



**New Horizons in Rural Economic  
Development**

**Panel: Rural Eastern Ontario - Building a  
New Generation of Entrepreneurs**

**A focus on business incubators**

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# A few statistics from the NBIA 2006 State of the Business Incubation Industry



## ● How many

- 1,115 in US
- 191 in Mexico
- 120 in Canada

## ● What types?:

- ~94% nonprofit
- ~6% forprofit
- 54 % “mixed-use,”
- 39% tech businesses
- ~4% service of niche
- ~3% manufacturing

## ● What location?

- ~53% urban
- ~28% rural
- ~19% suburban

## ● Who sponsors?

- ~31% econ dev orgs
- ~21% government
- ~20% universities
- ~8% other orgs
- ~8% multiple sponsors
- ~4% for-profit entities
- ~8% no one

# Common service offerings in incubators



- **Mentoring**
  - Drawing on incubator staff's expertise
- **Brokering**
  - Using incubator staff's network to gain required resources
- **Legitimacy**
  - Using affiliation to incubator to obtain new resources
- **Physical**
  - Sharing physical resources (lab equipment, office supplies, etc.)

# The autonomy-dependence paradox in entrepreneurship



- **Autonomy and independence are valued**
- **But, entrepreneurs are dependent on others for access to a variety of resources**



- **Field study of a high-technology business incubator**
  - 25 site visits over six months (Sep 2000 – Apr 2001)
  - 14 interviews: 8 at focus incubator and 7 at comparison incubators
  - Copies of 100+ e-mail messages sent among host and members
  - Archival materials
- **Incupro (pseudonym)**
  - Located in Silicon Valley
  - Sponsored by a reputable mid-size VC firm

# Paradox led to two tensions in mentoring relationships



- **Role-based tension**

- Entrepreneurs felt that incubator staff were overstepping their roles as mentors and telling them how to run their companies

- **Affiliation-based tension**

- Entrepreneurs wanted to highlight their affiliation to incubator before they were established; incubators wanted to highlight their affiliation after entrepreneurs were established

# **Six strategies to manage tensions in mentoring relationships**



- **Let entrepreneur pick specific issue**
- **Bring in subject experts as appropriate**
- **Remind entrepreneur that he/she has final say**
- **Establish peer forums**
- **Make peer performance visible**
- **Independently decide to highlight affiliation**