

## What Are Business Incubators?

A business incubator is usually a [property with small work units](#) which provides an instructive and supportive environment to entrepreneurs at start-up and during the early stages of businesses.



Incubators nurture young firms, [helping them to survive and grow during the start-up period](#) when they are most vulnerable. Incubators provide (1) hands-on management assistance - expert advice, (2) access to financing and orchestrated exposure to critical business or technical support services. They also offer entrepreneurial firms (3) shared office services, access to equipment, flexible leases and expandable space — all under one roof.

Incubators provide three main ingredients for growing successful businesses:

- ◆ An entrepreneurial and learning environment
- ◆ Ready access to mentors and investors
- ◆ Visibility in the marketplace.

The benefits of business incubation are numerous. In particular it:

- ◆ Encourages faster growth and greater survival rates of new companies (85% or more success rate)
- ◆ Helps to identify investment opportunities
- ◆ Facilitates the commercialization of university or corporate research and new ideas
- ◆ Helps to create jobs and tackles specific urban or rural economic development problems.

## What is Incubation?

Incubation is [both a process and an environment](#) to support a fledgling company during its most vulnerable period of development. Because each company has its own unique set of strengths and possibilities and also its own unique needs, the incubator tailors a program of services to fit a company's individual circumstances. The objective is to provide an integrated package of office, administrative and management services.

The basic package includes all that is needed to set up the business, including such things as: a wet lab, production or office space, telephone with answering service, and use of teleconferencing multimedia meeting rooms and central support equipment. More importantly, the [staff of business advisors](#) is available to assist with day-to-day operational issues.

The incubator program provides both [day-to-day support and training](#) for the entrepreneur. Experienced business people supply skills that complement people's strengths, while helping them acquire the new skills needed to handle future management challenges. The result is a "virtual management team" that nurtures the growth of the company.

As part of a unique program a person or small group will have the opportunity to share ideas with other entrepreneurs who are facing business problems similar to theirs. In this interactive environment, incubator portfolio companies often become each other's customers, suppliers, and collaborators.

