



The Florida TaxWatch Center for Competitive Florida Resolving issues vital to Florida's global economic competitiveness.

Florida's Business Incubators

According to Dr. Thomas O'Neal, founder and Executive Director of the University of Central Florida's Business Incubation Program, 60 of the 65 companies that have graduated from their program have stayed in Florida. Dr. O'Neal founded the program at UCF in 1999, and it now has nine locations with a tenth location set to open in Apopka in early 2012.



Business incubators are designed to provide small and growing companies with business support during their startup and growth stages. During these stages of business development, incubators provide

services such as: business progress plans, market research, legal and financial advice, marketing, and often office space with shared office services (typically in the form of shared facilities and services, such as conference rooms and secretaries). One of the most critical services that incubators can provide is helping businesses and potential investors find each other.

These tools, along with mentoring from entrepreneurs, often make a significant difference in the survival of small and growing companies. Several studies indicate that companies that use an incubator process have doubled the likelihood of remaining in business compared to those that do not use an incubator. Other studies indicate that incubator companies hire more than double the average number of employees, and have twice the revenues of a comparable company. Even more significant, is the difference among these businesses in grants received—the companies that use incubators are approximately fifteen times more likely to receive a federal Small Business Innovation Research (SBIR) grant.

There are several types of incubators- some specialize in a certain type of business, while others concentrate on a single source of business. Various forms of incubators include high technology incubators, university incubators that concentrate on the technology transfer coming from a specific university, and virtual incubators.

Incubators are also be governed in various ways. Some are private, for-profit commercial businesses. These for-profit incubators generate fees from, and sometimes receive equity stakes in, the companies that graduate from

their incubator. Other incubators are supported and governed by regional economic development agencies. In order to generate business activity and additional employment in their specific region. Still others are run by universities, often concentrating on company spin-offs due to technology transfer from their own university inventors.

Florida's University Incubators

According to *Business Florida* there are currently 27 business incubators in Florida. Of the 27 incubators, nine are university-based. Those university-based incubators' areas of focus and locations are shown in the following table.

Incubator	Focus	Location
Gainesville Technology Enterprise Center	Technology and light assembly businesses	Gainesville
Tampa Bay Technology Incubator	New companies pioneering new technologies	Tampa
UCF Florida Business Incubation Program (9 Branches)	Differing types of emerging businesses	Orlando and Regional
Florida SBDC Network	Partnership with national SBA Council and University of West Florida	Pensacola
Gulf Coast Center for Innovation & Entrepreneurship	Partnership with Chamber of Commerce and Pensacola State College	Pensacola
The Incubator at Innovation Park	Partnership with FSU and FAMU	Tallahassee
USFP Blue Sky		Lakeland
UF Sid Martin Biotechnology Incubator		Alachua
Indian River State College Business and Technology Incubator	Clean, high-technology business in Martin County	Stuart

In the case of the UCF incubators, companies are selected based upon several factors that are correlated with business success. Selected companies originate not only in the University system, but also from the private sector. In the UCF system, around 30 percent of the businesses enrolled in the incubator are tied with the university itself, with the other 70 percent coming directly from the surrounding community. In the incubators that are located further away from Universities, the businesses from the community generally compose approximately 80 percent of the enrollees.

Potential candidates are enrolled in a Pre-Incubation program that the UCF Incubation Program developed to ensure the right companies are chosen. Candidates meet weekly with UCF staff so that the entrepreneurs and the Incubator staff have a chance to discuss progress and planning. In order to be selected, candidates must demonstrate that they have the disposition, dedication, and "coachability" to become successful entrepreneurs. According to UCF's Dr. O'Neal, the pre-incubation process serves as a filter for both sides to evaluate each other. In some cases, it is an opportunity for potential entrepreneurs to learn whether they are suited for the demands of being an entrepreneur.

UCF also operates a virtual incubator program in cases when specialized facilities are needed that cannot be provided by the incubator. This option allows a company to still receive coaching and mentoring even though it cannot be located in the incubator facility.

Florida has other notable incubator programs that are connected with the State University System, including the National Entrepreneur Center in Orlando, which was founded as a public-private partnership between the Walt Disney World Company, Orange County, and the University of Central Florida. The National Entrepreneur Center is a significant player in economic development for the State of Florida, providing training and coaching to more than 70,000 businesses, and has assisted more than 700 business start-ups. Continuing to focus on and support successful university incubators, and improving other incubators will enhance economic development and create employment opportunity in Florida.

The Future

One should expect state leaders to focus on programs that not only create jobs, but also keep jobs in Florida. In September's *Economic Commentary*, it was noted that around two-thirds of the jobs created from university technology transfer stayed in Florida, with around half of those staying in the area near the university where they had been developed. Incubators have a much higher percent of businesses remaining local; nationally, around 87 percent of businesses stay in the area where they went through an incubator program. Better yet, more than 92 percent of the companies graduating from the UCF incubator system stay in the state of Florida, creating jobs and income for Floridians.

There are new incubators in the works that can help Florida create and retain jobs. The University of Florida is developing a project called Innovation Square that is between downtown Gainesville and the university campus. It is a public-private partnership between UF and the private companies that will use the 40-acre site that is expected to have over a million square feet of research, incubator, and office space when completed. A drawing of the Infusion Technology Center (part of Innovation Square), expected to open in 2012, is shown to the right. As Florida leaders focus on the state's economy, there is likely to be more emphasis on creating start-up companies in the state, producing jobs and driving economic growth. Understanding how incubators work and what companies are best suited to use them should be a priority for our policymakers.



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