

The University– Incubation Connection:



By Dennis E. Powell

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Well over half of InBIA member incubation programs have some association with institutions of higher learning. That statement, though, doesn't tell us much: the relationships between academy and incubator are widely varied; perhaps no two university-incubator relationships are identical. There are, though, some useful general categories.

Some universities or colleges wholly own and operate incubation programs or networks, while others collaborate with economic development organizations. University-based programs may focus on faculty-generated technology transfer, commercializing advances made in the schools' labs and workshops. Others are hybrids of technology transfer and businesses not related to university research, though a subset of the latter

may make use of facilities at the institution.

Many incubators enjoy an informal relationship with a university or college. A surprising number have relationships with more than one school and some are associated with as many as a half-dozen, which offers variety when an incubator professional or client seeks expert help. The informal associations are as varied as the programs that engage in them.

The next generation of entrepreneurs is doing business while still at school

Incubation professionals who regularly survey the industry landscape might conclude that student incubators – incubation programs aimed at helping students, often undergraduates, to start their own businesses – are a new phenomenon. Though there are more and more programs either created for students or including a new student-focused component, the student incubator movement has been around for more than 17 years.

The University of Northern Iowa John Pappajohn Entrepreneurial Center in Cedar Falls, Iowa, began serving student entrepreneurs in 1996.

“Being a smaller comprehensive university program, we don’t have the exposure that larger institutions get,” says Katherine Cota-Uyar, associate director and entrepreneurship instructor at John Pappajohn Entrepreneurial Center. “Our entrepreneurial center was established and began helping student entrepreneurs in 1996. We began speaking on student incubation at InBIA conferences in 2009 and began our incubation program in 2004–2005.”

Initially the program offered courses, advising and mentoring, which proved popular. Through funding

provided by private donors and the U.S. Department of Commerce Small Business Administration, the school launched its physical incubator for students. The program has evolved into an entrepreneurial-educational system that accepts student clients on a semester basis; and to remain in the incubator, students must demonstrate business progress. The incubator offers services to both resident clients and affiliate clients, who receive all incubation services except space.

JPEC collects no fee for services. “Students pay back by being available for recruitment efforts and visits by dignitaries, legislators, government officials and so on, and prospective donors,” Cota-Uyar says. “We also have a fellowship program where current students and graduates can donate to the center to help other student incubator businesses.”

Toward the end of the last decade, interest in student incubators grew. Two of the people leading the charge were Jennifer Fowler of The Louisiana Business & Technology Center in Baton Rouge, La., and Thea Chase, at the time on the faculty at Colorado Mesa University in Grand Junction, Colo., and executive director of the Business Incubator Center of Grand Junction. Both had explored the idea of student incubators and both would soon put their research into action.

Fowler joined LBTC in 2008, and within a year was planning the LSU Student Incubator, where she is now both director and a business counselor. “We started

researching our program in 2009, and when I was looking at different models, there were definitely some out there, it was a handful,” she says. The program was soon accepting students. The 1,200-square-foot LSU Student Incubator comprises coworking space, meeting rooms, and mentoring, as well as an array of business services. For the last two years it has held the “LSU Student Incubator’s Venture Challenge,” a business-plan and pitch competition that begins with five business plan workshops and ends by awarding a total of \$25,000 in seed money among four finalists. The money comes from private donations. The contest is open to any member who cares to enter.

Chase, meanwhile, moved in 2010 from Colorado to San Luis Obispo County, California, where she is director of the California Polytechnic State University’s SBDC for Innovation – the first in the state focusing on tech-based businesses – and managing director of the Cal Poly Center for Innovation and Entrepreneurship, an incubation and acceleration consortium of programs with a student specialization. CIE opened in 2010 and now offers programs ranging from the Hatchery, which helps students in early-stage company formation and provides mentoring and real-world experience, to the Innovation Sandbox, which “allows students and faculty to collaborate in a shared working space to facilitate teamwork, further ideas and develop technologies.” There is an Entrepreneurial Ideation Lab, complete with prototyping equipment, that in the words of the program “gives students an on-campus space to work and play.” In 2011, CIE added the SLO HotHouse Accelerator, an intensive 13-week program that matches mentors, money and student entrepreneurs.

Programs have success in common

Though the programs differ widely, they all have achieved success in many ways. The LSU Student Incubator recently accepted its 100th student-owned company. Some, like the “Yellow Jacket” combination smartphone case and stun gun, have achieved not just

success but invaluable national coverage. “We have 29 recent graduates who are running their businesses today,” says Fowler. “They’ve hired an additional 68 employees. And we’ve only been doing this for three years.”

Northern Iowa’s R. J. McElroy Student Business Incubator typically graduates nine student companies each year. The majority of which remain in business, though sometimes students go on to form different companies, maintain their businesses as side ventures as they accept employment elsewhere, or having considered their businesses exclusively learning experiences, close them. Cal Poly’s program is multidisciplinary in both approach and outcomes. It sponsors, for instance, “Cal Poly Entrepreneurs,” a cross-disciplinary organization of entrepreneurs and would-be entrepreneurs from the school’s student body.

“Here we have a huge engineering department, with a lot of things happening on the tech side, and in computer science, where the low-hanging fruit is,” says Chase. “There was an app-development flood when I got here. So there seemed to be an opportunity for us to work on the programming side to develop companies. We partnered with the Small Business Administration and produced our SBDC. There was this push for developing young entrepreneurs. At Cal Poly there was demand for guidance and assistance.” While all three of the programs mentioned do, as might be expected, have many companies producing software and Internet-based products, all three have companies providing physical goods and non-electronic services as well.

“We ended up working with a lot of technology companies because they were in the queue, but now we’re getting more embedded in the university,” adds Chase. “Now we have companies that are doing all kinds of things – architecture, engineering, graphic design. It’s really changing over time. And there’s a lot more interest among students involved in agriculture and food science.”

Developing and adapting best practices for student companies

Student incubators differ from normal best-practices incubation programs in a variety of ways. “Typically, students we see are earlier stage, with less work experience and less overall business knowledge,” says LSU’s Fowler. “We take more of an educational approach to walking them through the startup process – ‘How do we take your idea and turn it into a business model. We’re not experts in what you’ve created, but we can help you through the process of starting a business.’”

Students who do not have business experience also do not have a lot of bad ideas for doing business, which is a plus, she adds. “They’re young and nimble, so excited, full of energy and eager to learn. We do have a percentage who end up saying entrepreneurship isn’t for them, but even they say they’ve learned a lot and are glad of it.”

The field of student incubation is developing rapidly, says Chase, and is developing its own set of best practices. “There’s been a great evolution as we look at how we translate best practices from traditional incubation. There are four concepts that seem to be emerging as best practices: competitions, to attract the right people; a high school component or linkage, so students begin thinking about entrepreneurship early; incubation linked to the right departments in the university; and some coursework. There are many best practices that student and traditional incubators have in common, because the concepts are fairly similar.”

More and more high schools are including entrepreneurship in addition to more theoretical business classes and cooperative education programs, often with advice from universities, she adds. Interest in entrepreneurship is strong among students, especially as students look at the job market for graduating seniors. “The recent recession has changed the expectations of graduating seniors,” says Chase. “I

observed that as a professor. They are thinking, ‘What if I start a business?’ In general, there’s a huge interest in entrepreneurship.”

That doesn’t mean, though, that universities that don’t have student incubators already are eager to pour money into a new student incubation program. Building support does much to aid the new student program. “It’s everything,” says Fowler. “[LBTC Executive Director Charles F. D’Agostino] has supported this initiative since day one and has allowed me to work on it and take it where it needed to go.” The LBTC finances the LSU Student Incubator, though now there is starting to be some outside funding, with no money coming from the university itself. “Charlie fully supported the idea of taking client space and making it into student coworking space. We couldn’t have done it without LBTC. I don’t think it would be possible to add a line item for a student incubator to a university budget in this climate.”

A tool for recruiting the best students

Both Cal Poly and the University of Northern Iowa, though, have found their student incubators a valuable recruitment tool in luring new students. “Certainly, our university looks at it as a recruitment tool,” says Chase. “As students become more sophisticated in their college choices, as they look at universities, they are looking, too, at the entrepreneurial opportunities that exist there.”

The incubator at UNI’s John Pappajohn Entrepreneurial Center, having been in operation longer than the other two, has formalized the use of the incubator to recruit young entrepreneurs. “Some universities are emphasizing entrepreneurship for all of their students, realizing the principles of entrepreneurship can benefit students starting their own businesses and students that plan to work as employees in companies,” says Katharine Cota-Uyar. “Students



who have been entrepreneurial in their K-12 years are looking for universities where they can continue to be entrepreneurial and that frequently means having access to an incubator.” But, she says, that’s just the beginning. “Besides the principles and practices of good business ownership which incubator programs provide, the student business owners also enjoy a creative, innovative, and engaging environment which, in some cases, leads to serial entrepreneurship.

“Finally, students graduate with a diploma and a business.” The University of Northern Iowa’s admissions office has partnered with the student incubator in recruiting students who would like to start businesses. “Any student expressing interest in entrepreneurship or starting a business meets with someone from our team early in the recruitment process,” Cota-Uyar says.

Organizing to compare practices, share experiences

As student incubator professionals have progressed in their programs, some began to realize that others were involved in incubating student businesses. But there was no convenient way for them to compare notes, practices and experiences, or to get peer advice or mentoring from those who might have experienced the same issues.

The subject came up at InBIA’s 2012 Training Institute in Milwaukee, when Fowler got into a conversation with Jessica Rawley, a Colorado State University research associate. “We talked about student incubation the whole time,” remembers Fowler. “At the end we were looking for a way to keep the conversation going. That’s

when we had the idea to put together a conference call.”

But who would participate? Was there a way to reach out to others in the student incubation movement? Fowler posted a note to the InBIA Member Listserv, asking if there were any interest in an informal teleconference on student incubation. The response was overwhelming. Nearly 50 organizations were interested – a number that has in the year since then grown to more than 70. With Fowler and others doing the work and InBIA providing a dedicated listserv and teleconferencing services, the group holds monthly meetings on the Web and stays in touch otherwise. Student incubation was the subject of a session at InBIA’s 27th International Conference on Business Incubation in Boston earlier this year.

“About half [of those involved in the group] currently have student business incubators,” says Fowler, “while the others are at some stage of starting one.” Student incubators have special aspects, such as course requirements or the lack thereof, physical space security, and whether to allow non-students to be involved in student companies. Where programs have found solutions, they are eager to share. “It’s been a huge resource,” Fowler adds. “When I have a question, I go to that group.”

Far from a fleeting trend, student business incubation appears to be a growing wave. “It’s hot,” says Chase. “People are really interested in this, not just in the U.S. but worldwide. I’ve not seen this kind of interest focusing on a targeted group.”

Featured sources

Katherine Cota-Uyar, associate director and instructor of entrepreneurship, John Pappajohn Entrepreneurial Center, University of Northern Iowa, Cedar Falls, Iowa

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