

Best Practices Business Incubators

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Business incubators have emerged as tools providing a nurturing environment for early-stage startups to grow and thrive. They are viewed as vital to entrepreneurial ecosystems, often identified as drivers of job creation and industry innovation. For this report, the Council asked OLO to review the best practices for government business incubators with a focus on biotechnology, medical, and technology.

Definition Business Incubators

Business incubators provide resources and services to startup businesses in their very early stages; however, there is no single definition of business incubator. Experts agree there are some common factors.

Incubation Stages	Typically, three stages – (1) application process; (2) skill development and mentorship; and (3) graduation from the program.
Eligibility	While each incubator has its own eligibility criteria, startups that are in their early stages and have a high potential for growth are the most likely to be accepted.
Selection Criteria and Evaluation	Varies by incubator; generally evaluated based on growth potential, business plan, personnel, market opportunity, and social/environmental impact.
Duration	Typically, an indefinite period; most offer “easy in, easy out” conditions.
Capital	Support businesses in accessing various sources of financing including government grants, banks, venture capitalists, or internal funding/discounted rental fees.
Advisory Board	Provides guidance and advice to startups in the program.
Infrastructure	Provides business with physical workspace including office and/or lab space.
Business Services	Provide access to business support services including business planning, legal/regulatory advice, financial management, human resource management and marketing.
People Connectivity	Facilitation of relationships between entrepreneurs and stakeholders including other businesses, industry experts, business mentors and investors.

Several models of business incubators exist, with varying goals and missions. The structure of an individual incubator depends on the type of organization funding and administering the incubator and the incubator’s objectives (non-profit organizations, universities, or corporations, etc.)

Best Practices Business Incubators

- Incubators should be managed as a business with an established goal/mission. If possible, an incubator should have leadership with expertise in business management.
- Successful networking is essential to the success of a business incubator. Networks can actively facilitate connections and partnerships between businesses, investors, mentors, industry experts, service providers, and other stakeholders, allowing them to leverage diverse resources.
- Incubators should work with startup businesses to provide access to stable, secure and diversified funding to ensure sustainability.
- Incubators should complete regular evaluations to identify strengths, weaknesses, and areas for improvement and should adapt their strategies accordingly.
- Incubators should offer startups a variety of flexible resources and support. Incubation is not a “one size fits all” endeavor - the types of assistance and resources they need to establish themselves vary widely and typically include access to key support services and technical equipment.

Montgomery County Business Innovation Network

Montgomery County’s current business incubators in Silver Spring, Rockville, and Germantown are known collectively as the Business Center Innovation Network (BCIN). The County’s three incubation facilities provide similar services and resources, including: office space, communal space, business consulting, legal/accounting resources, intellectual property/commercialization assistance, and access to state and County funding. The Germantown incubator also provides wet lab space and access to Montgomery College's biotech facilities.

The County’s Innovation Network is managed by the Business Center, which currently has two staff members dedicated to support the incubator programs. Their duties are comprehensive “soup to nuts” for all businesses in the network, which include initial intake, onboarding, organization of networking events and expert seminars, ongoing support, and graduation support. The FY25 Approved Budget for the incubator Non-Departmental Account is about \$2.4 million.

Incubator Outcomes	2022	2023	2024
Supported Tenants	55	59	74
<i>Germantown</i>	17	15	19
<i>Rockville</i>	20	28	33
<i>Silver Spring</i>	18	16	22
New Tenants	10	14	21
Jobs Supported by Tenants	167	168	196
Graduates	5	5	1
Capital Raised by Graduates	\$100M	\$20M	\$1.5M

Staff Feedback. OLO met with Business Center and County Executive staff to discuss business incubators in the County. They reported there are several improvements they would like to make to further help businesses in the Innovation Network, including: more technical assistance and access to service providers (e.g., experts in grant writing, valuation, commercialization, law, accounting and technology); more shared lab space/equipment (particularly in biotech); and support in securing more funding from various sources.

Selection of Local and Nationwide Business Incubator Examples

There are over 1,500 business incubators across the United States. For this report, OLO summarized a selected number of various models of incubators locally (in Maryland, Virginia, and the District of Columbia) and nationally (in Boston, Philadelphia, and the Research Triangle in North Carolina). For a full description of OLO’s selection criteria and for summaries of each of these 24 incubators, please see Chapters 4 and 5. Overall, OLO found:

- Most incubators examined (life sciences/technology/medical) that were administered by local governments were managed by the local economic development authority, a local nonprofit organization, or in conjunction with a local university.
- Incubators with significant scientific and technical equipment were most often associated with or administered with large research institutions/universities. Local government incubators (most often administered by local economic development authorities) were more likely to provide office space and business services support, with no or limited scientific equipment.

Recommendations

Governments support entrepreneurship because it can be a key driver of local economic growth and innovation. For this report on business incubators, OLO provides two recommended topics for discussion among the Council, Executive Branch Staff, and other relevant stakeholders:

- Additional resources and services that the County could provide for incubator clients, including additional key business support services (i.e. legal, finance, etc.) and additional types of useful technical equipment.
- The role of the County’s Innovation Centers in the larger entrepreneurial ecosystem to more clearly define objectives of the County’s Innovation Centers and how they align with larger County economic development and entrepreneurial ecosystem goals.

OLO Report 2025-4

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Introduction

Business incubators have emerged as tools providing a nurturing environment for early-stage startups to grow and thrive. They are viewed as vital to entrepreneurial ecosystems, often identified as drivers of job creation and industry innovation. Incubators contribute to a diversified entrepreneurial landscape within local economies and play a crucial role in creating a robust and resilient economic ecosystem.¹ An incubator’s expertise and capital not only supports the growth of startups involved but also enhances the overall competitiveness and attractiveness of the region and enhances resilience against economic downturn.

The first business incubator was the Industrial Center of Batavia in New York, created in 1959. Two significant progressions accelerated the spread of the business incubator concept around the world – linking incubation to university research in the 1980s and the global expansion of high-quality Internet in the 1990s. Research literature notes that the evolution of business incubators mostly occurs in three phases, shown in the chart below.²

Table 1
BI evolution.

Generation	Period	Suggested Value	Significant Offering
1 st Generation	Before 1980s	Economies of scale and job creation.	Office spaces.
2 nd Generation	1980–1990s	Value adding services and training.	Coaching.
3 rd Generation	After 2000	Enhanced access to external resources.	Networking.

The National Business Incubator estimates there are 7,000 incubators around the world, including 1,400 in the U.S.³ Current business incubators vary significantly in terms of types, stakeholders, investors/sponsors, goals, and services offered.

Montgomery County has three incubator Innovation Centers – in Germantown (life sciences focus), Rockville (MedTech and other HighTech focus), and Silver Spring (all industries). For this report, the Council asked OLO to review best practices for government business incubators including data on the County Government’s business incubators; a review of literature on best practices for operating successful business incubators; and case studies of innovative practices in other jurisdictions’ business incubators.

The report is organized as follows:

- **Chapter 1, Definition of Incubators**, includes a description of business incubators, including components and various models of incubators;

¹ <https://ijsra.net/sites/default/files/IJSRA-2024-0234.pdf>

² <https://www.sciencedirect.com/science/article/pii/S2096248718300225>

³ <https://www.forbes.com/sites/jonyounger/2021/01/18/you-dont-need-an-incubator-to-startup-a-great-freelance-platform-six-other-resources-you-can-tap-now/>

- **Chapter 2, Best Practices of Business Incubators**, provides a summary of a literature review of best practices for business incubation;
- **Chapter 3, Montgomery County Innovation Centers**, summarizes the County’s three business incubators;
- **Chapter 4, Local Jurisdiction Business Incubators**, reviews select local jurisdiction business incubators in Maryland, Virginia, and the District of Columbia;
- **Chapter 5, Non-Local Jurisdiction Business Incubators**, provides a summary of select business incubators in three select cities across the United States – Boston, Philadelphia and the Research Triangle (NC); and
- **Chapter 6** provides OLO’s findings and recommended discussion issues.

OLO staff member Kristen Latham conducted this study with assistance from Leslie Rubin and Karen Pecoraro. To prepare this report, OLO gathered information through document reviews, data analysis, and interviews with County staff and other stakeholders.

OLO received a high level of cooperation from everyone involved in this study and appreciates the information and insights shared by all who participated. *In particular, OLO thanks:*

- Judy Costello, Office of the County Executive
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- Patty Simonton, Maryland Business Innovation Association

Chapter 1. Definition of Incubators

Business incubators help startup businesses and individual entrepreneurs develop their businesses, mitigate risk, and increase chances of long-term viability. Lacking a universally agreed-upon definition, the National Business Incubation Association (NBIA) defines a business incubator this way:

Business incubators nurture the development of entrepreneurial companies, helping them survive and grow during the start-up period, when they are most vulnerable. Their programs provide client companies with business support services and resources tailored to young firms. The most common goals of incubation programs are creating jobs in a community, enhancing a community's entrepreneurial climate, retaining businesses in a community, building or accelerating growth in a local industry and diversifying local economies.⁴

Experts do agree that there are certain common characteristics of incubator programs. Incubators are designed to support entrepreneurs in the early stages of business development – even when there is only an idea for a business but no business plan/model or “minimum viable product.”

Since the first incubator in 1959, incubators have evolved and expanded the services and resources they offer (see chart below). In general, business incubators often offer a spectrum of resources, including workspaces, expertise/mentorship, access to funding, marketing support and networking opportunities. The remainder of this chapter summarizes specific aspects of business incubators.

⁴ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

GENERATION	DESCRIPTION OF SERVICES
1ST GENERATION	<ul style="list-style-type: none"> • Office rental and shared office services • Reactive business support
2ND GENERATION	<ul style="list-style-type: none"> • 1st Generation Services plus • Proactive business support • Business coaching and mentoring
3RD GENERATION	<ul style="list-style-type: none"> • 1st and 2nd Generation Services plus • In-house debt/ equity finance for clients • Channels to external financiers • Partnering with other businesses in order to achieve critical mass for procurement contracts, products, and services

Table 3 – Three Generations of Incubators²⁸

Source: <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

A. Overview of Business Incubators

As stated earlier, there is not a single definition of business incubators. In general, incubators provide resources and services to startup businesses in their early stages to help create and grow businesses. The program aims to have businesses “graduate” from the incubator. Additionally, experts agree there are some common factors that can help identify business incubators, listed below.

Stages. Incubation programs are typically three stages – (1) application process, which can be simple or more complex depending on the requirements of the incubator; (2) skill development and mentorship as the company works to bring an idea or product to market; and (3) graduation from the program.

Eligibility. While each incubator has its own eligibility criteria, startups that are in their early stages and have a high potential for growth are the most likely to be accepted. Some incubators may have specific industries or sectors that they require.⁵

Application Process. The application process for each incubator varies, but generally, startups are required to submit an application online which includes information about the product or service, the team, the business plan, and financial projections. Some incubators may require startups to go through an interview process.⁶

⁵ <https://www.hubspot.com/startups/resources/what-is-an-incubator>

⁶ Ibid.

Selection Criteria and Evaluation. The selection criteria and evaluation process also vary by incubator. Generally, startups are evaluated based on their growth potential, business plan, personnel, and market opportunity. Incubators may also consider factors like the potential for social or environmental impact or the compatibility of the startup with the incubator's mission and goals.⁷

Duration. Typically, incubators allow for a business to stay for an indefinite period of time. Startups often participate in an incubator for several years. Most incubators offer “easy in, easy out” conditions – allowing monthly rental terms that allow flexibility for clients when joining or exiting.

Capital. Incubators may provide funding through governmental bodies and universities or providing discounted service/rental fees.

Advisory Board. The incubator’s advisory board has the purpose of reviewing incubator operations and funding, facilitating collaboration between the incubator facility, local business community and industry, and to provide general guidance and support to the project staff. Board members can also provide guidance and advice to startups in the program.

B. Components of Business Incubators

Overall, business incubators have four basic components (outlined in the chart below by the World Bank) including infrastructure, business services, financing, and people connectivity.

⁷ Ibid.

Business incubation has four basic components as shown in Figure 4.

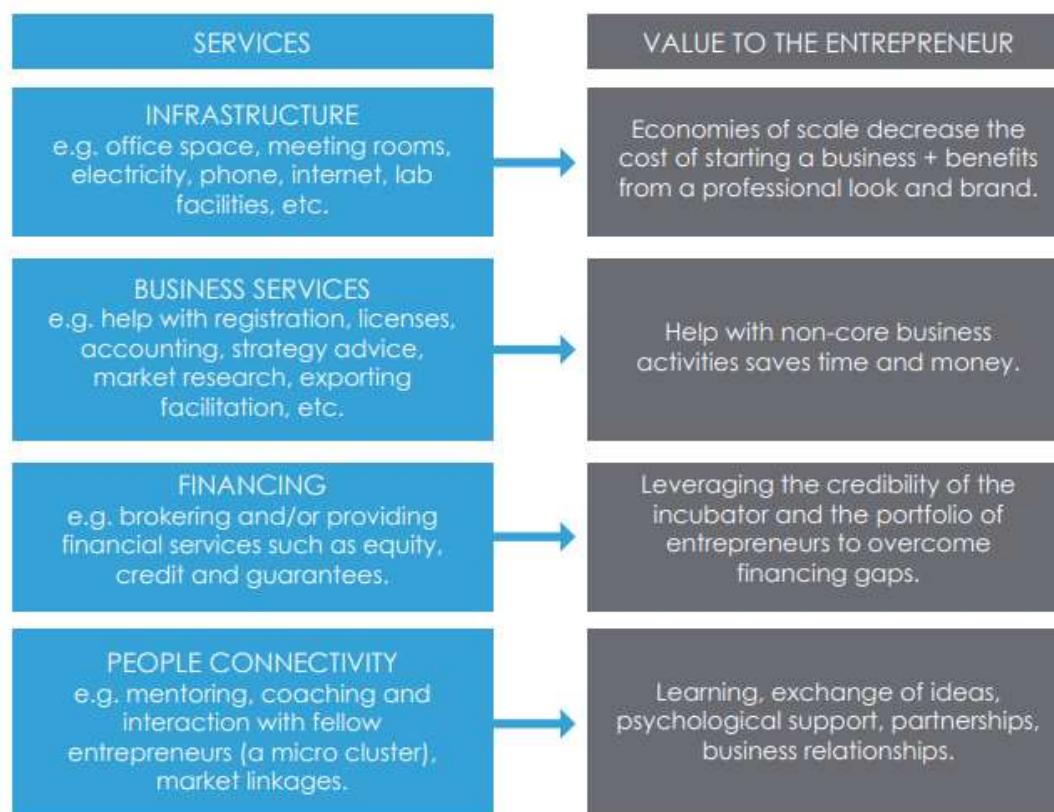


Figure 4 – The Four Components of Business Incubation

Source: <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

Infrastructure. Most incubators provide entrepreneurs with physical workspaces to meet their needs – whether it is office and/or lab space. This includes support facilities such as electricity, internet, and water. Some incubators, particularly sector specific incubators, offer technical shared equipment. Often, an incubator will provide subsidized rent and a flexible space layout that encourages the longevity of the incubator as it allows tenants to grow either by occupying a larger space or by expanding their current site.

Business Services. Incubators provide access to business support services, both for individual entrepreneurs and through training sessions. Often, while startups have technical expertise on a product or idea, they lack the knowledge of running a business – creating a business plan, accounting, legal requirement, and personnel management. An incubator will provide many of these support services so that the entrepreneurs can focus on the core business rather than on the support infrastructure. Some of the specific supports an incubator may provide include:

- Business planning advice;
- Legal advice;
- Assistance with regulatory issues/compliance;
- Financial management/accounting advice;
- Human resources management; and
- Market data, market updates, and marketing guidance.⁸

Financing. Incubators support businesses in accessing various sources of financing including government grants, banks, or venture capitalists. Some incubators may provide their own sources of financing available for their clients.

People Connectivity. Incubators often facilitate relationships between entrepreneurs and many other stakeholders. Business incubators also offer valuable networking opportunities. These can range from networking activities within the incubator itself to introductions to external networks of investors and industry professionals.⁹ Incubators often provide business mentoring, coaching and counseling through these connections. Some of the stakeholders that could be included in the network are:

- Technical experts and advisors;
- Business management and legal experts;
- Other field related companies;
- Higher education resources; and
- Investors and venture capital.

Some incubators even join larger networks to share best practices and new methodologies. These networking opportunities can help your startup establish itself in the market and gain access to potential investors and partners.

C. Incubator Models

Business incubators are extremely diverse in their models and structures, based on industry, geography, and entrepreneurial needs. However, many usually follow one of these four common models.¹⁰ These models were described in an essay entitled “Best Practices for Managing Incubators,” which is cited by numerous literature reviews. Each model has its own

⁸ <https://virtuzone.com/blog/business-incubators/>

⁹ <https://virtuzone.com/blog/business-incubators/>

¹⁰ Rahul Patwardan “Best Practices for Managing Incubators”
https://www.1000ventures.com/business_guide/business_incubators_4models_byindiaco.html#:~:text=Business%20Incubators%3A%20Comparison%20of%20Four,entrepreneurial%20success%2C%20innovation%2Ddriven%20start%20up

benefits/drawbacks and may target different industries. The following table summarizes four incubator approaches, followed by a description of different variations of some of these approaches.¹¹

¹¹ The sources for the model descriptions come from the following: <https://www.blogs.opengrowth.com/types-of-business-incubators-every-entrepreneur-should-know> and <https://labs.shiftpixy.com/9-types-of-business-incubator/> and <https://ijsra.net/sites/default/files/IJSRA-2024-0234.pdf> and <https://www.geeksforgeeks.org/types-of-business-incubators/> and <https://aicontentfy.com/en/blog/understanding-different-types-of-startup-incubators-and-accelerators>

	Local Economic Development Incubators	Academic and Scientific Incubators	Corporate Incubators	Private Investors' Incubators
Goal	Non-profit	Non-profit	For profit	For profit
Main Activity	Generalists	High-tech	Radical innovation	Radical innovation
Objectives	<ul style="list-style-type: none"> • Job creation • Re-industrialization/ Revitalization • Economic development • Support to target groups or industries • Development of SMEs and clusters 	<ul style="list-style-type: none"> • Commercialization of technologies • Development of entrepreneurial spirit • Civic responsibility • Image • New sources of financing 	<ul style="list-style-type: none"> • To develop an entrepreneurial spirit among employees • Monitoring access to new technologies, business models, and new markets • Profits 	Profits by selling stock from a portfolio of companies
Targets	Small commercial craft or service companies	Projects internal to institution prior to company creation External projects	Internal and external projects, generally related to the activity of the company	Radical-innovation high-risk-high-return start-ups Lean startups
Offerings	<ul style="list-style-type: none"> • Hosting and shared services • Administrative assistance • Consulting • Entrepreneurial simulation games • Eventually: • Coaching – training – networking • Access to financing 	<ul style="list-style-type: none"> • Concept testing • Technical advice and support • Intellectual property advice • Seed capital • Basic management advice • Entrepreneurial simulation games • Access to investors • Access to innovation ecosystems and industrial networks • Strategic advice • Coaching • Hosting 	<ul style="list-style-type: none"> • Financial resources • Prototype and market testing • Access to commercial markets • Entrepreneurial simulation games • Eventually: • Long-term strategic partnership • Access to multiple competencies 	<ul style="list-style-type: none"> • Venture management advice • Entrepreneurial simulation games • Supply financing • Personal networks • Eventually: • Hosting and administrative assistance • Legal services, public relations, recruiting, etc...

Source: https://www.1000ventures.com/business_guide/business_incubators_4models_byindiaco.html#:~:text=Business%20Incubators%3A%20C%20comparison%20of%20Four,entrepreneurial%20success%2C%20innovation%2Ddriven%20startup

Local Economic Development Incubators. Local economic development incubators are usually government-sponsored programs that provide funding, infrastructure, and regulatory support to encourage the growth of startups. At the state and local levels, governments typically offer grants, tax incentives, and infrastructure support to incubators. They also offer training and mentoring along with connections to support networks. The goal of these incubators is to provide a favorable environment for new companies to grow and thrive, contributing to the creation of jobs and development of the local economy.

Academic/University Incubators . Academic incubators are entities usually affiliated with universities or research institutions that support the development of technologies generated by students, faculty, and researchers to bring them to market. They often provide scientific and technical assistance, leveraging academic resources, research facilities, and faculty expertise. Academic incubators are often focused on particular sectors such as technology, healthcare, or biotechnology and offer industry-specific mentorship, networking opportunities, and access to sector-specific resources. Further, academic incubators can foster innovation by bringing together individuals from various academic disciplines to collaborate on projects. University-based incubator programs are run by universities and may offer funding opportunities, including grants, loans, or investment from the university or its affiliated partners.

Corporate Incubators/Private Investor Incubators. There are multiple variations of private investor incubators – the two most significant types are as follows.

- *Venture Capital Incubators.* Venture capital incubators are organizations that support the growth and development of early-stage companies in exchange for a stake or equity in the company. Funding is pivotal for startups to cover initial expenses, research, development, and scaling. These incubators also can provide mentorship and guidance from experienced investors and industry professionals and facilitate collaboration with potential investors, industry experts, and other entrepreneurs.
- *Corporate Incubators.* Corporate incubators are run by corporations, typically with the goal of identifying and developing new technologies or products that can benefit the corporation. These incubators often aim to support innovative ideas that align with their strategic goals. They provide office space, funding, mentorship, and collaboration for startups in exchange for equity. Corporate incubators can provide startups with specialized access to industry insights and potential partnership opportunities, leveraging the company's resources and expertise.

Other Notable Types of Incubators. The following outlines other significant types of incubators that OLO identified. These models represent incubators for a specific industry or purpose and can fall under any of the four models listed in the chart above.

Sector-specific Incubator. Sector-specific incubators are programs focused on a particular industry or sector such as healthcare or financial technology. Sector-specific incubators may offer a range of resources to startups, including mentorship, funding, and industry-specific expertise. They may also offer access to specialized equipment or facilities that are essential for startups in that industry.

Additionally, startups in these programs may have the opportunity to work with other entrepreneurs, industry experts and investors who have experience in their particular sector, gaining access to a network of resources and knowledge specific to their industry. Two examples of common sector-specific incubators are:

- Medical Incubator. Medical incubators focus on companies creating medical technologies in the healthcare industry. Taking medical devices or ideas to market can be especially challenging and incubators provide the necessary support and mentorship to make this happen. Healthcare and business experts assist startups in understanding and complying with healthcare regulations and standards, ensuring their products meet regulatory requirements.
- Kitchen Incubator. Kitchen incubators offer entrepreneurs, restaurateurs, and chefs a kitchen space or commercial kitchen to develop ideas in a safe and functional place. These facilities provide access to professional kitchen equipment and infrastructure that can be prohibitively expensive for food entrepreneurs, startups, and small businesses. Entrepreneurs can experiment with specialty foods, create a ghost kitchen concept, or jumpstart a new restaurant. Kitchen incubators can also offer storage, packaging facilities, mentorship, access to funding, assistance with marketing, and educational opportunities.

Social Incubator. Social incubators are established for companies working towards a product or idea that improves the environment or creates a positive social change in society. Social incubators provide various forms of support, including mentorship, training, networking opportunities, access to funding, and workspaces, to help social entrepreneurs turn their innovative ideas into sustainable and impactful businesses. Social Incubators often connect startups with social impact investors, organizations, policy makers and experts to support their mission. Social incubators are usually non-profit or government-sponsored incubators.

Virtual Business Incubator. A virtual business incubator provides most of the same services and resources to entrepreneurs; however, these services are provided virtually through online platforms, video calls, and email communication. Some services that may be provided include business support resources, mentorship, networking opportunities, and funding. In addition, these programs may offer more opportunities for startups to connect with mentors or investors outside of their local area, potentially expanding their network and access to resources.

D. Key Benefits of Incubators

The goal of incubators is to support the development of startups, mitigate risks, and increase their chances of long-term viability. Startup incubators offer a range of benefits that can help early-stage startups succeed. A literature review of business incubation has identified the following benefits of business incubators.¹²

- **Expert Guidance:** Incubators offer experienced mentors and experts who can help entrepreneurs navigate challenges and make informed decisions. Incubators not only can provide access to industry experts in whatever field the startup is in, but also can provide business experts who can navigate the financial, regulatory, legal, and marketing aspects of running a startup.
- **Networking Opportunities:** Connections with investors, industry professionals, business experts, and other entrepreneurs can open doors to partnerships, collaborations, and future funding for startups in incubators. Networking events and workshops can help entrepreneurs gain valuable insights into their industry and learn from experts in their field.
- **Early-Stage Support:** Many startup businesses are in the beginning stages of operation and may not even have a viable product or business plan. Incubators can assist startups in the growing stages of development, helping them refine their ideas and create/execute their business plans.
- **Structured Approach:** Incubators can provide a systematic process and guidance to help entrepreneurs achieve their goals. They often have a curriculum in place to help entrepreneurs develop their business plan, build their team, and create/launch their product.
- **Access to Resources:** Startups benefit from corporate backing, access to expertise and infrastructure, which can accelerate their growth and development. Startups may not have the resources they need to grow, such as office space or equipment. They can also provide access to legal, accounting, and marketing services to help startups get off the ground.
- **Innovation Culture:** Incubators can encourage creativity and entrepreneurship through a shared workspace. With numerous startups co-located, entrepreneurs can work together to provide insight and allow for inspiration.
- **Specialized Infrastructure:** There is a significant amount of specialized equipment or software that is too expensive for startups to purchase on their own. Incubators can provide access to such infrastructure, either themselves or in conjunction with academic institutions, which allows for startups to potentially bring their product to market through proper creation and testing.

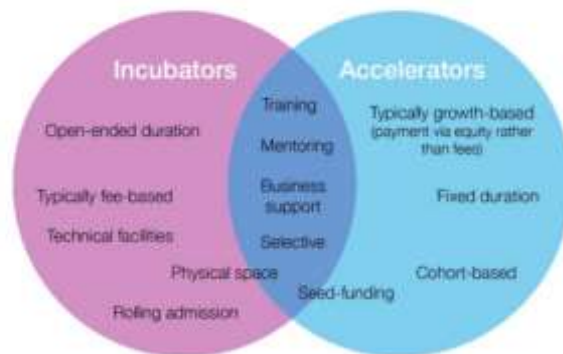
¹² <https://www.hubspot.com/startups/resources/what-is-an-incubator>

- **Access to Funding:** Many startups need funding to take a product from idea to product and then for business growth. Incubators may provide funding themselves or allow for access to investors.

E. Business Incubators Versus Accelerators

Business incubators and accelerators are very similar ventures, with many often confusing the two. While the Council asked OLO to focus on incubators for this report, it is important to provide some information on differences between incubators and accelerators.

Both startup incubators and accelerators are designed to help early-stage companies grow. The diagram below shows a high-level comparison of the two – in general, incubators help startups in their early stages, providing comprehensive support over a longer duration while accelerators focus on rapidly growing companies, offering intensive programs with a shorter timeframe to achieve specific milestones.



Source:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/608409/business-incubators-accelerators-uk-report.pdf

The following table summarizes key differences between incubators and accelerators. It is important to note these differences are generalities - not all incubators or accelerators are the same.¹³

¹³ <https://online.hbs.edu/blog/post/startup-incubator-vs-accelerator>

Business Incubators Versus Business Accelerators

Difference	Incubator	Accelerator
Venture Stage	Early in the process, ideal for entrepreneurs who are in the ideation phase or who have just started building out their product. Clients do not need to have a minimum viable product (MVP), go to market strategy, or developed business model.	Early-to-middle stage startups that have a minimum viable product with proven value. Startup expected to be scalable, investable and fast-growing with a clear marketing and business strategy.
Timeline	Typically between one to five years, but often offer resources with no expiration date.	Company part of a cohort that goes through an intensive, bootcamp-style program over two to six months.
Support Organizations	Often run by universities, government agencies, or independent organizations.	Typically operated by investors, corporations, or independent entities.
Focus	Incubators offer a wide range of services to help develop business plans, validate their products or services, and prepare for market entry.	Accelerator programs are highly competitive and often require participants to meet specific milestones and goals within a set timeframe.
Funding/Equity	Incubators may provide funding in the form of grants or loans, but they typically do not take an equity stake in the companies they support. Most incubators receive support from academic institutions and government entities.	Accelerators, however, are commonly run by venture capitalist firms and financial entities with substantial investment capital, so they usually demand an equity stake in return for mentorship and financing.
Intensity	Incubators have a more flexible approach to support.	Accelerators have highly structured and intensive programs, often involving workshops, training, and regular milestones.
Selection	Typically less competitive; while incubators may have preferences for specific profiles, the focus is more on supporting a diverse range of startups.	Highly competitive; programs usually receive numerous applications from early-stage companies, so they are highly selective with their acceptance process.

Sources: <https://online.hbs.edu/blog/post/startup-incubator-vs-accelerator/>; <https://aicontentfy.com/en/blog/understanding-different-types-of-startup-incubators-and-accelerators/>; <https://www.sciencedirect.com/science/article/pii/S2199853122010551>

Chapter 2. Best Practices of Business Incubators

A business incubator should be dynamic, sustainable, and efficient. Incubators should actively encourage calculated risk-taking, fostering an environment for new businesses where experimentation, innovation, and learning are celebrated. The International Business Incubation Association has identified two principles that characterize effective business incubation:¹⁴

- Effective incubators aspire to have a positive impact on its community's economic health by maximizing the success of emerging companies.
- Effective incubators are, themselves, dynamic models of sustainable, efficient operation.

In a study conducted for the International Journal of Management & Entrepreneurship Research, researchers identified ways that policymakers can support business incubation programs:¹⁵

- Recognize the importance of providing stable funding to incubators to ensure their long-term sustainability and effectiveness in supporting businesses.
- Encourage the establishment of networks for incubators to share best practices and expertise.
- Create a regulatory environment that encourages risk-taking, innovation, and access to capital.
- Support professionals with the skills and expertise needed to mentor and support startups.
- Establish clear metrics to evaluate the effectiveness of incubators including startup success, job creation, and economic development.

The remainder of this chapter summarizes the best practices for business incubators identified by OLO through a literature review.

A. Identified Best Practices

This section summarizes best practices identified by OLO through online research and stakeholder feedback.

¹⁴ <https://inbia.org/wp-content/uploads/2021/01/Bestpractices-in-Action-Principles.pdf>

¹⁵ <https://www.fepbl.com/index.php/ijmer/article/view/695/883>

Treat an Incubator Like a Business Itself. Business incubators must be managed like a business.¹⁶ Incubators need to operate with a sustainable financial model and provide necessary services to the businesses it incubates. An incubator cannot prepare its startups for success and have a lasting impact if the incubator fails.¹⁷

Establish the Goal of an Incubator. Incubators vary in a multitude of ways, including industry, goal and purpose. It is crucial that an incubator's role in the community (both local ecosystem and within the industry) is clearly defined with quantifiable objectives and goals. The incubator should create a strategic plan based on these goals to help guide growth and management.¹⁸

Provide Flexibility and Adaptability to Startups. Incubators may face criticism for approaching incubation as one size fits all businesses; however, types of startups vary widely and require unique resources. Incubators must tailor their support and resources to the individual needs of each startup – there is no single way to run an incubation program. Incubation should be based on factors such as industry, stage of development, and resource requirements. Incubators must remain flexible and adaptable to respond to the changing needs of the individual businesses, entrepreneurial ecosystem and emerging technologies.¹⁹

Provide Effective Leadership, Preferably with Expertise in Business Management. Effective leadership and management are crucial for incubators to achieve their goals and provide high-quality support to startups.²⁰ An effective leader with a business mind can provide the incubator with guidance and a vision for the future. Leadership will also be able to recruit and retain a management team and board of directors to ensure the incubator has the expertise and experience to help businesses grow.²¹

Build Strong Networks. Collaboration and integration are critical for business incubators. Incubators should aim to increase social capital and foster innovation/entrepreneurship through a strong network. Network resources can include research networks, social networks, alumni networks, and trade and supply chain networks.²²

¹⁶ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

¹⁷ <https://inbia.org/wp-content/uploads/2021/01/Bestpractices-in-Action-Principles.pdf>

¹⁸ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

¹⁹ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

²⁰ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

²¹ <https://inbia.org/wp-content/uploads/2021/01/Bestpractices-in-Action-Principles.pdf>

²² <https://www.sciencedirect.com/science/article/pii/S0148296323002606>

Networks can provide startups with access to resources, expertise, marketing help and potentially access to funding. Further, networks can provide incubators with collaboration opportunities that can enhance the entrepreneurial ecosystem and support the growth of multiple businesses. A business incubation training manual developed by *infoDev*, a program affiliated with the World Bank, identifies some specific networking groups that incubators should facilitate, including:²³

- Public and private business service providers, such as lawyers, accountants, human resource professionals and marketing experts that can provide access to skills the startup may not have;
- Universities, technical centers and research institutions, which can offer services, access to intellectual capital and new technologies;
- Government agencies that may improve the incubation environment through funding and regulation;
- Financiers, including angel investors, banks and venture capitalists, who can provide funding and other business expertise; and
- Private sector mentors that provide businesses with additional networks and guidance about operations, markets, and expansion. Mentors can be industry specific or general business experts.

An incubator's network should also include the community and be a part of the broader economic development goals and strategies. Incubators should nurture relationships with local leaders in hopes of aligning the incubator's activities to the goals and strategies of the community.²⁴

Complete Regular Evaluation. Incubators should regularly evaluate their effectiveness and adapt strategies to be responsive to the evolving needs of the individual startups and entrepreneurial ecosystem.²⁵ Incubators should establish clear metrics to track and quantify their impact on startup success and economic development.²⁶

This data can be benchmarked, and trends can be determined, providing feedback that can be further used to improve the efficiency and effectiveness of an incubator and its businesses.²⁷ There is not a common framework for performance evaluation for business incubators because of the variety in incubator types, goals, regions and stakeholders. However, two articles provided a

²³ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

²⁴ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

²⁵ <https://inbia.org/wp-content/uploads/2021/01/Bestpractices-in-Action-Principles.pdf>

²⁶ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

²⁷ <https://www.mdpi.com/2071-1050/14/8/4610>

significant number of key performance indicators – *International Journal of Innovation Studies and Sustainability*. This list highlights some potential evaluation metrics for incubators and startups in the incubators from these articles:²⁸

- Average of Jobs/Employment Created;
- Number of Incubatees;
- Clients Revenue/Turnover;
- Funds/Capital Attracted;
- Sales Growth;
- Size of Network;
- Average Incubation Time;
- Occupancy Rates;
- Number of Spin offs/Startups Created;
- Number of Events;
- Equity Investment;
- Percent of Managers' Time Advising Clients;
- Total Expenditure;
- Number of Projects;
- Graduation Rates;
- Technology Transfer;
- Total Number of Consultancies;
- Satisfaction with Resources Provided;
- Time Taken to Establish the Business; and
- Number of Professional Services.

Provide Access to Stable and Secure Funding. Capital is a critical issue for most startups - many banks and financial institutions are risk averse and unwilling to provide venture capital or loans. Therefore, incubators should explore diverse funding sources to ensure long-term financial stability. This can be specific to individual businesses and include government funding, corporate sponsorships, angel investments, crowdfunding, and fee-based services.²⁹ Many experts have emphasized the significance of acquiring financial resources or budgets from several funding sources to increase sustainability and reduce reliance on traditional funding.³⁰

Provide Key Support Services. Many startups do not have the expertise on all aspects of business development and administration, such as personnel management or accounting.

²⁸ <https://www.sciencedirect.com/science/article/pii/S2096248718300225> and <http://www.mdpi.com/2071-1050/14/8/4610>

²⁹ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

³⁰ <https://www.mdpi.com/2071-1050/14/8/4610> and <https://ijsra.net/sites/default/files/IJSRA-2024-0234.pdf>

Incubators should provide these key support services to their incubatees, ensuring all administrative and bureaucratic requirements are met so startups can focus on development of their product or idea. If the incubator cannot provide some services its incubatees requires, then the incubator should develop relationships and partnerships with service providers that are able to meet these needs.³¹ Examples of key support services include:

- Legal services, including regulatory compliance, managing intellectual property, and providing IP protection and licensing;³²
- Accounting services to provide sound financial management needed to drive business growth;³³
- Human resource management such as hiring, training, and employee support;³⁴ and
- Marketing support, including research and promotion of the buying or selling of products or services.³⁵

Provide Technical Equipment. Access to physical and digital infrastructure is an important form of resource support that many startups require. Often, technical equipment or software is too expensive to purchase for startups.³⁶ Therefore, incubators should develop facilities and access to specialized equipment to match its incubatees' needs and meet the incubator's goals. This means incubators must update their facilities, services, equipment, and human capacity to meet the changing demands.³⁷

Provide Mentorship. Incubators should provide mentorship to all startups - providing insights, experience, and support to early-stage businesses. Mentors can provide a wealth of experience and wisdom including guidance to navigate the complexities of business development. Mentorship involves helping entrepreneurs articulate and refine their business strategies such as market positioning, product development, and long-term planning/strategy. Mentors can also often serve as a connection to extensive networks of potential collaborators, investors, and industry experts.³⁸ Some specific skills mentors can assist with include market development and

³¹ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

³² <https://www.sciencedirect.com/science/article/pii/S0148296323002606>

³³ https://www.accaglobal.com/content/dam/ACCA_Global/professional-insights/STG/SPACE-TO-GROW%20pp%20KEY%20POINTS%20of%20synergy%20with%20accountants.pdf

³⁴ https://www.researchgate.net/publication/274364751_Toward_a_typology_of_incubators_based_on_HRM

³⁵ <https://www.mdpi.com/2071-1050/14/8/4610>

³⁶ <https://www.sciencedirect.com/science/article/pii/S0148296323002606>

³⁷ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

³⁸ <https://ijsra.net/sites/default/files/IJSRA-2024-0234.pdf>

entry, business skills, coaching, business plans, human resource management, commercialization of inventions, and entrepreneurial training.³⁹

Successful mentorship programs utilize structured communication – clearly defining expectations, timelines, and goals for both mentors and mentees. Mentorship also increases diversity of thought - mentors from various industries, backgrounds, and expertise areas can provide a variety of perspectives. Further, effective mentorship programs establish feedback mechanisms to assess the impact of mentorship, allowing for change and growth.⁴⁰

Other Best Practices. There are several additional best practices OLO identified:

- Incubators should develop a targeted range of services and programs for startups according to their needs and stage of development.⁴¹
- Incubators should carefully select which start-ups are accepted as incubatees, choosing startups that will benefit from the incubator but also meet the objectives and requirements of a business.⁴²
- The incubation process should be tailor-made for each client, based on the different sectors and markets in which these startups operate and their growth rates.⁴³
- Incubators should provide reliable access to energy providers with a backup generator.⁴⁴

B. Incubation Association Best Practices

This section summarizes a list of 10 points as key to the success of any incubator, regardless of mission or focus, provided by the National Business Incubation Association (now International Business Incubator Association, InBIA):⁴⁵

1. Effective business incubation programs are based on feasibility studies and business plans that (1) identifies the market an incubator will serve and (2) proves its financial viability.
2. Business incubators are service programs, not just buildings. Buildings cannot grow companies and provide mentoring. Incubators must invest in people and knowledge.

³⁹ Ibid.

⁴⁰ <https://www.sciencedirect.com/science/article/pii/S0148296323002606>

⁴¹ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

⁴² Ibid.

⁴³ Ibid.

⁴⁴ Ibid.

⁴⁵ <https://inbia.org/wp-content/uploads/2018/07/Ten-Keys-to-Incubation-Success.pdf>

3. Successful incubators are well-managed, which requires appropriate salaries and benefits to individuals who have the skills to help businesses grow and transform their communities.
4. Flexibility and commitment to service are key to effective incubation. Staff must be entrepreneurial and recognize that the incubator is a service organization.
5. Effective business incubator managers are proactive in the delivery of services including providing customized assistance and allowing for feedback to determine what is and is not working.
6. The mission of a business incubation program should be clearly stated and understood. Regular evaluation of all aspects of the program ensures that the incubator meets its goals, evolves with the market, and incorporates new tools and technologies to better serve its clients.
7. Effective business incubation programs are integrated into their community networks, resources, and economic development plans and strategies.
8. Top incubators adhere to NBIA's Principles and Best Practices of Business Incubation to achieve better outcomes and be more self-sufficient and sustainable.⁴⁶
9. Successful incubator managers engage in continual learning. Incubator managers should engage in professional development and networking to improve skills.
10. Effective incubator managers are committed, idealistic but also realistic.

C. Future of Business Incubators

Business incubators can play a vital role in nurturing startup businesses and helping to create a thriving economic ecosystem. Research suggests that going forward, business incubation will have a greater focus on niche markets, increased collaboration, a focus on diversity and inclusion, and a strong emphasis on data driven models. In an article for the International Journal of Science and Research Archive, researchers identified some of the following trends for future business incubators:⁴⁷

- The utilization of artificial intelligence (AI) within business incubation processes can provide data-driven insight and market research. AI can also help incubators identify high-potential startups and customize resources and services.

⁴⁶ <https://inbia.org/wp-content/uploads/2021/01/Bestpractices-in-Action-Principles.pdf>

⁴⁷ <https://ijsra.net/sites/default/files/IJSRA-2024-0234.pdf>

- Blockchain technology within incubators can enhance the security and transparency of transactions.
- Data analytics tools can be used to evaluate the performance of businesses within incubators.
- Business incubation may see a combination of physical and virtual spaces, creating hybrid environments that combine the benefits of in person interactions with the flexibility of virtual collaboration.
- With a growing emphasis on social responsibility, impact and sustainability-focused incubators dedicated to addressing environmental, social, or economic challenges are increasing.

Chapter 3. Montgomery County Incubators

Montgomery County has a top economic and technology environment for startups, including a significant number of federal labs, nonprofit research agencies and universities. The Montgomery County Business Center and Montgomery County Economic Development Corporation highlights the region as a top three Biohealth hub;⁴⁸ having a top three Life Sciences research talent pool;⁴⁹ and having the fourth best overall tech talent pool in the County.⁵⁰

This chapter provides an overview of the County’s economic ecosystem followed by a detailed summary of the County’s Business Innovation Centers/business incubators.

A. Business Incubator Review and Entrepreneurial Ecosystem Study⁵¹

In 2020, Montgomery County Government contracted with Axcel Innovation to provide an analysis of the County’s existing entrepreneurial ecosystem and an analysis of the potential future ecosystem. The study summarized economic and demographic information about the County’s populations and businesses and summarized stakeholder interviews.

Overall, the study found that the County’s incubators have a positive impact on the creation of new businesses. Axcel Innovation found the County’s incubators were primarily coworking spaces, which has effectively provided low-cost flexible office space for businesses but concluded that the model may not represent the most effective deployment of the County’s resources. The primary recommendation is that “the County moves from its current approach to supporting entrepreneurship, which is essentially location-based, focused on specific facilities owned or leased by the County, to a strategy in which the focus is on the development of the ecosystem as a whole.” Some of the specific recommendations included:

- The County can provide key resources within the ecosystem, primarily the building and strengthening of a network of resources and people that represent the ecosystem. The County should or could not necessarily serve as a central controller but rather a catalyst - developing information resources, identifying needs, working with participants to develop appropriate solutions, ensuring there is a clear statement of purpose, and developing a comprehensive analysis of the expected costs and impacts.

⁴⁸ <https://business.maryland.gov/blog/maryland-together-with-d-c-and-virginia-now-a-top-3-biopharma-cluster>

⁴⁹ <https://biobuzz.io/maryland-region-ranked-3-for-life-sciences-research-talen-cbre/>

⁵⁰ <https://www.visualcapitalist.com/biggest-tech-talent-hubs-in-us-canada/#:~:text=California's%20Bay%20Area%2C%20which%20includes,compared%20to%20378%2C870%20in%202021.&text=Washington%20D.C.&text=Toronto%20remains%20the%20third%20tech, Bay%20Area%20and%20New%20York.>

⁵¹ https://montgomerycountymd.gov/COUNCIL/Resources/Files/PDF/Incubator_Study.pdf

- The County could create a team of experienced individuals dedicated to supporting County entrepreneurs from idea generation to long-term growth including outreach, promotion, education, and communication. The team should be led by an individual with extensive experience in the field.
- The County could create performance metrics that reflect the goals, both in the short and long term.

Some more specific feedback consultants heard from stakeholders includes:

- Clients are highly appreciative of the incubators as facilities offering space, conference rooms, training, equipment and other resources, particularly the shared lab space.
- The shorter lease requirements make utilizing the incubators significantly more appealing.
- County staff are helpful, professional and genuinely interested in the clients.

The stakeholders interviewed also suggested the following for increasing the effectiveness of the County's incubators:

- The absence of staff beyond those involved in the administrative/reception services under current management arrangements was a negative.
- There is a lack of clarity among some clients regarding who has responsibility for the delivery of services to them. Many clients also felt that only limited services and programming are available to them.
- Clients would like more support with mentoring, legal assistance, finding/hiring/managing staff; financial management processes, and access to specialist consultants in specific relevant areas, such as marketing.
- Many clients feel there are limited opportunities for networking with other tenants and more broadly with other companies in the County.
- Some tenants expressed the view that the overall entrepreneurial ecosystem is not cohesive or supportive.
- Many clients would like assistance with identifying services and resources to support the transition from research to product. In particular, clients expressed a need for assistance in locating affordable space, especially wet lab space, that they could transition into when they graduate from the incubation center.

B. Montgomery County Incubators

The County’s incubation program began in 1993 with the opening of the Montgomery County Technology Enterprise Center (Rockville). The Center was closed in 1999 with the opening of the Maryland Technology Development Center in Shady Grove (in a County-owned building), which included wet lab space and a resident management team. In 2014, after considering many options, the County decided to close that incubator.⁵² However, the County did expand its incubator presence in subsequent years:

Center	Opened In	Ownership Status
Silver Spring Innovation Center	2004	County owned
Wheaton Business Innovation Center	2005*	N/A
Rockville Innovation Center	2006	Condo, County owns 4 th , 5 th floors
Germantown Innovation Center	2008	Long term lease (up in 2034)

* The Wheaton incubator was closed in 2015 because the 10-year lease expired. The County chose not to renew it.

The County’s current business incubators in Silver Spring, Rockville and Germantown are known collectively as the Business Center Innovation Network (BCIN). All facilities feature similar resources, including business consulting, legal and accounting resources, intellectual property and commercialization assistance, and access to state and County funding programs to support business growth. The Germantown incubator also provides wet lab space. The Centers do not require clients to sign long-term leases – the facilities offer flexible one year license agreements with 60-day notice terms.

The County has expanded the BCIN with a partnership with the Henry Jackson Foundation for the Advancement of Military Medicine (HJF). Located in Bethesda, The HJF Innovation Labs at Montgomery County will be managed by BCIN and include the development of 4,300 square feet of flexible “mini” wet labs, shared lab spaces, an engineering area, business offices, and additional workspaces located within the Foundation’s headquarters. According to the Capital Budget, the Innovation Labs will open in winter 2025.

⁵² At the same time, the County partnered with NIST to create the National Cybersecurity Center of Excellence (NCCoE) and after the closure of the incubator, the building was used for NCCoE.

Maryland Global Gateway Soft Landing Program

All of Montgomery County’s incubators are part of the Maryland Global Gateway Soft Landing Program, which provides support to qualified international companies who use incubator space to launch their US headquarters or East Coast operations.

The program provides participating companies with access to facilities, resources, advisors and more. Eligible companies can also receive \$10,000 towards physical (rent, access to necessary facilities/equipment, utilities), programmatic (administrative or other program fees, networking and marketing programs, membership costs for industry associations, fees for registering as a Maryland business, and professional consultations), and other costs associated with market entry. The program allows companies to physically locate up to two staff for six months at a business facility where they can “plug and play” and have access to facility amenities. All soft-landing programs provide at least two of the following services:

- Educational programs/training;
- Networking events;
- Funding;
- Strategic partnerships or other special programs; or
- Access to mentors, advisors, or entrepreneurs-in-residence.

All programs provide the following:

- Participation in at least five targeted matchmaking meetings with companies, industries, and other organizations in Maryland; and
- Assistance with business registration and navigating state regulations.

To qualify for the program, companies must meet the following standards:

- Legally registered as a business in their home country for at least one year;
- Have at least five full-time equivalent employees;
- Have had at least \$500,000 in sales revenue and/or external investment in a single year; and
- Must be able to physically be in Maryland within six months of the application due date.

Staffing. The Montgomery County Business Center administers the County’s three innovation centers. The Business Center currently has two staff members dedicated to support the incubator programs. Their duties are comprehensive “soup to nuts” for all businesses interested in or a part of the network, which include:

- Initial intake of potential incubator clients – includes completion of a form and initial meeting. Staff will then determine which County services fit best for the needs of the clients. Services can include inclusion in the incubator, working with general business

liaisons within the Business Center, or referral to the Montgomery County Economic Development Corporation (for businesses more established).

- Onboarding for businesses approved for space in the incubators that includes discussion and collection of all necessary paperwork (liability, tax information, entrance into the County's Central Vendor Registry System, etc.). Staff will also provide clients with a welcome package and facilities tour.
- Organization of networking events and expert seminars (such as Lunch and Learns).
- Ongoing support for network participants. Staff will often provide connections to other relevant organizations, such as TedCo⁵³ and Montgomery College, throughout the business's tenure at the incubator.
- Graduation support. Staff will provide necessary support and connections as businesses grow and graduate into commercial space.

The County also contracts with the real estate company Jones Lang LaSalle (JLL) to provide ancillary support at all three facilities. This support includes administrative support (e.g., front desk during working hours) and facility maintenance and repairs.

Budget and Performance Data.⁵⁴ Historically, the administration of the budget for the County's incubators has varied:

- Prior to FY17, the County supported all operating expenses with the Department of Economic Development (DED) managing the programs;
- From FY17-FY22, the County supported certain operating expenses for each incubator, but the incubator's programs and tenant portfolio were managed by third parties; and
- In FY23-FY24, the County will support all operating expenses, managed by the Business Center.

The current operating budget for the County's incubators is in the "Incubator Programs" Non-Departmental Account (NDA). The FY25 Approved Budget for this NDA is approximately \$2.4 million, summarized in the table below.

⁵³ "TEDCO (Maryland Technology Development Corporation) is an independent instrumentality of the State of Maryland, established by the Maryland General Assembly in 1998, to facilitate the creation of businesses and support their growth in all regions of the State. TEDCO's role is to be Maryland's leading source of funding for early-stage, technology-based businesses; to provide other business assistance to entrepreneurs throughout the State; and to foster technology transfer and commercialization from the State's universities and Federal labs." <https://www.tedcomd.com/>

⁵⁴ https://montgomerycountymd.granicus.com/MetaViewer.php?view_id=169&clip_id=17318&meta_id=176751

FY25 Approved Changes	Expenditures	FTEs
FY24 Approved	\$2,659,874	5
Increase Cost: Utilities, Facility Services	\$62,135	0
Increase Cost: FY25 Compensation Adjustment	\$6,249	0
Decrease Cost: Retirement Adjustment	(\$9,279)	0
Shift: Program Manager II position from Incubator Programs NDA to Small Business Support Services NDA	(\$127,633)	-1
Shift: Fiscal and Policy Analyst III Position from Incubator Programs NDA to CEX	(\$188,102)	-1
Multi-program adjustments, including negotiated compensation changes, employee benefit changes, changes due to staff turnover, reorganizations, and other budget changes affecting multiple programs.	\$34,340	0
FY25 Approved	\$2,437,584	3

The operating expenses include:

- \$690k for the Montgomery College lease payments and Rockville condo fees;
- \$900k for operating expenses (utilities, maintenance, etc.);
- \$543k for the JLL management fee to provide basic services; and
- Approximately \$300,000 in personnel costs.

See the next section of this chapter for more discussion on budget recommendations and approved changes for last year’s budget.

The following table summarizes the available data on the County’s incubators for the past three years. While there were fewer graduates in 2024, there was a 35% increase in the number of supported tenants and a 17% increase in supported jobs from 2022 to 2024. While tenants can use any incubator, the data show that the distribution of tenants between the three locations remained relatively consistent.

	2022	2023	2024
Supported Tenants	55	59	74
<i>Germantown</i>	17	15	19
<i>Rockville</i>	20	28	33
<i>Silver Spring</i>	18	16	22
New Tenants	10	14 (3 Global Gateway)	21 (5 Global Gateway)
Jobs Supported by Tenants	167	168	196
Graduates	5	5	1
Capital Raised by Graduates	\$100M	\$20M	\$1.5M

The remainder of this section provides a summary of each location. While a startup may have an office in any one of these locations, the business can utilize incubators services and resources in any of them.

Germantown Innovation Center. The Germantown Innovation Center (GIC) provides office and laboratory space focused on life sciences companies. The facilities include wet lab space and direct access to Montgomery College's state-of-the-art biotech facilities. GIC has space for 25-35 companies. Specifics of the 32,000 square foot facility include:

- 38 turnkey offices;
- 16 life sciences fully fitted wet labs, including emergency power and fume hoods (averaging 500 square feet);
- Two huddle rooms, two conference rooms, and one large multi-purpose room;
- Tenant Services Coordinator at the front desk;
- Shared office equipment (copier, mail, etc.); and
- Shared kitchen/lunchroom.



The center provides resource and support services, including business, legal, intellectual property (IP) and accounting, plus access to state and County funding programs. The center also provides networking opportunities including free “lunch and learn” business educational sessions.

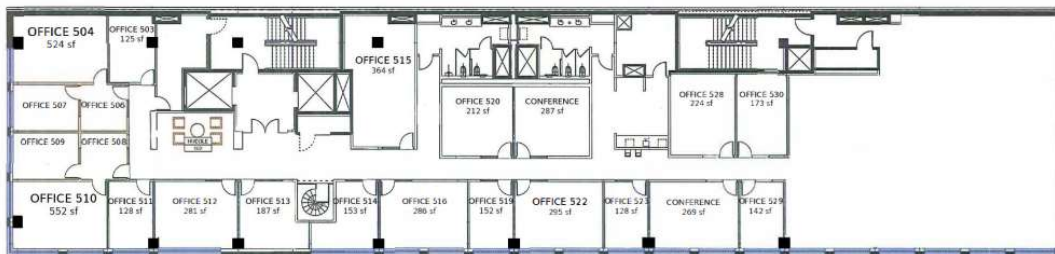
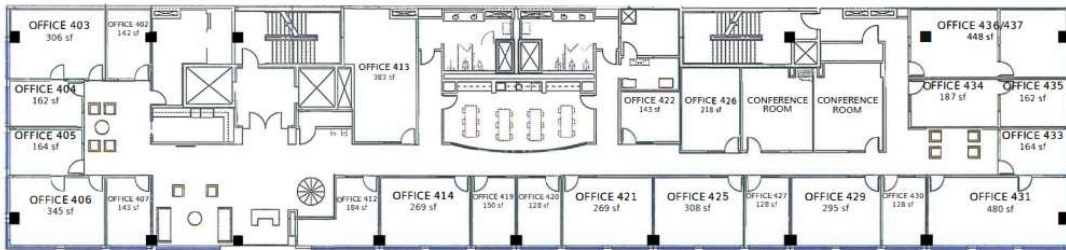
Rockville Innovation Center. The 23,000 square foot Rockville Innovation Center (RIC) provides MedTech⁵⁵ and other High-Tech focus office space for clients. Located within Rockville Town

⁵⁵ Medical Technology (MedTech) is defined as the technologies that diagnose, treat and/or improve a person's health and wellbeing, encompassing both low- and high-risk medical devices. <https://apacmed.org/the-medtech-industry/what-is-medical-technology/#:~:text=Medical%20Technology%20can%20be%20defined,pumps%2C%20pacemakers%20and%20in%20vitro>

Center and walking distance to Metro, this incubator is strategically focused on technology companies, focusing on cybersecurity, health, and software. RIC has space for 20-30 companies. RIC does not have wet lab space. The space includes:

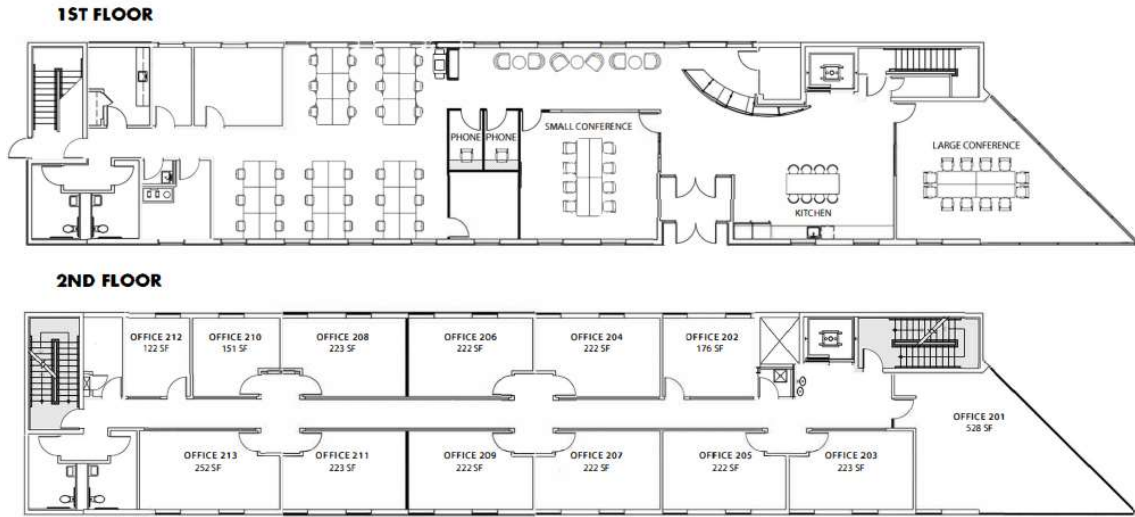
- 39 turnkey offices and office suites;
- Coworking space for eight companies;
- 4,000 square feet of open space in a co-work environment;
- Four huddle areas and one multi-purpose room;
- Tenant Services Coordinator at the front desk;
- Shared office equipment (copier, mail, etc.); and
- Shared kitchen/lunchroom.

Like other incubator sites, Rockville provides resource and support services, including business, legal, IP, and accounting, along with access to state and County funding programs and networking opportunities.



Silver Spring Innovation Center. The 20,000 square foot Silver Spring Innovation Center (SSIC) provides office space for businesses in all industries in a qualified historically underutilized business zone within walking distance to Metro. The center currently has 36 offices and the same general amenities as Germantown and Rockville – coworking space, tenant Services Coordinator at the front desk, shared office equipment, shared kitchen/lunchroom, and networking

opportunities. It has space for 20-25 companies, with a strategic focus on companies focusing on the procurement process.



*SSIC also had the third and fourth floor of the building, with floor plans similar to the second floor.

Virtual Incubator

Startups can also join the County’s virtual business incubator which provides all resources and services that the other three incubators offer except for actual physical space (i.e., office, lab).

C. Previous Executive Budget Proposals for Business Innovation Network

In FY25, the approved budget to operate four County incubators was \$2,437,584, which includes payments for the locations (e.g., lease payments, condo fees); operating expenses, property management fees (including front desk staff), and personnel.

However, during the FY25 budget process, the County Executive recommended about \$2 million in additional operating funding that was not included in the final approved budget. The budget indicated the funding was to support upgrades to the County’s incubators in hopes “of creating a robust ecosystem in partnership with private and nonprofit partners for fostering entrepreneurship and innovation that is nimbler and has more physical capacity and program support than the current County structure.”⁵⁶ The proposed increases included:

- \$1,947,795 to support a new innovation center and an Innovation Manager position; and
- \$112,003 in increased operating expenses and costs for existing personnel.

⁵⁶ https://montgomerycountymd.granicus.com/MetaViewer.php?view_id=169&clip_id=17318&meta_id=176751

The Executive noted the operating expenses would specifically go towards contracted support for business startups and innovation center tenants along with educational and networking assistance. Specifically, the Executive wanted to establish:

- Contract support for business startups and innovation center tenants working across County and private sector innovation centers;
- A robust 1:1 assessment, assistance, and educational programming for 100 companies; and
- Transition to management by a globally recognized operator.

The Economic Development Committee voted to approve funding for the NDA but disagreed that it was a shift of funding from MCEDC (as the Executive stated) but rather a new initiative, because it was not replacing a function previously provided by MCEDC. Therefore, the additional \$1.95 million was placed on the new and enhanced programs list. The additional funding was not approved.

Capital Budget. In addition, the Executive proposed the following increases in the capital budget for the incubators, which were not approved:

- Conversion of obsolete office spaces into shared bench space with shared equipment at the GIC (estimated cost: \$3 million);
- Conversion of existing office space at the RIC into open-space suitable for co-working businesses (estimated cost: \$500,000); and
- Overall modernization and updating at all three facilities (estimated cost: \$500,000).

In response to Council inquiries, Executive Branch staff described the following impacts if the final budget did not include this additional funding: “If improvements are not funded, the County would not be able to seek a globally recognized operator with experience supporting high growth technology companies across industry sectors from idea to market. These funds are critical to the modernization and updating for any operator to assume control, and funding will be necessary before a transition could occur. Lack of funding will result in the status quo of maintaining these facilities at a base-level. Businesses will still be able to access the network, but the necessary programming and commercialization activities to accelerate businesses will remain a gap in the County’s innovation ecosystem.”

D. Feedback from County Staff

OLO met with Business Center and County Executive staff to discuss business incubators in the County. The following highlights their feedback:

- The flexibility and affordability of the County’s incubators is a key benefit for potential startups.
- The success of many incubators across the nation is because management has a business mind and treats the incubator like a business.
- Some businesses require a significant amount of staff time and resources while some require very little.
- The County does not put a time limit on how long incubatees can stay – particularly because the regulatory environment can cause a lot of headaches, resulting in more time required.
- It would be beneficial to define what the incubators are or want to be – the County’s incubators need an identity within the larger metropolitan economic ecosystem.
- The County needs to provide more technical assistance and access to service providers for incubatees, including experts in grant writing, valuation, commercialization, law, accounting, and technology specific to businesses. Staff report that this can be difficult because they cannot provide service provider recommendations for these services without going through a competitive procurement process.
- The County needs to help incubatees secure more funding from various sources.
- The County should provide more shared lab space/equipment, particularly in biotech. Much of the equipment needed by incubatees is cost prohibitive for them. The County could look into obtaining donations of previously used lab equipment from local companies.

Business Center staff also report they are developing more robust ways to collect data, particularly how to gather data from clients during and after their time in the incubators.

OLO also spoke to several stakeholders from entrepreneurship organizations. The common theme heard from them was the entrepreneurial ecosystem in Montgomery County is siloed – there is no sense of community among startup businesses and organizations, operating independently with minimal collaboration and information sharing.

Chapter 4. Summary of Local Business Incubators

Incubators provide startup founders with a supportive environment and a variety of resources and services, including access to affordable workspace, mentorship, networking opportunities, funding opportunities and essential business services. Incubators allow startups to develop ideas and grow their companies. This chapter and the following chapter provide summaries of various incubators locally (Chapter X) and in three key entrepreneurial locations in the United States (Chapter X).

Methodology of Incubator Identification. Estimates indicate there are more than 1,400 incubators in the United States. Research for this study revealed there is no one comprehensive list of business incubators; rather, lists tend to identify incubators by geographic location, by source/organization, or by industry. Different sources use different criteria to classify incubators as “good” or “effective.” Different sources also identify organizations differently, i.e., as incubators, accelerators, or other models (e.g., coworking space, makerspace, etc.). This variation presented challenges in choosing incubators to include in these chapters. OLO took the following steps to identify incubators for inclusion:

- OLO reviewed a multitude of “best of” incubator lists and tried to find incubators included on multiple lists;
- OLO included organizations with the word “incubator” either in the name or on the website (i.e., not accelerators);
- OLO included incubators managed/owned by different types of organizations: government, economic development authorities, universities, private sector, and non-profit organizations;
- OLO focused primarily (though not entirely) on incubators in the biotechnology/healthcare/technology sectors;
- OLO chose organizations with a significant amount of information on programs/services available online; and
- OLO included dissimilar incubators to highlight the diversity in the realm.

The remainder of this chapter summarizes business incubators identified in the local area – Maryland, Virginia and Washington, D.C.

A. Maryland

Maryland has a diverse innovative ecosystem filled with various organizations, incubators and accelerators. This section describes incubators in Maryland that focus on biotechnology, technology, or healthcare.

1. Bethesda Green⁵⁷

Bethesda Green is a non-profit organization dedicated to “accelerating the sustainable economy locally through innovation, impact, and community.” The goal of the organization is to enhance green living, support environmental protection, and facilitate growth of responsible businesses.

Bethesda Green has an incubator program that provides assistance through the early stages of startup businesses and helps accelerate growth in later stages. Startups within the program focus on sustainability and environmental impact – products/ideas that lower emissions, result in less waste, cleaner water or cleaner air, etc. The Bethesda Green Incubator has the following membership tiers.

JADE \$250/month	EMERALD \$400/month
<p>Programming:</p> <ul style="list-style-type: none"> Monthly Entrepreneur Roundtables Bi-monthly Speaker Workshops Quarterly Pitch Practice Access to all Bethesda Green events <p>Mentorship:</p> <ul style="list-style-type: none"> Access to all Mentor Office Hours 2 free hours of dedicated mentor meetings a month <p>Office Amenities:</p> <ul style="list-style-type: none"> Free compost service Coworking space 2 days per week 2 free hours of conference room rental per month Mailbox services Copier/printer access <p>Other:</p> <ul style="list-style-type: none"> Showcasing of your business through our website, social media, newsletter, displays, & events 	<p>Includes all services in Jade and...</p> <p>Programming:</p> <ul style="list-style-type: none"> Online curriculum Access to discounts from professional service providers (legal, accounting, marketing, etc.) Free access to Green Business Certification quarterly events <p>Mentorship:</p> <ul style="list-style-type: none"> 2-3 Dedicated Company Mentors <p>Office Amenities:</p> <ul style="list-style-type: none"> Unlimited coworking space access 2 additional free hours of conference room rental (4 total per month) <p>Other:</p> <ul style="list-style-type: none"> Capacity building & team development

Some of the services provided to member startups include:

⁵⁷ <https://bethesdagreen.org/be-green-business/innovation-center/incubator/>

- Access to a mentor network where businesses are partnered with 2-3 mentors for targeted support;
- Access to curricula including readings, assessments, templates, and guides;
- Access to pro-bono or discounted services (legal, accounting, marketing, etc.);
- Participation in quarterly pitch practice events and Annual Pitch Event with advice and feedback;
- Use of Bethesda Green’s downtown office space (some for additional fee);
- Assistance in applying for funding through grant opportunities and investment from partner organizations of Bethesda Green; and
- Monthly Entrepreneur Roundtables and bi-monthly Speaker Workshops.

2. Greencourt Innovation Center⁵⁸

The Greencourt Innovation Center is a multi-use accelerator that supports startup businesses with biotech labs, private office workspaces, and event/meeting space. In addition to workspaces, the center offers a full-service fitness facility, collaboration space and meeting and conference spaces. Lab space is priced around \$50 per square foot, and office space is priced around \$30 per square foot.

Lab Space and Amenities. The 103,000 square foot facility’s Flex Lab Program offers move-in ready wet labs ranging from 200 square feet to 15,000 square feet. The facility provides core lab infrastructure and services to support life sciences startups including:

- Shared Equipment Room;
- Keyless Lab Entry;
- High- Speed Internet;
- Printing Services;
- Kitchenette;
- Scientist Lounge;
- 24/7 Facility Access;
- Onsite Concierge Services; and
- Community Events.

Additionally, the lab space has customizable floor plans and a variety of specialized biotech equipment.

⁵⁸ <https://www.greencourtinnovationcenter.com/>

3. GovCon Incubator⁵⁹

The GovCon Incubator is an organization specifically designed to help federal government contracting companies become prime contractors (with a focus on supporting technology-driven small businesses involved in research and development). The incubator particularly focuses on businesses owned by socioeconomically disadvantaged entrepreneurs, veterans, women, and HUBZone-designated enterprises.

The incubator is co-located with OST Global Solutions, a business development consulting firm specializing in helping government contractors. The incubator includes furnished offices and common space for coworking with the following amenities: reception area, kitchen/break room, common areas/conference rooms, and printing room.

Businesses can choose from Standard, Premium, and Coworking memberships - Standard and Premium memberships are for applicants who do not need office space. The following summarizes the amenities for each membership level.

Standard Membership	Premium Membership	Coworking Membership
<ul style="list-style-type: none"> Business identity: address in Rockville, MD, with optional mail forwarding 4 hours per month conference room use included, additional time available Participation in training webinars and networking events on all aspects of growing a Government contracting business Participation in the Knowledge, Networking, and Opportunities Wiki (KNOW™) 50% off Bid & Proposal Academy training classes and educational products <p>Starts at \$275/month with a 12-month contract</p>	<p>Everything that's in the Standard membership, plus:</p> <ul style="list-style-type: none"> Regular group mentoring and strategy sessions with our experienced mentors to help you process issues, answer questions, and set strategy Online access to Blueprint for Federal Business Development course with more than 30 hours of instruction and hundreds of pages in manuals on every nuance of winning Government contracts <p>Starts at \$525/month with a 12-month contract</p>	<p>Everything that's in the Premium membership, plus:</p> <ul style="list-style-type: none"> Ability to work in the office in the common spaces during business hours Access to all amenities: free parking, Internet, printer/copier, fax, scanner, fully stocked kitchen <p>Starts at \$695/month with a 12-month contract</p>

Some specific services/resources GovCon provides include:

- Bid and Proposal Academy (18 courses on all aspects of business development);
- Access to regular workshops and question-and-answer sessions with mentors;
- Access to a continuously updated Knowledge, Networking, and Opportunities Wiki (KNOW™), a virtual collaboration workspace;
- Mentoring from OST partners;
- Participation in OST's network of government contracting officers and businesses; and
- Access to the SBIR/STTR Proposal Lab and a Grant and Proposal Lab specifically designed for small, disadvantaged businesses.

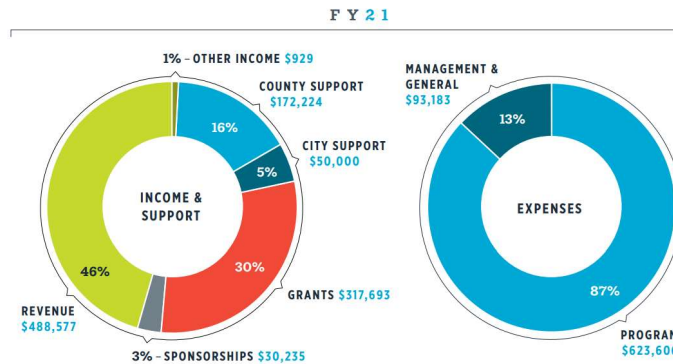
⁵⁹ <https://www.ostglobalsolutions.com/govcon-incubator/>

4. Frederick Innovative Technology Center, Inc. (FITCI)

The Frederick Innovative Technology Center, Inc. (FITCI) is a business incubator and accelerator focusing on biotechnology, information technology, renewable energy, and cyber security. Maryland’s EDGE serves as FITCI’s corporate office and offers BSL-2⁶⁰ wet lab spaces, collaborative shared lab spaces, offices/suites, educational lab space, and community space. FITCI is a non-profit organization that partners with:

- Frederick County;
- Frederick County Office of Economic Development;
- Frederick National Lab for Cancer Research;
- City of Frederick; and
- Venable LLP.

FITCI published an annual report that outlined the income and expenses of the organization in FY21.



FITCI has several programs and services to help support startup businesses:

- The Strategic Growth and Advisory Boards (SGAB) provide advice to small teams of FITCI members quarterly;
- @theTop is a quarterly program that includes large roundtables and a speaker series focused on later stage businesses interested in scaling;
- StartUp U includes training taught by CEOs with a focus on creating a solid Business Model and Value Proposition.
- Funded ‘N’ Brews are Q&As with CEOs at local food and drink establishments;

⁶⁰ BSL-2 laboratories are used to study moderate-risk infectious agents or toxins that pose a risk if accidentally inhaled, swallowed, or exposed to the skin. <https://aspr.hhs.gov/S3/Pages/Biosafety-Levels.aspx>

- Reality Check provides hours of training and mentoring on pitching and allows members to pitch their companies in front of investors;
- The Edge is a 12-week intensive, boot-camp style community growth accelerator program designed to help entrepreneurs accelerate their ideas and businesses;
- The Executive Chairman is a matchmaking service for businesses looking for executive leadership;
- The Launch Committee helps graduates transition from FITCI; and
- Chief Strategy Officer Roundtables provides for roundtable discussion and advice from CSOs.

FITCI also participates in the Maryland Soft Landing Program which helps international businesses in technology, life sciences, manufacturing, and professional services sectors “land” in Maryland. Soft Landing participants are introduced to ambassadors who help navigate Frederick’s ecosystem and connect to stakeholders. Specific services for this program include help with raising funds, accounting, banking, legal services/IP, marketing, financial services, information technology, equipment needs, hiring and HR, software development and insurance needs.

Lab Space and Equipment. FITCI has wet labs and shared labs available, ranging from 200 to 550 square feet. These labs have the following resources:

- Autoclave;
- -80-degree freezers;
- Ice maker;
- Fume vent hoods;
- Reverse osmosis water;
- Chemical fume hoods; and
- Bio-safety cabinets

Some common lab equipment available to tenants also includes (not a comprehensive list):

- Amsco Century Steris Autoclave, Model SV116;
- Beckman Coulter Particle Counter, Z1-S;
- Eppendorf Centrifuge, 5415C; and
- LabCorp Horizon Separation Centrifuge, Model 643.

5. Johns Hopkins University FastForward⁶¹

FastForward is an accelerator at Johns Hopkins University for the advancement and commercialization of innovations derived at the university and elsewhere. The facility includes co-

⁶¹ <https://ventures.jhu.edu/programs-services/fastforward/>

working space, dedicated offices, common amenities and two wet labs. Services for its members include:



- Accounting and tax support;
- Technical sessions with Microsoft Startups and One Commercial Partner team members;
- Financial services with Fulton Bank's Financial Corporation's Life Sciences and Technology Division;
- Legal support from local law firms;
- Access to a Bloomberg Terminal;
- Access to TEDCO's Market Search Database Terminal;
- Information about the Small Business Innovation Research Program (SBIR) process, program funding, and consulting support to draft funding applications;
- Pro-bono consulting services for real estate needs;
- Lab equipment and lab services;
- Equipment leasing services for equipment not available at the facility; and
- Webinars and panels on best practices for launching and scaling successful startups.

FastForward also helps in the navigation of funding sources, including angel and venture capital, the Maryland Innovation Initiative (state grants from TEDCO), and federal grants.

6. Maryland Innovation Center⁶²

The Maryland Innovation Center (MIC) is a non-profit organization created by the Howard County Economic Development Authority that has coworking space along with conference rooms/event space for startup businesses. MIC provides guidance and information through counseling and referrals, business education seminars, government contracting assistance, and a Small Business Awards program. MIC also provides business amenities such as reception services, access to community conference rooms, podcast studio, video conferencing facilities, and networking events. The following chart summarizes the cost and amenities of each of MIC's membership levels:

⁶² <https://www.mdinnovationcenter.com/>

 <p>Circle FREE</p>	 <p>Elevate \$200 / month</p>	 <p>Amplify \$300 / month</p>	 <p>International \$400 / month</p>	 <p>Empower STARTING AT \$550 / month</p>
<p>Enter an entrepreneurial circle devoted to your success.</p> <ul style="list-style-type: none"> • Networking • Discounted programs and events 	<p>A business presence that's on demand, with networking and programming perks.</p> <ul style="list-style-type: none"> • Coworking space and conference room access • Signage • Customized business growth plan • Kauffman FastTrac® programming • Networking • Discounted programs and events 	<p>Personalized mentorship is a constant, with an on-site presence suited to your business.</p> <ul style="list-style-type: none"> • Coworking space and conference room access • Signage • Customized business growth plan • Entrepreneur in Residence mentorship • Kauffman FastTrac® programming • Pitch deck coaching • Networking • Discounted programs and events • Access to video and podcast studios 	<p>Collaboration, innovation, and world-class resources to establish a foothold in the USA.</p> <ul style="list-style-type: none"> • Co-working space • Access to conference rooms and facilities • Business counseling and mentoring services • Networking & engagement opportunities • Discounted programs and events • Access to video and podcast studios • Soft Landing Program 	<p>Separate Vetting Process Required!</p> <p>Priority access to office space, mentorship, contacts, and acceleration advantages.</p> <ul style="list-style-type: none"> • Dedicated office space and conference room access • Signage • Customized business growth plan • Entrepreneur in Residence mentorship • Kauffman FastTrac® programming • Pitch deck coaching • Networking • Discounted programs and events • Access to video and podcast studios

Entrepreneurs in Residence provide individualized mentoring on:

- Budget Formulation;
- Business Models;
- Customer/Third Party Assurance;
- Effective Meeting Management;
- Funding Advice;
- Ideation;
- IT Security Assessment;
- Market Analysis;
- Market and Product Alignment;
- Partnerships;
- Pitch Coaching;
- Pitch Deck Development;
- Prelude Pitching;
- Public Relations Support;
- Sales;
- Strategic Planning;
- Sales;
- SWOT Analysis;
- Venture Mentor Services;
- Marketing;
- Legal Support;
- Leadership;
- Branding; and
- Web Design.

BRITE Program. The Business Revitalization Initiative Through Entrepreneurship program (BRITE) provides additional resources such as professional skills development, partnership development, business acceleration, counseling, and expert guidance to help businesses scale.

TEDCO (Maryland Technology Development Corporation)

While not an incubator, TEDCO (Maryland Technology Development Corporation), created in 1998 by the Maryland General Assembly, is an independent organization that helps to facilitate business creation. TEDCO is “Maryland's leading source of funding for early-stage, technology-based businesses; to provide other business assistance to entrepreneurs throughout the State; and to foster technology transfer and commercialization from the State’s universities and Federal labs” (<https://www.tedcomd.com/about-tedco>). TEDCO provides or helps to identify and apply for funding opportunities including Concept Capital, Maryland Stem Cell Research Fund, Seed Funds, and Social Impact Funds (among other opportunities). TEDCO also provides businesses with significant resources such as:

- Access to the Maryland Entrepreneur Hub;
- Development and marketing assistance;
- Guidance in finance and operations;
- Aid in government program development, affairs, and policy; and
- Access to specialized initiatives such as the Institute for Women Entrepreneur Excellence, the Rural Business Innovation Initiative, and the Urban Business Innovation Initiative.

B. Virginia and Washington, DC

Washington, DC and Virginia have a thriving entrepreneurial environment with a strong economy, access to resources and talent and a supportive regulatory environment. Washington, DC and Virginia have a significant number of niche incubators and accelerators (food, government specific, etc.) This section summarizes a variety of types of biotechnology, technology, and healthcare incubators.

1. JLABS⁶³

JLABS is a partnership between Children’s National Hospital and Johnson & Johnson Innovation. It is a life sciences and healthcare incubator in Washington, DC that includes 32,000 square feet of lab, prototype, office and conference room space. It aims to create “a global life science network for innovation, providing startups with access to capital-efficient lab space and resources,

⁶³ <https://jnjinnovation.com/jlabs>

including expertise, community, industry connections and entrepreneurial programs.” JLABS services include:

- Lab equipment;
- Access to expertise and resources;
- Funding and investor connections; and
- Programming and education.

Businesses can either have in-person or virtual residency, with the following specific services:

- Private offices, shared coworking space, conference rooms, and common areas;
- An investor hub that includes local, regional and global investors and portfolio companies;
- Partnership with an expert who provides ongoing advice;
- Support services (human resources, IT, financial services, web services, insurance, and relocation services); and
- Workshops, networking events, along with access to Johnson & Johnson experts and webinars.

The labs provide an extensive array of lab equipment (not a comprehensive list), including:

- Cell Culture Labs (BS1 and BSL-2);
- Biosafety Cabinets, Incubators, Shakers, Centrifuges, Microscopes;
- Fume Hoods, HPLC, LCMS, Lyophilizer;
- Autoclave, Glass Wash, Dry and Wet Ice, Milli-Q Water, Cold Storage;
- PCR/qPCR, Thermocyclers, Plate Reader, Imaging, Flow Cytometry, Microscopy, BioProcess Systems; and
- 3-D Printers, Electronic Testing & Assembly, Laser Cutting.

The following additional services are available for a discounted fee:

- Specific lab supplies and instrumentation;
- Access to contracting research organizations and labs;
- Regulatory and scientific expertise; and
- Financing and talent acquisition.

2. Startup Virginia⁶⁴

Startup Virginia is a nonprofit organization serving startup businesses at any business stage, providing individualized support and access to resources to launch, fund and grow their

⁶⁴ <https://startupvirginia.org>

business. Established with the support of founding partner Capital One, the organization partners with local economic development agencies and Dominion Energy.

Startup Virginia does not have wet lab space but does provide the following services:

- One-on-one guidance;
- Education and training in business and leadership skills;
- Mentorship program;
- Pro bono support for business needs such as legal, financial and human resources;
- Access to business tools, platform credits, and student intern opportunities;
- Pitch practices and pitch deck feedback;
- Individualized fundraising support; and
- Networking events.

Startup Virginia also provides the following programs for members:

- The Idea Factory is a hybrid seven-week acceleration program that engages investors through a quarterly newsletter along with pitch and educational events.
- The Entrepreneur Certificate Course is an online, on-demand nine class series focused on how to start and grow a business.
- Startup Foundations is an online, on-demand three class series outlining the first steps for launching a business with a focus on business validation, value proposition and customer acquisition.

Membership to Startup Virginia includes office space, flexible workspace, private conference rooms, and 24-hour access to the Michael Wassmer Innovation Center. The pricing is as follows:

- \$250 per month for an individual founder (an additional \$100 per month per additional team member); and
- \$700-1800 per month for month-to-month subsidized offices that can accommodate 3-10 team members.

3. UVA VentureLab⁶⁵

VentureLab is a program at the Batten Institute at the University of Virginia Darden School of Business. The VentureLab Incubator supports the development of early-stage ventures of UVA

⁶⁵ <https://www.darden.virginia.edu/batten-institute/ventures/ilab>

students, faculty or staff. The program is a cohort-based summer program for up to 30 teams of one to three people. Participants are expected to have a minimum viable product (MVP) for consideration for admission.

The Incubator program is divided into three phases – (U)nderstand, (V)alidate, & (A)ccelerate, summarized by the chart below.

Understand	Validate	Accelerate
Focuses on developing a deep understanding of the problem being solved	Aimed at validating the venture's value proposition and business model	Concentrates on accelerating the venture's growth and scaling the business
Spring phase: March-May	Summer phase: June-August	Fall phase: September-November
Includes: incorporating venture, online community participation, and Entrepreneurs in Residence (EIR) Support	Includes: two In-person intensive weeks, check-ins, workshops, mentoring and Demo Day	Includes: focus on brand evolution, revenue, and customer growth, submission of applications for funding & in-kind support

Some specific services/resources available include:

- In-person kick-off week and mid-summer gathering week activities;
- Demo Night where businesses present progress and network;
- Workshops, online resources and special events;
- Mentorship and advisory support from previous participants and industry experts;
- Access to coworking space, community, and connections; and
- Joining weekly check-ins with incubator staff and peers.

Participants may also have access to baseline grant funding from the incubator and/or UVA entrepreneurship initiative or from individual schools on a per student basis.

4. Launchpad Williamsburg⁶⁶

Launchpad, the Greater Williamsburg Business Incubator, was created by several partners including York County, James City County and the City of Williamsburg. The goal is to “develop a world class business incubator that fosters a successful entrepreneurial community by providing the facilities, advisory services and amenities that will allow businesses to start, grow and reach

⁶⁶ <https://www.jamescitycountyva.gov/2976/Launchpad-Incubator>

their highest potential to benefit the Greater Williamsburg communities.” Launchpad provides members with business education, targeted services, and networking. Specifically, the program offers:

- Cohort-based programs designed to accelerate growth;
- Mentorship;
- Educational programs on best practices in developing repeatable and scalable business models;
- Community collaboration with other entrepreneurs; and
- Participation in exclusive events, workshops, and networking opportunities.

Membership in Launchpad costs \$100 per month for a community member and allows for:

- Building access from 7am to 10pm;
- Eight hours/month access to conference rooms in Entrepreneurship Hub;
- Access to Entrepreneurship Hub events, educational programs and mentor network; and
- Locker space.

Enterprise Tier membership provides all the basic amenities plus private office space and direct access to coworking spaces, breakout/team meeting rooms, and prototyping facilities. The price for Enterprise Tier membership is based on mutual agreement.

Launchpad also has a Venture Acceleration Program which is a six-week cohort program designed for early-stage ventures with initial revenue and customers. It includes weekly hybrid sessions that provide structured learning, peer and mentor support, access to subject matter experts and guest speakers, access to local networks and resources, and an annual pitch event for cash awards.

5. The Virginia Highlands Small Business Incubator⁶⁷

The Virginia Highlands Small Business Incubator (VHSBI) is a non-profit organization established “to help start-up and existing business expand and grow in Southwest Virginia. [VHSBI] provide[s] support, guidance, reasonable rent, and necessary services to foster a successful business community.” VHSBI, created by the Town of Abingdon, VA and Washington County, VA, has two programs – the Affiliate Program and Resident Program.

⁶⁷ <https://vhsbi.com/>

Residential Program. Through this program, tenants have access to affordable office space and shared resources such as administrative support, audiovisual equipment, copying equipment, meeting rooms, and low-cost telephone, fax, and internet services. Specific shared services include training/conference rooms, copier/fax machine, postage machine, kitchen, high-speed internet, receptionist, office services, and a loading dock. Office space can be rented for \$1.05 per square foot per month and manufacturing space can be rented for \$0.75 per square foot per month.

Affiliate Program. The Affiliate Program is for startups that do not need full-time office space. The program provides a common area of drop-in desks, meeting space and training. The cost of the Affiliate Program is \$50 per month and offers the following services (some with a fee/charge):

- Desk, chair, internet access for 10 hours per month (\$30 for each additional 10-hour block);
- Copy machine use billed monthly;
- Postage machine used at cost of postage;
- Clerical assistance at \$20 per hour billed monthly;
- Up to three conference room uses per month (three-hour block);
- Use of mailing address;
- Access to center workshops; and
- Monthly meetings with the Director.

Chapter 5. Summaries of Business Incubators in Select Jurisdictions

This chapter summarizes an assortment of business incubators in three select jurisdictions – Boston, Massachusetts; Philadelphia, Pennsylvania; and the Research Triangle in North Carolina. OLO selected these three areas based on Councilmember recommendations and because they host a variety of incubators run by government, non-profit organizations, and private entities. For comparison, OLO found, for example, that San Francisco is an incubator hub but most incubators there are private enterprises. OLO used the same methodology to identify incubators for this chapter as used in Chapter Four.

A. Boston, Massachusetts

Boston has a thriving startup ecosystem across various sectors. A report by the US Chamber of Commerce and 1776 ranked Boston as the number one U.S. city to foster innovation and entrepreneurship.⁶⁸

1. Greentown Labs⁶⁹

Greentown Labs is a 501(c)(3) nonprofit incubator focused on climate solutions and solving “the climate crisis through entrepreneurship and collaboration.” The 2025 membership rates for the Boston location are as follows: Office Space (\$630/desk/month); Prototyping Lab Space (\$5.75/sq. ft/month); and Wet Lab Bench (\$3,910/bench/month). The remainder of this section summarizes the resources and services the lab provides.

Investor Program. Greentown Labs has an investor program that connects startups with capital opportunities through:

- Direct introductions and access to an investor network;
- Features in Deal Flow Digests;
- One-on-one meetings with investors and partners via office hours;
- Industry-based investor connections at Sector Pitch Days and other invite-only investor sessions;
- Fundraising coaching and support;
- Peer-driven pitch feedback at biweekly Fundraising Forums; and
- Participation in the Investor Speaker Series.

⁶⁸ <https://www.boston.gov/government/cabinets/economic-opportunity-and-inclusion/startups>

⁶⁹ <https://greentownlabs.com/>

Advisor Program. Advisors work with businesses through one-on-one sessions, office hours, and workshops. Advisors provide guidance on the following:

- Business development;
- Diversity, equity, and inclusion;
- Fundraising;
- Go-to-market strategy;
- Managing a board of directors;
- Marketing and communications;
- Pitch-deck development;
- Product-market fit;
- Sales; and
- Technical expertise.

Expert-in-Residence Program. Experts-in-Residence (EIRs) work closely with businesses for up to six months on developing business plans and major projects. These experts lead roundtables and host community workshops for entrepreneurs on the following topics:

- Capital and fundraising;
- Marketing and sales;
- Organizational development; and
- Business development.

Business Resources. Some specific resources Greentown Labs offers businesses include:

- Free and discounted prototyping software;
- Free and discounted business software;
- Research university resources;
- Access to a funding tracker;
- Grant support;
- Manufacturing and scaling support;
- HR + hiring assistance;
- Legal advice; and
- Capital.

Science and Lab Equipment. Greentown Labs provides its startups with a variety of lab space and lab equipment, including:

- Machine Shop allows businesses to build hardware, including 3D printers, laser cutters, etc.;
- Prototyping Lab (34,000 sq. ft) allows startups to take their technology from initial R&D to rapid prototyping;
- Twenty-six bench wet labs;
- Electronics Lab includes space dedicated to electronics assembly, soldering, testing, measuring; and
- Stanley Black & Decker Tool Shop.

Events. Greentown Labs hosts many events throughout the year for members, including:

- Lunch + Learns;
- Expert panels;
- Networking events;
- Industry-specific workshops;

- Office hours with investors and experts; and
- Meetup groups based on industry.

Other Amenities. The incubator also provides the following amenities for entrepreneurs:

- Flexible event space for meetings;
- Outdoor courtyard and roof deck;
- Shared kitchen and kitchenettes;
- Shared indoor bike storage;
- Managed mail and receiving area;
- Access to shared loading dock;
- Sustainably designed waste channels; and
- Two electric vehicle charging stations.

2. BioSquare Discovery and Innovation Center⁷⁰

The BioSquare Discovery and Innovation Center is an incubator and accelerator for biotechnology. It is a joint effort between Boston University, Boston Medical Center, the City of Boston and developers and built as the third component of a biomedical research park. OLO was unable to identify the rates/prices for tenants. The center offers the following amenities on-site for tenants:

- Essential lab equipment including cold rooms, centrifuge, autoclave, glasswasher and freezer;
- Biomedical research support services;
- Life Sciences laboratory;
- Hazardous waste removal;
- Management team;
- Conference and catering services;
- Office and laboratory cleaning services;
- Design/construction management services;
- 24/7 security and parking services;
- Publications production and copying services;
- Environmental health and safety consulting services; and
- Assistance in the proper handling and disposal of chemical, radioactive, and biohazardous materials.

⁷⁰ <https://www.bu.edu/realestate/biosquare/>

3. Mansfield Bio-Incubator⁷¹

Mansfield Bio-Incubator is a non-profit organization that focuses on supporting biotech, pharmaceutical, medical device, and life sciences companies. The specific goals include:

- Create a collaborative atmosphere among industry, investors, government and academia;
- Provide lab space to lease;
- Provide business support services;
- Provide training and support in obtaining funding;
- Support access to experts through the Advisory Board and Mentor Program;
- Provide the opportunity to participate in semi-annual pitch competitions; and
- Provide onsite and online seminars.

The following table summarizes the various membership levels of the incubator, followed by a more detailed description of services/resources.

Membership Level	Rate	Services
Basic	\$500 per year	<ul style="list-style-type: none"> • Access to community • Virtual Incubation Programs • Business/technical mentoring • Peer advisory roundtables • Use of incubator address • MassBio and MassMEDIC Membership privileges • Use of conference room and open space • Participation in Educational Programs and Workshops • Participation in innovation cases, such as open houses and semi-annual pitch competitions • Funding opportunities/connections with venture capital firms, angel investors, and grant opportunities • Discounted participation in major biotech conferences, expos, and trade shows
Associate Membership	\$1500 per year	<ul style="list-style-type: none"> • All benefits in Basic Membership • Supply chain and logistics support • Access to the laboratory (for additional fee) • Customized Business Plans
Associate Plus Membership	\$2500 per year	<ul style="list-style-type: none"> • All benefits in Associate Membership • 24/7 access to the office and conference room area with a dedicated desk in the shared office area

⁷¹ <https://www.bioinc.org/>

Lab Access	Rate	Services
Business Resident Basic Laboratory Access	\$750 per month	<ul style="list-style-type: none"> • Tools and access in Associate Membership • Participation in the Bio-Incubator Partner's Equipment Procurement Program • Daily laboratory access • Shared bench space and use of Bio-Incubator laboratory equipment • Waste disposal and other EHS services
Business Resident Standard Laboratory Access	\$2500+ per month	<ul style="list-style-type: none"> • Tools and access in the Business Resident Basic • Designated laboratory bench space to lease at \$2500 per month • Additional shared bench space to lease \$750 per month • Private lab spaces at \$4500-25000+ per month to lease depending on square footage
Extra Amenities	Rate	
Open office desk	\$200 per month with Associate Membership and \$125 per month with Business Resident Basic and Standard	
Dedicated phone line	\$40 per month with Associate Membership	
Secure lab storage	\$100 per month Basic-Business Membership	
Private office	\$650 per month	

Science and Lab Equipment. The incubator provides state-of-the-art labs, equipment, and scientific services including shared and private Biosafety Level 2 BSL-2 lab space and the following common equipment (list not comprehensive):

- 120V and 220V backup power outlets;
- Compressed and liquid nitrogen gases;
- Labware with maintenance and technical support;
- Scientific instrumentation;
- Private chemical hood (some labs);
- Refrigeration and cryostorage; and
- Laboratory wastewater treatment capabilities and the disposal of hazardous waste.

Business Services. Some specific business support services provided include:

- IT services and support;
- Legal and accounting services;
- Introductions to investors; and
- Marketing support.

Education and Training. The incubator provides several educational opportunities through onsite and online seminars, courses and technical workshops, including the following topics:

- Commercialization of products;
- Fostering of creative exchange and active collaboration;
- Interacting with prospective investors and obtaining funding for future growth; and
- Expansion of knowledge and new skills.

Mentor Program. The center's mentorship program provides mentees with training and support in the following areas:

- Skills development;
- Professional communication and interpersonal relationships;
- Public relations; and
- Community enhancement.

The mentor program pairs members with mentors who help develop business planning, financial modeling, marketing strategy, and intellectual property management. The program consists of two tracks:

- The first track is the formal mentoring model, where startup businesses meet with a group of advisors selected and tailored to their individual needs. The program duration is 6-8 weeks, dependent on business needs.
- The second track offers a less formal and more flexible program, consisting of 1-2 sessions, providing individualized support.

Amenities. The incubator provides the following amenities to members:

- Electronic card access to entire building;
- Meeting rooms and phone booths;
- Two large boardroom/conference rooms;
- High-speed internet;
- Business equipment including copiers/scanners/faxes;
- Telephone and voicemail service;
- Reception desk/waiting area;

- Shared administrative support;
- Mailing address and mail services including package receiving; and
- Fully equipped kitchen.

4. Massachusetts Biomedical Initiatives (MBI)⁷²

MBI is the longest-running life sciences incubator in Massachusetts. MBI is a non-profit organization with a focus on therapeutics, CROs/CDMOs, medical devices and diagnostics. The incubator provides flexible lab spaces, shared equipment, and network support through two models. OLO was unable to determine specific rates for these programs.

- StartUp is for businesses that want to launch their companies and test their science. It has 30,000 square feet of private BL2 labs (ranging from 100 to 500 square feet per lab), which are intentionally priced at no more than 10-15% of a typical SBIR Phase I award⁷³ to ensure accessibility.
- ScaleUp space has 15,000 square feet of private BL2 lab/office suites and provides larger accommodations (labs ranging from 600-3,000 square feet) and private office suites. The ScaleUp Center is focused on larger businesses looking to scale and expand their team.

Lab space at MBI also allows access to on-site shared equipment and resources through partnerships with local colleges and universities, including:

- Free MassBio membership;
- Access to MBI's ecosystem, connections to industry, incubator community and engagement events;
- Access to optional Bolt-On Leadership Teams (BOLT) program that partners businesses with business professionals;
- Lunch & Learn sessions with funders, vendors, service providers and industry experts; and
- Beers & Peers events to meet other entrepreneurs and large biotech companies in the region.

5. InnoVentures Labs⁷⁴

⁷² <https://mbi.bio/>

⁷³ A typical Small Business Innovation Research (SBIR) Phase I award is between \$50,000 and \$250,000 for a six-month contract. <https://legacy.www.sbir.gov/about>

⁷⁴ <https://innoventurelabs.org/>

InnoVentures Labs (IVL) is a non-profit organization technology incubator that supports biotech and cleantech companies. Supported in part by state and federal grants as well as corporate sponsors, InnoVenture Labs provides lab space, office space and an interactive community of experts and members of academia. The monthly pricing ranges from \$750 for access to support services to approximately \$3,000 for a basic lab setup for up to two people. Larger spaces and access to specialized equipment can be obtained for additional fees.

Lab Equipment and Services. InnoVentures provides common lab equipment for research across 15 benches in shared labs, including (list not comprehensive):

- Autoclave, bottle wash, and ice machines;
- Deionized water and gas supply;
- Chemical hoods and BSL-2 cell-culture facilities;
- Centrifuges, vortex, shakers, lyophilizer, freezers, storage facilities; and
- Flow cytometry, PCR, plate readers, imaging station, luminometry, HPLC and microscopes.

InnoVentures also provides the following specialized equipment: Bruker MALDI TOF/TOF Mass Spec, Guava Flow Cytometer, Illumina Miseq, Covaris Ultra-Sonicator, etc.

The incubator provides the following lab services for members:

- Maintenance of basic permits for lab operations;
- Mandatory EHS training and compliance for all lab users;
- Maintenance of equipment and technical support;
- Active Safety and Equipment Committees; and
- Cleaning and waste removal.

General Services. InnoVentures provides the following services for its member businesses:

- Mentoring;
- Access to business advisor network;
- Assistance with Small Business Innovation Research Programs (SBIR);
- Discounted business services including legal services, accounting and tax services, financial management and planning, human resources, government grant assistance, insurance, laboratory design services, academic library access, marketing/communications, safety consultation, shipping, and specialized software;
- Access to equipment at four local colleges;
- On-going educational seminars; and

- Kitchen and communal space.

Soft Landing Program. IVL has a Soft-Landing Program for businesses new to the country that includes:

- Assistance in market entry – training on how US markets work, how to gain entry, how to pitch and form strategic relationships;
- Legal support with advice for corporate structure, immigration, licenses, import/export assistance, agreements and contracts;
- Assistance with banking, accounting and bookkeeping, establishing credit, insurance, access to capital/investors; and
- Employee transition help including introduction to local services (government, schools, etc.) and housing/relocation guidance.

B. Philadelphia, Pennsylvania

Numerous incubators, accelerators, and industry groups provide a well-connected support network for new startups in the Philadelphia area. Philadelphia incubators are diverse – this section highlights three biotech/medtech focused incubators.

1. Innovation Space Delaware⁷⁵

The Innovation Space is a nonprofit, developed in partnership between the State of Delaware, DuPont, and the University of Delaware. It has more than 130,000 square feet of multi-use lab space and provides 90+ labs with a focus on life sciences, clean tech, or advanced materials startups.

There are several lab/office combinations available to businesses with lab spaces ranging in size from 150 -1200 square feet per lab and include co-associated private or shared office space.

Lab Pods	Private lab pace	Teams of 2-3 people	Desk space in common area
Half Labs	Semi-private lab space	Teams of 4-5 people	Office space
Full Labs	Private labs	Teams of 6-8 people	Private offices
Lab Suites	Private labs	Teams of 8-10 people	Private offices

⁷⁵ <https://innovationspace.org/>

Lab Equipment. All tenants have access to common equipment:

- Potable water, sewer and electricity;
- Generator backup power;
- Low pressure Nitrogen gas;
- High pressure air (select labs);
- Dry compressed air (select labs);
- House vacuum;
- Cold and chemical storage rooms;
- Various vented chemistry fume hoods;
- Safety showers;
- Loading dock, service elevator, and service corridor;
- Biosafety cabinets and clean benches available;
- In-lab vented connections for equipment;
- Deionized water; and
- Wet ice, dry ice, and liquid nitrogen.

Additionally, specialized available shared equipment includes:

- Agilent Novocyte Quanteon 4025 Flow Cytometer;
- Azure biosystems c600 gel imager;
- ThermoFisher QuantStudio3 qPCR system;
- ThermoFisher Scientific Axia ChemiSEM;
- Rigaku MiniFlex 6G X-ray Diffractometer; and
- Anton Paar 1190 Particle Size Analyzer.

Business Services. The incubator also provides a variety of on-site facility and business services:

- Printer/scanner/copier services;
- Lab door delivery for most deliveries;
- Janitorial and mail delivery service;
- Waste disposal support;
- Internet and WiFi;
- Cafeteria with catering and delivery services;
- On-site gym;
- Free parking;
- 24/7 site access and video monitoring;
- Private and open environment offices with personal lockers;
- Conference rooms with video and audio conferencing;
- Private collaboration rooms; and
- Private phone booths.

Innovation Space provides for access to venture capital opportunities and connections to research collaborations and grants through individual connections and curated events. Two highlights of services provided include:

- The Spark Factory is a virtual pitch event offering comprehensive mentoring and feedback to science-based startups.
- The First Fund™ provides up to \$240,000 of pre-seed and seed capital to deep tech companies developing solutions in life sciences, clean tech and advanced materials.

2. Penn Center for Innovation⁷⁶

PCI Ventures (PCIV) is a division of the Penn Center for Innovation and is specifically focused on creating early-stage businesses founded on Penn technology. There are several programs available to startups:

- UPstart offers services to help faculty members with the company formation and development process.
- UPadvisors provides support to businesses that operate independently and want to utilize PCI Ventures resources.
- Venture WarmUP assists faculty prior to starting a company to help explore different options for technology development and commercialization.

OLO was not able to identify the rates for inclusion in PCIV. PCIV provides the following services for startups, which may vary based on program:

- **Marketing.** Connects businesses with Penn student teams from Wharton Snider Center Venture Consulting, Penn Undergraduate Biotech Society, PBG Healthcare Consulting, Locust Bioventures, and others for market research support. PCI Ventures also works with founders and CEOs to develop marketing materials.
- **Collaborator Recruitment.** Works with businesses to identify and connect with partners such as contract research organizations, academic labs, corporate strategic partners and consultants.
- **Fundraising Support.** Advises businesses on strategies and timelines for seeking funding through angel investors, economic development funds, venture capital funds, accelerators/incubators, corporate venture arms, and government grants and contracts.
- **Preferred Vendor Relationships.** Provides business support services with several outside service providers such as legal, accounting and insurance.

⁷⁶ <https://pci.upenn.edu/entrepreneurs/pci-ventures/>

- **Internship Program.** Offers a Volunteer Internship Program that pairs businesses with students looking for an internship with early-stage businesses.
- **Legal Agreement Templates.** Provides access to a legal document library including operating agreements, management contracts, subcontract agreements, etc.
- **Commercialization Grant Assistance.** Supports startups in their application to the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.
- **Entrepreneur Coaching.** Coaches startups on effective communication strategies, creating product roadmaps, and executing a business plan.
- **IP Strategy Development.** Provides guidance on protecting and commercializing innovations.
- **Mentors-in-Residence.** The Mentors-in-Residence (MIR) program offers coaching to businesses from accomplished entrepreneurs and industry leaders who serve as informal advisors.

3. Pennsylvania Biotechnology Center⁷⁷

The Pennsylvania Biotechnology Center (PABC) is a nonprofit life sciences incubator “dedicated to the creation of a world-class biotechnology center; to the promotion of regional economic development and job creation; and to the education and training of tomorrow’s researchers.” The center was established by the Hepatitis B Foundation with support from the Pennsylvania Redevelopment Authority and the Ben Franklin Technology Partners of Southeastern Pennsylvania. The buildings include 150,000 square feet of space that house both research labs and offices. The following summarizes the services available through the center for startups. The rates/pricing of membership for the center was not available online.

Business & Entrepreneurial Services. The center provides an array of business services for startups:

- Promotion with venture capital/angels;
- Special events to promote members;
- Weekly scientific and business seminars;
- Conference rooms and large meeting rooms;
- Professional conference affiliation;
- Grant assistance; and
- Networking and investment opportunities.

⁷⁷ <https://www.pabiotechbc.org/>

The center also has partnerships with various service providers to provide the following resources:

- Pennsylvania-specific research and development consultants;
- Scientific business development consultants and clinical trial experts;
- Legal support specializing in contracts, employee relations, immigration, company formation; and
- Business and science consultation.

Labs and Equipment. The center provides a significant amount of lab equipment and support. Some common equipment for all members includes:

- Benchtop centrifuge;
- Benchtop Incubator shakers;
- Cellcounter;
- Chest freezer -86;
- CO2 incubator;
- Film processor/dark room;
- Glasswasher;
- N2 Nitrogen;
- BioSafety Cabinets;
- Chemical Fume Hood; and
- Acid/Flammable Storage under CFH.

PABC also provides the following services and amenities for all lab workers:

- Initial Online Safety Training;
- Routine Safety Inspections;
- Minor Equipment Repair;
- IT Support;
- Natural Gas;
- Vacuum;
- Emergency Power; and
- Lab Coats.

PABC also provides several lab supplies for purchase, including but not limited to:

- Flow Cytometer;
- Freezer -80;
- Lyopilzer;
- Mass Spectrometer;
- Multiplexer;
- Nuclear Magnetic Resonator; and
- Olympus Microscope.

Internship Opportunities. PABC provides extensive opportunities for high school and college students to obtain internships within the center:

- Summer High School Enrichment Program allows area public high school students a two-week science enrichment program each summer.

- After School Science Enrichment Program has area high school students participate in a year-round, after school program designed to advance laboratory experience.
- The Summer College Internship Program provides an opportunity for college students in their junior or senior year who are considering graduate school, medical school, or industrial research careers, to spend 10 weeks in an innovative and educational program.
- Naval Academy Cadet Program is a partnership with the U.S. Naval Academy and trains one cadet in Blumberg labs each summer.

C. Research Triangle – North Carolina

The Research Triangle (the area between three Tier 1 research universities: Duke University, North Carolina State University and University of North Carolina Chapel Hill) has a diverse business ecosystem and an educated workforce. The following section summarizes several business incubators in the region.

1. First Flight Venture Center⁷⁸

Created by the North Carolina Department of Commerce, the First Flight Venture Center (FFVC) is a non-profit organization that provides resources and services to “High Science, Deep Tech, High Impact” startups. In general, FFVC provides early-stage businesses with affordable laboratory and office space, management counseling, business and technology support services and networking opportunities. FFVC offers three membership options. Shared amenities for all membership levels including professional and social programs (including weekly networking reception), use of co-working space as available, open conference tables, lobby and kitchen access.

Resident Membership. First Flight provides resident membership businesses with an office and lab space and include:

- Conference meeting space;
- Administrative services including high speed internet, mail/UPS and FedEx delivery services/package handling, copier; and
- Access to professional development, educational and social events.

⁷⁸ <https://www.ffvcnc.org>

Hangar6 Membership. This program is for early-stage startups that need to make physical prototypes to advance their business. Hangar6 provides prototyping and design assistance space and provides tools to members, including 3D scanners, CO2 lasers, metal fiber lasers, CNC mill and 3D printers.

Co-Working Membership. The table below summarizes the benefits of various levels of co-working membership.

CO-WORKING BENEFITS – 2024 ANNUAL MEMBERSHIP

	ECONOMY \$500	COACH \$750	BUSINESS CLASS \$1,500	FIRST CLASS \$2,500
Building Access	Mon - Fri 8:00am - 6:00pm	Mon - Fri 8:00am - 6:00pm	24/7 Building Access including weekends	24/7 Building Access including weekends
Dedicated office space		4 hours per month	6 hours per month	8 hours per month
Conference Room Use	4 hours per month	6 hours per month	10 hours per month	16 hours per month
Mailbox, RTP mailing address & package handling		Yes	Yes	Yes
Support letter for SBIR/STTR proposals	Yes	Yes	Yes	Yes
Purchase Additional conference room hours	20% Discount	30% Discount	40% Discount	50% Discount

2. North Carolina State Innovation and Entrepreneurship Incubator Program⁷⁹

The North Carolina State University Office of Innovation and Entrepreneurship created an incubator program, the LaunchPad, to support early-stage undergraduate and graduate student startups. The incubator occurs over a rolling 10-week period (students can take the course for credit or not for credit). As part of the program, students receive:

- Weekly update sharing with other startups;
- Access to library of resources; and
- Connections to mentorship and other forms of support.

The program also provides eight weeks of modules on various aspects of business:

- Module 1: Customer Discovery Overview;

⁷⁹ <https://entrepreneurship.ncsu.edu/launchpad/>

- Module 2: Identifying and Validating Ugh’s;
- Module 3: Market Research;
- Module 4: Demand Experimentation and Validation;
- Module 5: Basics of Prototyping and MVP;
- Module 6: Identifying and Validating Customer Satisfaction;
- Module 7: Pitching and Storytelling; and
- Module 8: Next Steps for a Startup and Continued Support with Innovation and Entrepreneurship Programming for Alumni.

All members of the cohort are introduced to mentors and advisors in their respective areas and are expected to meet with those individuals. Members are also required to take part in the campus-wide mentorship program.

3. FORGE⁸⁰ - Center for Entrepreneurial Development

The Center for Entrepreneurial Development is a non-profit organization that “hopes to increase regional economic growth through curated support of the startup community.” The center does not provide office or lab space, but rather resources and support. The FORGE program provides the following:

- 12-week Incubator Program;
- Advanced Strategies Series;
- Workshops on business strategy, capital/fundraising, and talent acquisition;
- Small group discussions;
- Networking with current and past members;
- Year-round events;
- Opportunities to pitch; and
- Community collaboration.

There are three levels of membership, summarized in the chart below.

⁸⁰ <https://cednc.org/forge/community/>

INDIVIDUAL	CORE TEAM	GROWTH
<p>You're a first time founder or operator building an early stage startup.</p> <p>You're a one man band, investing in yourself and seeking guidance and peer support to scale smarter.</p>	<p>You and your team have traction and are starting to scale.</p> <p>You're invested in your people and want to leverage a community of peers, while building a strong professional network.</p>	<p>You have an established leadership team, whose functions are scaling rapidly.</p> <p>You're eager to connect with others in your stage and are ready to offer support to others.</p>
<p>\$100/month</p>	<p>\$250/month</p>	<p>\$500/month</p>
<p>Access for 1 team member</p>	<p>Access for up to 3 team members</p>	<p>Access for 4+ team members</p>

4. Technology Enterprise Center⁸¹

The Technology Enterprise Center was created by Pitt County Economic Development and provides startups with office, laboratory, and light manufacturing space to technology-based companies on a short-term lease basis. The center has over 30,000 square feet of leasable space and provides the following amenities:

- Water, Sewer, Natural Gas and Electric Utilities;
- Fiber-Optic Telecommunications;
- Conference/board room;
- Break room/kitchen;
- Loading docks & ground level access;
- Reception area;
- Visitor and employee parking;
- On-site building manager;
- Advisory assistance; and
- Office/light material waste disposal

5. A-B Tech Business Incubation Program⁸²

A-B Tech is the Asheville-Buncombe Technical Community College. The college has a Business Incubation program that aims to provide:

- Engagement with other entrepreneurs in a collaborative atmosphere;
- Peer-to-peer sharing of successes and challenges;
- Connection to programs, funding opportunities, entrepreneurial resources; and
- Confidential review of financial documents by the Small Business Center team.

⁸¹ <https://www.growpittcountync.com/entrepreneurship/resources/technology-enterprise-center/>

⁸² <https://abtech.edu/business-incubation>

The program has both wet labs (starting at \$12 per square foot) and office space (\$8 per square foot) for rent, along with light manufacturing/storage starting at \$4 per square foot.

The Incubation Program is part of the A-B Tech Small Business Center, which helps A-B Tech students and graduates who need guidance managing their small businesses. The business center provides both training and one-on-one confidential counseling in the following areas (most available at no cost):

- Starting a Business and Creating a Business Model;
- General Business Counseling;
- Business Continuity and Strategic Planning;
- Loan Application Assistance;
- Financial Projections and Cash Flow Management;
- Marketing Assistance;
- Legal Structure and Insurance;
- Social Media;
- Human Resources; and
- Referrals to Appropriate Agencies and Sources of Assistance.

Chapter 6. Findings and Recommendations

Business incubators are entrepreneurship support programs designed to help early-stage businesses develop and grow. For this report, the Montgomery County Council asked OLO to summarize best practices and provide case studies for business incubators, particularly for startups in life sciences/technology/medical fields. This chapter summarizes OLO’s findings and recommendations for Council action.

Business Incubators

Finding #1. In general, incubators provide resources and services to startup businesses in their very early stages; however, there is no single definition of business incubator.

The World Bank defines a business incubator as “a public and/or private, entrepreneurial, economic and social development process designed to nurture businesses from idea generation to start-up companies and, through a comprehensive business support program help them establish and accelerate their growth and success.” However, there is no single, universally accepted definition of a business incubator and some organizational terms often are used interchangeably (accelerator for example). Experts agree there are some common factors that can help identify business incubators.

Incubation Stages	Typically, three stages – (1) application process; (2) skill development and mentorship; and (3) graduation from the program.
Eligibility	While each incubator has its own eligibility criteria (may be industry based), startups that are in their early stages and have a high potential for growth are the most likely to be accepted.
Selection Criteria and Evaluation	Varies by incubator; generally evaluated based on growth potential, business plan, personnel, market opportunity, and social/environmental impact.
Duration	Typically, an indefinite period of time; most offer “easy in, easy out” conditions.
Capital	Support businesses in accessing various sources of financing including government grants, banks, or venture capitalists. Some incubators may provide their own sources of financing or discounted rental fees.
Advisory Board	Reviews incubator operations/funding and provides guidance and advice to startups in the program.
Infrastructure	Provides business with physical workspace including office and/or lab space.
Business Services	Provide access to business support services including business planning, legal/regulatory advice, financial management, human resource management and marketing.
People Connectivity	Facilitation of relationships between entrepreneurs and many other stakeholders including other businesses, industry experts, business mentors and investors.

Finding #2. Several models of business incubators exist, with varying goals and missions. The structure of an individual incubator depends on the type of organization funding and administering an incubator and the incubator’s individual objectives.

While business incubators primarily seek to facilitate the success of an early-stage business, incubators may have a range of secondary goals that vary based on the purpose of the incubator. Incubator models vary greatly – from non-profit organizations supporting local entrepreneurs, to universities striving to be on the cutting edge of technology, to corporate incubators working to maximize profits – with overlap in approaches among the models. The table below describes the primary types of incubators found in the United States.

Incubator Model	Type of Organization	Primary Goals
Local Economic Development Incubators	Non-profit	<ul style="list-style-type: none"> • Job creation • Revitalization • Economic development • Support to target groups/industries • Development of small and medium enterprises (SMEs)
Academic and Scientific Incubators	Non-profit	<ul style="list-style-type: none"> • Commercialization of technologies • Development of entrepreneurial spirit • Civic responsibility • Image/press
Corporate Incubators	For profit	<ul style="list-style-type: none"> • Development of an entrepreneurial spirit among employees • Monitoring access to new technologies, business models, and new markets • Profit
Private Investor Incubators	For profit	<ul style="list-style-type: none"> • Financial return through equity stakes or future exits
Social Incubator	Non-profit	<ul style="list-style-type: none"> • Creation of a product or idea that improves the environment or creates a positive social change in society.

Best Practices Business Incubators

Finding #3. Incubators should be managed as a business with an established goal/mission. If possible, an incubator should have leadership with expertise in business management.

For incubators to be able to effectively support startup business, the incubator itself should be treated and managed as a business. Incubators need to operate with a sustainable financial model or if they cannot, their startups become sustainable. Incubators that thrive have clearly established roles in the community (both in the local ecosystem and within an industry) with quantifiable objectives and goals.

A leadership team experienced in business management can share their expertise with startup businesses in the incubator. Effective leadership teams establish clear missions/goals, provide guidance to new businesses, recruit and facilitate a capable board of directors who can help the incubator, and its startups thrive.

Finding #4. Successful networking is essential to the success of a business incubator. Networks can actively facilitate connections and partnerships between businesses, investors, mentors, industry experts, service providers, and other stakeholders, allowing them to leverage diverse resources.

Incubators can facilitate networks for its businesses through regular events, shared workspace, dedicated online platforms, alumni network, partnerships and structured mentorship programs. Networks can provide businesses with access to resources, expertise, marketing and other professional help, and funding. A business incubation training manual developed by infoDev for the World Bank recommends certain types of networking groups:⁸³

- Public and private business service providers (lawyers, accountants, etc.) that can provide access to skills the business may not have;
- Universities, technical centers and research institutions, which can offer services/equipment, along with access to intellectual capital and new technologies;
- Government agencies that may improve the incubation environment through funding and regulation;

⁸³ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

- Financiers, including angel investors, banks and venture capitalists, who can provide funding and other business expertise; and
- Private sector mentors that provide businesses with additional networks and guidance about operations, markets and expansion.

Mentors can provide new businesses with a wealth of experience and wisdom. Mentors can help entrepreneurs articulate and refine business strategies, connect startups to potential collaborators, investors and industry experts, and provide expertise on areas such as market development and entry, commercialization of inventions, and entrepreneurial training. Mentorship also increases diversity of thought - mentors from various industries, backgrounds, and expertise areas can provide a variety of perspectives to new entrepreneurs.

Finding #5. Incubators should work with startup businesses to provide access to stable, secure and diversified funding to ensure sustainability.

Access to capital is often the most critical issue for new businesses. Therefore, incubators should help businesses explore diverse funding sources that can include government funding, corporate sponsorships, angel investments, crowdfunding, and fee-based services. Incubators can also help integrate startup businesses into local communities, nurturing relationships with local leaders and aligning an incubator’s activities to the goals and needs of the community.⁸⁴

Finding #6. Incubators should complete regular self-evaluations to identify strengths, weaknesses, and areas for improvement. Incubators should adapt their strategies based on evaluations to improve support for businesses.

Businesses within an incubator have evolving needs. Incubators should constantly monitor and evaluate their own services to ensure they meet the needs and expectations of stakeholders. Incubators can establish clear metrics to track and quantify their impact on startup successes and economic development.

While the diversity of the incubator community does not allow for a common framework for performance evaluation, experts have identified a variety of potential performance metrics for different incubator models, including:

- Average jobs/employment created;
- Number of incubatees;

⁸⁴ <https://documents1.worldbank.org/curated/pt/717091562157862660/pdf/BIM-Module-1-Business-Incubation-Definitions-and-Principles.pdf>

- Clients revenue/turnover;
- Funds/capital attracted;
- Sales growth;
- Size of network;
- Average incubation time;
- Occupancy rates;
- Number of spin offs/startups created;
- Number of events; and
- Equity investment.

Finding #7. Incubators should offer startups a variety of flexible resources and supports. Incubation is not a “one size fits all” endeavor.

While startup businesses vary widely, the types of assistance and resources they need to establish themselves and grow typically include access to key support services and technical equipment.

Provide Key Support Services. Many startups require assistance in some (or many) aspects of business development and administration. Incubators can provide these key support services to their incubatees, such as: legal/regulatory services, accounting/financial management, human resource management, and marketing assistance.

Provide Technical Equipment. Access to physical and digital infrastructure is an important form of resource support that many startups require. Often, technical equipment or software may be too expensive for startups. Incubators can develop facilities and provide access to various types of specialized equipment.

Flexibility and adaptability are important aspects of incubator support. Businesses and entrepreneurial ecosystems are constantly evolving, and technology is constantly changing – incubators need to be able to respond to meet their startups’ needs.

Montgomery County Innovation Centers

Finding #8. Montgomery County’s current business incubators in Silver Spring, Rockville, and Germantown are known collectively as the Business Center Innovation Network (BCIN). In 2024, the County’s incubation program had 74 tenants.

The County’s three incubation facilities provide similar services and resources, including: office space, communal space (conference rooms, lunchrooms, etc.), business consulting, legal and accounting resources, intellectual property and commercialization assistance, and access to state and County funding. The Germantown incubator also provides wet lab space and direct access to Montgomery College's state-of-the-art biotech facilities. The County also has a virtual business incubator that provides all resources and services of the three physical incubators except for actual physical space (i.e., office, lab).

The County’s Innovation Network is managed by the Business Center, which currently has two staff members dedicated to support the incubator programs. Their duties are comprehensive “soup to nuts” for all businesses in the network, which include initial intake, onboarding, organization of networking events and expert seminars, ongoing support, and graduation support.

Budget. The FY25 Approved Budget for the incubator Non-Departmental Account (NDA) is approximately \$2.4 million and includes funding for:

- Condo fees and lease payments;
- Operating expenses (utilities, maintenance, etc.);
- Management fee for a contractor to provide basic services (front desk, etc.); and
- Personnel costs.

Performance. Between 2022 and 2024, there was a 35% increase in the number of supported tenants and a 17% increase in supported jobs in the incubators.

	2022	2023	2024
Supported Tenants	55	59	74
<i>Germantown</i>	17	15	19
<i>Rockville</i>	20	28	33
<i>Silver Spring</i>	18	16	22
New Tenants	10	14	21
Jobs Supported by Tenants	167	168	196
Graduates	5	5	1
Capital Raised by Graduates	\$100M	\$20M	\$1.5M

Staff Feedback. OLO met with Business Center and County Executive staff to discuss business incubators in the County. They reported there are several improvements they would like to make to further help businesses in the Innovation Network, including: more technical assistance and access to service providers (e.g., experts in grant writing, valuation, commercialization, law, accounting and technology); more shared lab space/equipment (particularly in biotech); and support in securing more funding from various sources.

Other Jurisdictions

Finding #9. There are over 1,500 business incubators across the United States. For this report, OLO summarized a selected number of various models of incubators locally (in Maryland, Virginia, and the District of Columbia) and nationally (in Boston, Philadelphia, and the Research Triangle in North Carolina).

For this report, OLO was asked to identify life sciences/technology/medical technology incubators and summarize their policies and practices. For a full description of OLO's selection criteria and for summaries of each of these incubators, please see Chapters 4 and 5.

Name	Administered By	Focus
Local Jurisdictions		
Bethesda Green (MD)	Non-Profit	Coworking space focused on sustainability and environmental protection
Greencourt Innovation Center (MD)	Non-Profit	Accelerator with lab and office space
GovCon Incubator (MD)	For Profit	Startups wanting to become federal government contractors, especially those focused on research and development
Frederick Innovative Technology Center, Inc. (FITCI) (MD)	Non-Profit	Incubator and accelerator with office/lab space along with mentorship focusing on biotechnology, information technology, renewable energy, and cyber security
Johns Hopkins University FastForward	Non-Profit created by Johns Hopkins University Technology Ventures	Provides office space, lab space, mentoring and networking for startups with a focus on university students and staff
Maryland Innovation Center (MD)	Non-Profit created by Howard County Economic Development Authority	Provides office space, training, mentoring and networking for startups
JLABS (DC)	Partnership between Children’s National Hospital and Johnson & Johnson Innovation	Life sciences and healthcare incubator with office and lab space
Startup Virginia (VA)	Non-Profit with founding partner Capital One	Provides office space, training, mentoring and networking for startups
UVA VentureLab (VA)	Batten Institute at the University of Virginia Darden School of Business	Cohort-based summer program for entrepreneurs with a minimum viable product; provides office space, training and mentorship
Launchpad (VA)	Greater Williamsburg Partnership - York County, James City County, City of Williamsburg, and William and Mary College	Provides members with business education, targeted services and networking
Virginia Highlands Small Business Incubator (VA)	Non-Profit created by Town of Abingdon, VA and Washington County, VA	Provides support, guidance, reasonable rent, and necessary services to foster a successful business community in Southwest Virginia

Name	Administered By	Focus
Boston (MA)		
Greentown Labs	Non-Profit	Office space, lab space, business support, networking and mentorship for climate solution focused startups
BioSquare Discovery and Innovation Center	Boston University, Boston Medical Center, City of Boston and developers	Office and lab space, along with support services, as part of larger biomedical research park
Mansfield Bio-Incubator	Non-Profit	Office space, lab space, business support, networking/mentorship for biotech, pharmaceutical, medtech, and life sciences
Massachusetts Biomedical Initiatives (MBI)	Non-Profit	Lab spaces, shared equipment, and business and network support with a focus on therapeutics, CROs/CDMOs, medical devices and diagnostics
InnoVentures Labs (IVL)	Non-Profit	Lab spaces, shared equipment, and business and network support with a focus on biotech and cleantech companies
Philadelphia (PA)		
Innovation Space Delaware	Partnership between the State of Delaware, DuPont, and University of Delaware	Office and lab spaces, shared equipment, and business and network support with focus on life sciences, clean tech, or advanced materials startups
PCI Ventures (PCIV)/Penn Center for Innovation	University of Pennsylvania	Business support services and mentorship for companies founded on Penn technology
Pennsylvania Biotechnology Center (PABC)	Non-Profit founded from the Hepatitis B Foundation and PA Redevelopment Authority	Lab spaces, shared equipment, and business and network support with a focus on life sciences
Research Triangle (NC)		
First Flight Venture Center	Non-Profit	Lab spaces, shared equipment, and business and network support to “High Science, Deep Tech, High Impact” startups
NC State Innovation and Entrepreneurship Incubator Program	North Carolina State University	Rolling 10-week program that provides business training and mentorship to undergraduate and graduate students
FORGE Center for Entrepreneurial Development	Non-Profit	No office or lab space; just business resources and support for any startup
Technology Enterprise Center	Pitt County Economic Development	Office, laboratory, and light manufacturing space to technology-based companies
A-B Tech Business Incubation Program	Asheville-Buncombe Technical Community College	Lab spaces, office space, business support and mentorship to students

Finding #10. OLO found most incubators examined (life sciences/technology/medical) that were administered by local governments were managed by the local economic development authority, a local nonprofit organization, or in conjunction with a local university.

Of the local government business incubators that OLO identified, particularly in the life sciences/technology/medical technology fields, most were not managed directly by the local government. Organizations were often managed by the local economic development authority or by a non-profit organization created to administer the incubator program. In several cases, incubators were partnered with local universities/colleges.

Those incubators with significant scientific and technical equipment were most often associated with or administered with large research institutions/universities. Local government incubators (most often administered by local economic development authorities) were more likely to provide office space and business services support, with no or limited scientific equipment.

Recommendations

Governments support entrepreneurship because it can be a key driver of local economic growth and innovation. Government support for startups can come in a variety of ways, including financial assistance, tax incentives, and access to resources. For this report on business incubators, OLO provides two recommended topics for discussion among the Council, Executive Branch Staff, and other relevant stakeholders – the first addressing a more immediate need for County incubators and the second focusing on determining a path forward for County incubators.

- 1. The Council should discuss with Executive Branch staff additional resources and services that the County could provide for incubator clients, including additional key business support services (i.e. legal, finance, etc.) and additional types of useful technical equipment.**

Montgomery County's Innovation Centers currently provide limited access to key business support services and technical equipment. Executive Branch staff report that clients have asked for more access to both types of resources. Providing additional business support services and useful infrastructure would align with incubator best practices. The Council should discuss with County Innovation Center staff (and Montgomery College staff) the benefits that could accrue from providing additional services and infrastructure within its incubators and additional resources that would be needed to add these services.

- 2. The Council should facilitate a discussion with Executive Branch staff and other relevant stakeholders about the role of the County's Innovation Centers in the larger entrepreneurial ecosystem, to more clearly define objectives of the County's Innovation Centers and how they align with larger County economic development and entrepreneurial ecosystem goals.**

It is considered a best practice for business incubators to continuously self-evaluate their mission, goals, and services they provide to their clients. The Council should facilitate a conversation with Executive Branch staff and other local stakeholders (i.e., business organizations, entrepreneurship support organizations like the Maryland Business Incubation Association, business service providers, etc.) to assess the Innovation Centers' mission, practices, and outcomes and to ensure that it can support and strengthen the current entrepreneurial ecosystem in the County.

Chapter 7. Agency Comments

The Office of Legislative Oversight circulated a draft of this report to the Chief Administrative Officer for Montgomery County. OLO greatly appreciates the time taken by the County representatives to review the draft report and provide comments.

OLO's final report incorporates technical corrections provided by Executive Branch staff. The written comments received from the CAO are included in their entirety, beginning on the following page.



OFFICE OF THE COUNTY EXECUTIVE


Marc Elrich
County Executive

Richard S. Madaleno
Chief Administrative Officer

MEMORANDUM

February 5, 2025

TO: Chris Cihlar, Director
Office of Legislative Oversight

FROM: Richard S. Madaleno, Chief Administrative Officer 

SUBJECT: Draft OLO Report 2025-4: Business Incubator Best Practices

Thank you for the opportunity to comment on the Office of Legislative Oversight's (OLO) Draft Report 2025-4 Business Incubator Best Practices.

The County Executive has long advocated for additional investments into the County's economy, particularly for early-stage startups at the County-operated incubator facilities. The OLO Report confirms the critical role business incubators serve in the local economy and identifies several opportunities to invest in their success. As noted in the subject OLO Report, the County Executive recommended almost \$2.0 million in new investments in the FY25 Operating Budget as an initial investment to jump start this asset. While the County Council did not approve this funding in 2024, the need for additional investments remains the same as it did last year and we continue to advocate for these resources, whether through the County directly or through an alternative operator.

We agree with the findings and recommendations of OLO Report 2025-4. Many of these findings were highlighted previously in the Business Incubator Review and Entrepreneurial Ecosystem Study conducted by the County in 2020. The County Executive continues to emphasize the need for the County-operated facilities to have additional flexibility, resources, and opportune networking for greater success of the County's clients. In particular, the County must focus investment on smaller, more flexible labs or bench space, more shared equipment, more networking and education opportunities, and greater access to technical and business management expertise and capital. These additional resources should be available to not only innovation center tenants but also to entrepreneurs throughout the County's innovation ecosystem.

The draft report includes the following recommendations.

Recommendation #1: The Council should discuss with Executive Branch staff additional resources and services that the County could provide for incubator clients, including additional key business support services (i.e. legal, finance, etc.) and additional types of useful technical equipment.

CAO Response: We agree with this recommendation and look forward to discussing with the County Council the opportunities to invest in the County's innovation network.

Recommendation #2: The Council should facilitate a discussion with Executive Branch staff and other relevant stakeholders about the role of the County's Innovation Centers in the larger entrepreneurial ecosystem, to more clearly define objectives of the County's Innovation Centers and how they align with larger County economic development and entrepreneurial ecosystem goals.

CAO Response: We agree and look forward to working with the County Council to facilitate such a discussion.

We look forward to the ongoing discussion with the County Council about ways we can invest and grow our economy in Montgomery County.

RM/gS

cc: Fariba Kassiri, Deputy Chief Administrative Officer, Office of the County Executive
Tricia Swanson, Director of Strategic Partnerships, Office of the County Executive
Ken Hartman- Espada, Assistant Chief Administrative Officer, Office of the County Executive
Judith Costello, Special Projects Manager, Office of the County Executive
Gene Smith, Montgomery County Business Center Manager, Office of the County Executive