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**RUTGERS FOOD INNOVATION CENTER DIRECTOR TESTIFIES AT  
CONGRESSIONAL HEARING ON BUSINESS INCUBATION AND JOB CREATION**

On March 17, 2010 the United States House of Representatives Committee on Small Business held a hearing on “Business Incubators and Their Role in Job Creation.” The committee, led by Chairwoman Nydia M. Velázquez, sought to examine business incubators and how they foster entrepreneurship and help to create jobs across the United States. Witnesses invited to testify included representatives from the National Business Incubation Association in Athens, OH; the Rutgers Food Innovation Center in Bridgeton, NJ; SUNY Albany in Albany, NY; The Ewing Marion Kauffman Foundation in Kansas City, MS; the Mid-Atlantic Angel Group Fund and Angel Capital Education Foundation in Malvern, PA; and the Hampton Roads Technology Council in Hampton, VA.

In her opening statement, Rep. Velázquez (D-NY) spoke to the importance of small business support when seeking to create new jobs, and how business incubators can be a crucial part of that support system. “We already know the job creating potential of small, growing firms. Now the question becomes how to create conditions that maximize the chances for budding enterprises to get off the ground. Business incubators have a proven track record in this area. In fact, 80 percent of firms that graduate from these institutions remain in operation, to this very day.” In his opening written statement, Ranking Member Sam Graves (R-MO) remarked “After receiving assistance from an incubator, a small business can often stand on its own, healthy and self-sufficient. Now more than ever, Americans need the services offered by small business incubators.” The Chairwoman then opened up the floor to hear from experts on the area of business incubation.

David Monkman, President & CEO of the National Business Incubation Association (NBIA), the world’s leading trade association advancing business incubation practices, emphasized in his testimony how critical business incubators can be, particularly in our current economic climate. “Americans are looking to entrepreneurial businesses to rebuild our economy. Business incubation can help fulfill their expectations, instilling hope across America and rebuilding confidence in our communities. Incubation programs can help commercialize new technologies, create new jobs and ensure the United States remains the leader in global competitiveness.”

Lou Cooperhouse, Director of the Rutgers Food Innovation Center, a nationally-recognized business incubator and recipient of the Incubator of the Year award by the NBIA, pointed out that “The heart of a true business incubation program is the ongoing, personalized, and comprehensive services that are provided to clients. A best-practice incubator will provide the expertise, network, tools, and a social capital environment, that will dramatically enhance the success of a new entrepreneurial venture.” He discussed the importance of industry cluster development, and commented “An incubator can become the catalyst for the creation of a business cluster. As a case in point, our Rutgers Food Innovation Center has created a statewide food industry

cluster, where we have aggregated the entire food industry value chain and where we have also aggregated a network of resources to meet the diverse needs of our clientele.”

David A. Lewis, Ph.D., Assistant Professor in the Department of Geography & Planning at SUNY Albany, and a national expert on the impacts of business incubation and policy development, testified that “The number one reason for failure of small entrepreneurial firms is the lack of access to sufficient capital. The two other prominent reasons are lack of business management skills and a poor understanding of business basics, particularly market analysis. Business incubators are designed to specifically address, simultaneously, these three problems that challenge start-up firms.”

Robert Strom, Ph.D., Director of Research & Policy at the Ewing Marion Kauffman Foundation, the leading foundation devoted to entrepreneurship, identified key aspects of their research which indicated that “Young firms less than five years old are responsible for virtually all net new jobs. Entrepreneurs alone cannot lead us out of our current economic problems, but economic recovery and job creation will not happen without them.”

Peter Linder, Chair of the Mid-Atlantic Angel Group Fund and Board Member on the Angel Capital Education Foundation emphasized business incubators as a critical source of support to entrepreneurs, and the synergy that results when incubator programs interact with the angel funding community. “The entrepreneurs that will create the jobs, innovations and companies of our future need support from a large community of experts and organizations. The very best acceleration programs have been successful because they have attracted and partnered with some of the most experienced private investors, entrepreneurs and business experts to provide education, mentoring, and coaching to their client businesses on a regular basis.”

Timothy Early, President & CEO of the Hampton Roads Technology Council, an incubator dedicated to nurturing high-growth, high-technology businesses, stressed the importance of business incubators as opposed to other forms of business assistance. “Only in an incubator environment can entrepreneurs get the vast array of services, customized from one client to the next, from one organization that is truly invested in their success.”

In New Jersey, business incubators collaborate, share best practices, and provide statewide training and networking programs to entrepreneurs within the New Jersey Business Incubation Network (NJBIN). Mark Merclean, President of NJBIN and Director of the Picatinny Innovation Center, commented “Each of our twelve incubator members are dedicated to enhancing the commercial success of early-stage entrepreneurial companies, growing higher paying jobs in New Jersey and supporting the Economic Growth Strategy for the State. In 2009 alone, the 520 entrepreneurial client companies supported by NJBIN incubators created/retained over 1,500 new, higher paying jobs; generated revenues of \$320 million, brought \$93 million in third party funding into New Jersey, and graduated 35 self sustaining companies.”

Merclean added “There is clearly national recognition that business incubators are an extremely effective and cost-efficient way to create jobs. However, we are concerned that budget pressure for the state of New Jersey may reduce funding to our incubators. The New Jersey Commission on Science and Technology (NJ CST) has historically provided funding to New Jersey’s business incubators, enabling maintenance and expansion of our job-creation programs.” Cooperhouse, in his testimony to the House Committee on Small Business, reinforced how critical this support is, in which he commented “Currently, there is *no* dedicated federal program that supports business incubators, and very few state agencies have this capability either, and the situation at the state-level is only getting worse. Incubators today must create a continually evolving patchwork of funding programs every single fiscal year in order to enhance, and in some cases to even continue, their operations. Ongoing operational funding for existing incubation programs is critically needed, and would sustain and leverage our nation’s established infrastructure, and enable these programs to do so much more.”

The website for the House Small Business Committee can be viewed at <http://www.house.gov/smbiz/>  
The full written testimony of each of the six witnesses on the hearing of “Business Incubators and Their Role in Job Creation” is available on the House Small Business Committee’s website at <http://www.house.gov/smbiz/hearings/hearing-3-17-10-business-incubators/hearing-witnesses-business-incubators.htm>. Video highlights from the hearing can be found at [http://www.youtube.com/view\\_play\\_list?p=41374F3AD516B47E](http://www.youtube.com/view_play_list?p=41374F3AD516B47E)

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### **About Rutgers Food Innovation Center**

The Rutgers Food Innovation Center (FIC) is a unique business incubation and economic development accelerator program that provides business and technology expertise to small and mid-sized food and agribusinesses in New Jersey, and utilizes its outreach capacity to reach the food industry throughout the nation. Clients include farmers and cooperatives, startup food companies, existing small and mid-sized food establishments and retail and foodservice markets. The center’s new 23,000-sq.-ft. food incubator facility enables the marketing, development and distribution of new products for the center’s clients, and the evaluation of new technologies and processes. FIC is a research and extension center of Rutgers New Jersey Agricultural Experiment Station. Further information can be found at <http://foodinnovation.rutgers.edu/>

### **About New Jersey Business Incubation Network**

The New Jersey Business Incubation Network (NJBIN) is a collaborative state-wide community of business experts, resources and facilities dedicated to enhancing the commercial success of early-stage entrepreneurial companies, growing higher paying jobs in New Jersey and supporting the Economic Growth Strategy for the State. NJBIN incubators provide early-stage companies critical support services in a professional business environment including coaching, access to capital, technical and business resources, networking opportunities, and flexible office or laboratory space. New Jersey's incubators make significant, measurable contributions to the State's economy through their support of businesses primarily in technology and life science sectors. Further information can be found at <http://njbin.org/>