manufacturers, and logistics.

The second area of focus is to assist individuals or companies who are already located in Boise launch their business or obtain funding. BVEP decided to be involved with the Small Business Innovation Research (SBIR) program, which is a federally funded program designed to assist new businesses that

may be risky or otherwise unable to qualify for venture capital funding. To spread awareness and education about this program, BVEP started a tech grant assistance program, in which a grader from Washington D.C. comes and walks interested individuals through the steps for writing a successful proposal. BVEP's goal is to reach 40 companies a year with this effort; so far they have been successful with well over 40 companies who attend their workshop.

<http://www.bvep.org/>

Small Business Administration (SBA)

The U.S. Small Business Administration (SBA) was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. We recognize that small business is critical to our economic recovery and strength, to building America's future, and to helping the United States compete in today's global marketplace. Although SBA has grown and evolved in the years since it was established in 1953, the bottom line mission remains the same. The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam.

<http://www.sba.gov/>

Small Business Innovation Research (SBIR)

The U.S. Small Business Administration (SBA) Office of Technology administers the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program. Through these two competitive programs, SBA ensures that the nation's small, high-tech, innovative businesses are a significant part of the federal government's research and development efforts. Eleven federal departments participate in the SBIR program; five departments participate in the STTR program awarding \$2billion to small high-tech businesses. The U.S National Science Foundation administers the SBIR.GOV site on behalf of the federal government.

<http://www.sbir.gov/>

SCORE

SCORE "Counselors to America's Small Business" is a nonprofit association dedicated to educating entrepreneurs and the formation, growth and success of small business nationwide. SCORE is a resource partner with the U.S. Small Business Administration (SBA).

SCORE is headquartered in Herndon, VA and Washington, DC and has 389 chapters throughout the United States and its territories, with 10,500 volunteers nationwide. Both working and retired executives and business owners donate time and expertise as business counselors. SCORE was founded in 1964.

<http://www.score.org/index.html>

Appendix II: Raw Survey Data

1. What is the name of your business incubator?

Text Response	
CSI Small Business Incubator	
Bonner Business Center	
Upper Snake River Valley Incubator in Rexburg	
North Idaho Business Center for Innovation and Development	
University of Idaho Business Technology Incubator	

Statistic	
Total Responses	5

2. Where do you find new start-up businesses to join your business incubator? Around your city & surrounding areas? Around the state? Do you recruit businesses from out of state?

Text Response	
Region IV is an 8 county region in South central Idaho.	
Most new businesses are folks who are already here in the region, but we have a couple of businesses right now who were in existence elsewhere and have moved here for one reason or another. The Bonner Business Center is operated by the Economic Development Corp. of Sandpoint, a quasi-governmental organization, and we don't recruit out of the area. The Bonner County EDC (a private organization) does that and has brought us a couple of tenants.	
Typically in our area. We may look as far north as Driggs /Ashton area	
Started in 1988 and have been full ever since. Businesses do not move to Hayden for the incubator. They move to Hayden and the area around because they like it here and the incubator is there to help them. We are only 1000 square feet, which is quite small and we do not have any room to grow. We can only manage 7 businesses at a time.	
Primarily we focus on our region and within the city. We work with the university of Idaho with technology transfers. We also work with Washington State University.	

Statistic	
Total Responses	5

3. How do you target new start-up and existing businesses to join your business incubator? (i.e. referrals from other incubators, external marketing, word-of-mouth, etc)

Text Response

they come to the ISBDC for consulting or they find us through referrals, word-of-mouth, presentations.

The nearest incubator is in Hayden, a good 45 minutes away. We're both supportive of each other, but it's really two different markets. The vast majority of new tenants are a result of word of mouth, and we put a fair amount of energy into keeping our name out there. It's mostly personal contact. I'm very active in the local Chamber of Commerce, which is a very active, progressive organization. The Chamber has a committee dedicated to supporting business development through the provision of training workshops, etc., and a similar, newer committee focused on non-profits. I'm active in both. We also work closely with the local SCORE counselors and the Idaho Small Business Development Center to support their activities, and we get some referrals from there.

Word of Mouth, typically.

Word of Mouth

Primarily through the university. 80% of clients are university based. Many of the clients are faculty or post doctoral. The focus is moving towards emerging natural sciences such as ecology-based businesses (Agriculture, Forestry, Rivers, etc).

Statistic	
Total Responses	5

4. How long do businesses usually stay in your incubator before moving on? Do you have a limit on how long they can stay?

Text Response

18 months is usual; the lease is an annual lease, the max is 3 years.

We plan for about a three year stay, but we've had some here for longer than that. One business, a food manufacturer, has been here almost since the place opened 15 years ago, but they're sort of an 'anchor tenant', providing council to the new food start-ups. We have one of the first shared-use commercial kitchens in an incubator setting, and we don't have any food technology experts on staff, so that's a bit of a challenge.

Usually three years. We do not have a limit on the length of stay -it depends on situation the businesses are in. We will sign leases for as little as six months but typically we want them to sign for 1 years or 3 years.

Typically they outgrow us in about 2 years. We allow for businesses to stay for 3 years and have a very high graduation rate. We don't raise the rent over the time they stay at the incubator either.

The limit is 3 years but it depends on the business -special arrangements can be made. some of the businesses are there for a year while other businesses are there for 3+ years. The lease is structured so that the first 2 years, rent is below market rate and by the 3rd year, the rent is market rate. The capacity of the incubator is 9 - 14 based on space requirements. They currently have 9 businesses in the incubator.

Statistic	
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Total Responses	5
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5. How does the location of your incubator affect your business? (i.e. Is being in a rural or urban area important to your incubator? In the urban areas, is being at the heart of town or on the outskirts an advantage or disadvantage?)

Text Response

we allow flexibility in the location as our is conceptual. The physical location on the CSI campus did not allow for retail customers. We now allow tenants to secure locations that are advantageous to their business and use that location within our communities.

Sandpoint is essentially rural. The city has about 7,000 residents, and the region, as defined by the Chamber, has about 35,000, so our 'market' is somewhat limited. We're located near the airport, on the edge of town, in what was intended to become an industrial park. For most businesses, that's not a problem, but there is no retail traffic to speak of.

We are located in Rexburg on the main drive. It's a great location for businesses.

It's fine. We are designed for small manufacturers and it's close to a metro area so it's not a big deal. We are located near the airport in Hayden, ID

This is a huge factor. The location is on the campus of the University of Idaho and is very close to Washington State University.

Statistic	
Total Responses	5

6. Is the location of your incubator important to your tenants? Please explain why or why not.

Text Response

yes, especially retail customers for the traditional reasons. When we had the incubator on campus it was great for those businesses needed faculty and student support from a technical sense as well as a customer base.

For the manufacturers, food producers, software people and the transportation company who are here now, location is not an issue. We're well-served by UPS and Fed-Ex, and very accessible to larger trucks. I currently have a massage therapist and a reflexologist/spa manager, both of whom are working on developing training or consulting businesses, but who also see clients, for whom a more typical professional office in a more retail-oriented area might be preferable, but this is working for now. I've also got a counseling service that does private and group sessions. It would be easier for their clients if they were closer to town.

Yes, this is important because most of our businesses are in Rexburg.

Most of the clients that use the incubator live around the area so it's convenient for them.

Yes. Many of the businesses are run by faculty so they can teach a class and run back and forth between the incubator and class.

Statistic	
Total Responses	5

7. Do you know of other incubators in Idaho? Have you collaborated with any of them? What was your experience(s) like? Why would you benefit from collaborating with other incubators inside and outside of Idaho?

Text Response

we have not collaborated with others to the best of my recollection.

I depend heavily on the Food Technology Center at the U of I in Caldwell for technical help with the kitchen, and they're very willing to work with us or help my users directly. Jim Deffenbaugh at the Hayden incubator is an old pro in economic development and incubation, and he is very generous with his expertise.

No. I've only been doing this job a few years. We could benefit from other incubators by gaining new ideas on how to maintain the businesses that we bring in and how to bring in other new businesses.

Yes. This incubator built the incubator in Sandpoint and I spent time with them setting it up. It's now operated by the EDC. I'm not sure if the North Idaho Business Center would benefit from collaborating with other incubators in the state. This incubator is not tied to a university or INEL. The incubator in Sandpoint is does food processing for individuals and is similar in operations to the Caldwell incubator operated by the University of Idaho (which is much larger).

We have not collaborated with any of them. We have talked to the Pullman incubator at WSU. The benefits are there but quite frankly, businesses are local and it's hard to market on a statewide basis. The focus is on the Moscow/Pullman area as they act as one economy and do economic development together.

Statistic	
Total Responses	5

8. Do you view other incubators in Idaho and the surrounding states as being competitors? Please explain

Text Response

no, we are specific to Region IV.

I don't view other incubators as competitors, partly because of the geographical separation. If I were a start-up entrepreneur, I wouldn't choose to build-in a 45 minute commute into my daily schedule. It's a little different for kitchen users, where they might schedule one day a month to produce product. There, I'd be looking for the right equipment at a reasonable price, and we're very competitive on price.

no.

Not at all.

no.

Statistic	
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Total Responses	5
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9. Do you have a manager and/or mentor(s) for your business incubator? Why do you think these roles are important to the success of a business incubator?

Text Response

we have a manager and a mentoring committee. Mentors are key to success as they have experiences they can share with the tenants and contacts that help with the process.

I'm salaried at 30 hours per week to manage the incubator and the Economic Development Corp. of Sandpoint (which has very little other activity). We have a full-time secretary/receptionist. Our mentoring activities come from SCORE or the ISBDC, both of whom have excellent counselors in our area. I try to get each business owner to develop a relationship with one of the counselors, because of the benefit of a neutral party's feedback. Some are more willing to take counsel than others.

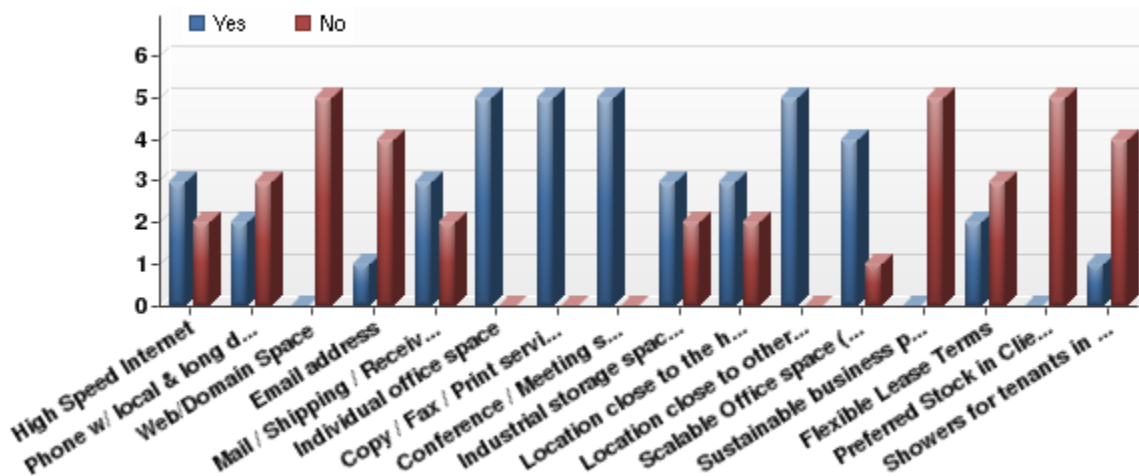
We have an office manager but we do not have a business mentor.

Yes, I am the onsite manager and providing the coaching/mentoring for the businesses. This is important because it keep the businesses focused on the tasks at hand. The 1st year, I meet with them once a month to discuss the current goals, what was accomplished, and what is left to be accomplished. We then create a plan for next month.

no official mentor but Idaho TechConnect is there to assist with technical issues, the SBDC out of WSU helps the businesses -brought in from the outside on a as-needed basis. They are working on a SCORE chapter in the Latah county area.

Statistic	
Total Responses	5

10. Please answer the following questions regarding the services you offer to your clients.



#	Question	Yes	No	Responses	Mean
1	High Speed Internet	3	2	5	10.40
2	Phone w/ local & long distance	2	3	5	10.60
3	Web/Domain Space	0	5	5	11.00
4	Email address	1	4	5	10.80
5	Mail / Shipping / Receiving services	3	2	5	10.40
6	Individual office space	5	0	5	10.00
7	Copy / Fax / Print services	5	0	5	10.00
8	Conference / Meeting space	5	0	5	10.00
9	Industrial storage space / doc storage	3	2	5	10.40
10	Location close to the heart of town/metropolitan area	3	2	5	10.40
11	Location close to other business resources (i.e. office supplies, professional services, etc)	5	0	5	10.00
12	Scalable Office space (room for businesses to grow)	4	1	5	10.20
13	Sustainable business practices (Green Initiatives)	0	5	5	11.00
14	Flexible Lease Terms	2	3	5	10.60
15	Preferred Stock in Client companies	0	5	5	11.00
16	Showers for tenants in the building	1	4	5	10.80

11. What do you consider to be the three biggest differentiators for your business incubator?

Differentiator 1	Differentiator 2	Differentiator 3
relationship with the ISBDC small spaces	relationship with the CDC flexible lease terms	knowledge and history in the area predictable space costs, slightly under market
We offer SBA loans at this incubator to help individuals get SBA loans for new equipment or if they want to build an office.	We offer very affordable rates: \$.90 - \$1.50 a square foot (includes utilities)	Good location for new businesses.
We have a true graduation policy and we stick to it. We have business mentoring requirements for the 1st year that businesses must follow.	We have a real synergy between companies and they become friends quick. Companies cross develop products with one another and collaborate as business associates.	They are a certified developer and they know the financial status of the companies. They help as financial lenders as they graduate from the incubators.
Below market rent rates for office and industrial space.	Value Add - businesses are not just renting space but they get the capabilities and outside resources of TechConnect and SBDC.	Bundled amenities -conference rooms. Professional conference rooms mean a lot to businesses.

Statistic	
Total Responses	5