Center for Public Service

Designing an Incubator for Nonprofit Organizations in Beaverton

A Study of Best Practices and Community Needs

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Executive Summary

The City of Beaverton is planning to create an incubator to support the growth of innovative and emerging nonprofit organizations. City leadership has secured state and federal funding to invest in the project. This report is intended to help the City design the incubator and decide on first steps toward implementation. What decisions need to be made to get it off the ground?

The report reviews the academic literature on business incubators, describes different models for building organizational capacity, summarizes best practices in the field, and presents feedback from stakeholder interviews and a community survey about how an incubator could be helpful to local organizations.

It addresses two main questions: How can the best practices of business incubators be applied to an incubator that focuses on nonprofit organizations? How can an incubator support the growth of nonprofit organizations in Beaverton?

The report concludes with an overall vision for Beaverton's incubator, highlights policy decisions for the City to consider as it initiates and implements the incubator, and suggests areas for further research.

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Introduction

Nonprofit organizations are vital community assets. They provide essential services, offer education and advocacy, promote arts and culture, and connect community members. Nonprofits also make important contributions to the local economy, and many have suffered during the COVID-19 pandemic.

Project Scope

This report addresses how an incubator could support Beaverton's nonprofit sector. It reviews the literature on incubators and presents community feedback about how an incubator could be helpful. It compares the advantages and disadvantages of different incubator models, offers lessons learned from practitioners, and presents the results of a survey of Beaverton nonprofits. It concludes with recommendations for designing and launching the incubator.

The report addresses these questions posed by the City:

- ➤ What are best practices for incubators?
- ➤ What are alternative incubator models?
- ➤ Where are examples of successful incubators?
- ➤ What is the range of programs, workshops, and services provided?
- ➤ Do programs offer services to the entire community or just to program participants?
- ➤ How many participants are typically served in a cohort session or other programs?
- ➤ What ongoing resources do programs provide participants and cohorts?
- ➤ What are the factors that make a program scalable and sustainable?
- ➤ When is it most effective to engage participants (emerging, established, etc.)?
- ➤ Who administers incubator programs and what are the pros/cons of different models?
- ➤ How do incubators select eligible participants (gap analysis, equity criteria, etc.)?
- ➤ What are the advantages/disadvantages of combining nonprofit/for-profit incubators?

The report approaches these questions from two directions: What can we learn from capacity building institutions designed to support the growth of for-profit businesses? How can a community perspective adapt traditional business incubator models to the needs of nonprofit organizations?

The report applies an equity lens to business incubator best practices, in alignment with Beaverton's Cultural Integration Program [1] mission and goals: "To help the City of Beaverton become increasingly **welcoming**, **inclusive**, **representative**, and **responsive** to historically underrepresented and underserved communities, particularly communities of color, immigrants, and refugees."

We acknowledge that there are open questions for the City to address that will determine the design and implementation of an incubator. Throughout the report we highlight key questions, lessons, and unknowns (areas for further research). The City has successfully raised state and federal funding for an incubator, positioning it to make an initial investment and set up a process to develop it further. This report is intended to help the City decide on first steps.

Project Limitations

There are some limitations of this study based on its scope and time constraints. We conducted interviews with some community stakeholders. They were valuable and instructive, but we do not present them as representative of the entire community. Everyone we interviewed suggested other people and organizations to talk to. We shared these suggested contacts with the City. Our survey of nonprofit organizations yielded helpful information and thoughtful responses, but it is not presented as a scientific sample of the entire community. The report is informed by Beaverton's commitment to equity and support for its nonprofit organizations, but we do not connect specific City policies and programs to our recommendations.

Literature Review

Capacity Building

The overarching concept for this report is "capacity building" for nonprofit organizations. We consider three approaches to building organizational capacity: incubation, acceleration, and funding. The distinctions among the three approaches are useful to describe the focus of a program but they are not rigid categories. An incubator may offer the same services as an accelerator, while a funder may start a relationship with an organization that has aspects of an incubator. Ultimately, what matters for the supported organizations is how the program helps to build their capacity, whether that collection of activities is described as an incubator or an accelerator. Throughout this report we make distinctions in terminology, but for convenience we use "incubator" as an umbrella term to describe a range of capacity building models.

What is an Incubator?

A nonprofit incubator is one among various strategies to build an organization's capacity to do its work. An incubator's purpose is to support an incubated organization's growth and success. Incubators have a business orientation. They usually work with for-profit businesses, but they can also be designed to support the growth and sustainability of small nonprofit businesses.

A report prepared for the World Bank defines an incubator globally as "a physical location that provides a defined set of services to individuals or small companies." (Davies, 2009, pg. 5)

An incubator can provide a range of services to participants, including education and training, overhead services (office space, computers, human resources, accounting, etc.), joint learning through a cohort group, networking, peer learning, mentoring, and funding opportunities. The global definition is useful in that having organizations work in a shared physical space is essential. How that space is designed and used determines the effectiveness of the incubator.

Some authors distinguish an incubator from an accelerator, while others use the terms interchangeably. Such distinctions are academic for the purpose of this report. We use the term "incubator" to refer to a general capacity building program and "accelerator" as a more specific form of an incubator. We describe this distinction in more detail below.

> **KEY FINDING:**
> Terminology is less important than program design. Capacity building is the central concept. The City of Beaverton can use the term "Nonprofit Incubator" (and perhaps the acronym NPI) to describe a program to support community organizations. The City can design a program to meet local needs that draws from the literature and practice on "incubators," "accelerators," "funders," and other sources of support. What matters is the collection of resources and services that fit Beaverton's needs and vision. Use of the term "incubator" implies that nonprofits will benefit from similar services that help for-profit businesses grow, raise funding, and become sustainable.

Origins and Types of Business Incubators

The modern practice of supporting the development of an organization with an incubation program began in the 1950s with the practice of Technology Business Incubation (TBI) (Mian et al., 2016). TBI programs included access to infrastructure, business services, networking, capital, and other professional services (Main et al.). Accelerators, a less common form of incubator, emerged later. Accelerators offer more specialized services than a standard incubator and are aimed at already established organizations with fixed-term, cohort-based programs.

Consistent with its origins, the academic literature on incubators concentrates on business and technology supporting programs. The project team found no literature specifically on incubators for nonprofits. One study in 2011 by the National Business Incubation Association (NBIA) found that only two percent of incubators surveyed nationally supported nonprofit organizations (personal communication, Dinah Adkins, OTBC board member and President Emerita of NBIA). As noted below in the section on our empirical research, only one of the organizations we investigated describes itself as an incubator specifically for nonprofits.

There is literature on incubators that focus on social entrepreneurship and sometimes include nonprofit organizations. Social entrepreneurial organizations encompass a wide range of businesses intended to generate social value beyond commerce. The term can be applied to for-profit or nonprofit businesses (including but not limited to 501(c)3 corporations) based on the organization's mission. There are important differences to consider in the operation of socially focused incubators compared with more typical business supporting programs.

Scholars are only beginning to study incubators that support entrepreneurship and organizations focused on the social sector (Pandey et al., 2017). Nevertheless, the literature on for-profit incubators is still instructive in thinking about options to serve nonprofits. Auerswald (2009) likens social entrepreneurship to business entrepreneurship, where the goal is to "generate new, disruptive models for organizing human activity." (pg. 51) The difference between these forms of entrepreneurship is in

the kind of value that is generated. Business entrepreneurship generates financial value, whereas social entrepreneurship generates social value. A social incubator is an incubator where a majority of incubatees are social start-ups. Social start-ups are organizations with a mission to address social issues, regardless of whether they also seek to generate profit (Sansone et al, 2020).

The distinction between traditional TBI and social incubation has implications related to the mission and operation of business organizations. Pandey et al. explore whether social entrepreneurs benefit equally from incubators compared with for-profit organizations. They found that cohort networking and business training tend not to be valued as highly by social entrepreneurs. Their findings suggest that TBI programs require some adaptation if they are to be applied to a nonprofit incubating program. Nonprofit incubator programs must be more responsive to the needs of social entrepreneurs. The literature also explores the effectiveness of social incubation in comparison to TBI. Sansone et al. conducted a study to determine if social incubators are as effective as business incubators and found that social incubators were indeed effective at supporting the development of their incubatees.

The research on technology business incubators and socially oriented incubators reveals a difference in decision making style. Yusuf and Sloan (2015) explore how the "effectual" decision making approach used by nonprofit and social enterprises is different from "causal" decision making of for-profit business organizations. Yusuf and Sloan suggest that a linear, causal decision process is not well suited to social problems that have multiple complicating factors such as unclear objectives and increased uncertainty. Instead of analyzing a situation and determining what actions will lead to the desired outcome, nonprofits make effectual decisions based on what resources, skill, and network partners are available to them. This effectual mindset requires different evaluation from linear causal decision making. A manager of a nonprofit incubator will need to combine both styles to support and evaluate incubatees.

It is important to emphasize that the literature on social entrepreneurship does not concentrate on nonprofit organizations, but rather on for-profit businesses with a social mission. Sandberg (2012, 2016) notes that there are different categories of social entrepreneurs who can be served by incubators: business that offer direct services and those that seek broader social change. While 501(c)3 organizations do not generate profit, this is a relevant distinction for Beaverton to consider within the nonprofit sector.

> **KEY QUESTION:**
> Does the City want to focus incubator eligibility on organizations that provide direct community services, or also invite applications from organizations with broader philanthropic missions (e.g., education, arts, and culture)?

Incubator Background

The practice of incubation emerged from the for-profit sector. The incubator model therefore carries embedded assumptions and biases about how to best support an organization. Incubators and accelerators focus on business growth as a central metric to track participant success. Incubatees are assessed on whether they are increasing revenues, investments, outputs, etc. Best practices for

incubators also make assumptions about business-oriented needs (e.g., human resource management support and access to investors).

This focus on for-profit entrepreneurship is not entirely in line with more mission-oriented nonprofits. This mismatch of focus means that some standard incubator best practices with for-profit assumptions may not be well suited to nonprofit organizations. We note these differences throughout the report, and it is clear that an incubator focusing on nonprofits would need to adapt the best practices that our research and informants suggest for an incubator oriented entirely to for-profit businesses.

An incubator program for nonprofits organizations also raises questions around equity and developing a diverse pool of incubatees, in that these are not generally considerations for typical incubator programs. This topic will be addressed later in the report, but we want to draw attention to the point that the standard incubator model inherently presents a tension of values between selecting incubatees that will be most likely to succeed financially and selecting incubatees to advance broader social goals for the Beaverton community. Developing an incubator with an equity lens may require a shift in some assumptions that inform incubator programs, such as the definition of "success."

> **KEY FINDING:**
> Both for-profit and nonprofit organizations are businesses. Both can benefit from an incubator's business-oriented services to support their growth and sustainability. The lessons learned from business incubators are relevant, but traditional for-profit services, practices, and metrics must be adapted to meet the needs of nonprofit organizations and achieve Beaverton's equity goals.

A Spectrum of Involvement

One way to distinguish capacity building strategies is by the degree to which they are directly involved with the organizations they support. This distinction can be expressed as a spectrum of varying levels of hands-on support that capacity building programs provide. The three main capacity building approaches our team considered, funding, accelerating, and incubating, occupy different places along this involvement spectrum.

Hands-on   **Hands-off**

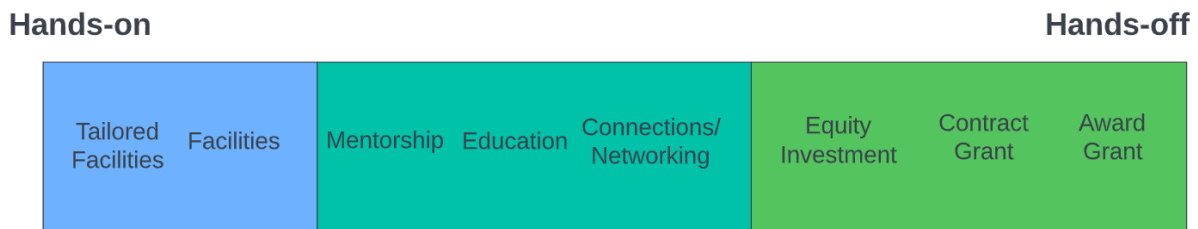| Tailored Facilities | Facilities | Mentorship | Education | Connections/ Networking | Equity Investment | Contract Grant | Award Grant |

Figure 1. This figure shows the spectrum of services in terms of how hands on they are from the provider. Tailored Facilities are the most hands-on service, where grants are hands-off.

In practice, programs can include elements of more than one approach, but for the purpose of program design it is useful to consider the characteristics of each separately. This section discusses differences and similarities among the approaches and their place on the involvement spectrum of services.

Funder

A funder has the lowest level of direct involvement with an organization. The strategy to build capacity is to provide financial resources to help an organization scale up on its own. Common methods of funding are equity investing, contract funding, or grant awards. This hands-off relationship does involve action on the part of the funder (e.g., review of funding applications, tracking metrics to ensure that contract or grant conditions are met), but there is limited interaction between the funder and organization relative to the other approaches. This approach is familiar to any nonprofit organization.

KEY QUESTION:
How can the City of Beaverton coordinate the work of its Social Service Funding Committee (SSFC) with a nonprofit incubator? The SSFC could help connect nonprofits to the incubator's services and could be a vehicle for offering additional funding to incubator participants.

Incubator

In contrast to the role of funder, the incubator approach has the most involved, hands-on relationship. An organization supported by this approach is housed in facilities provided by the incubator program, works with incubator staff, and is guided through the process of the organization's early stages of development to self-sufficiency. This approach is common in the technology and business sector, where entrepreneurs are given support to develop their venture.

KEY QUESTION:
How can the City of Beaverton coordinate the work of the Oregon Technology Business Center with a nonprofit incubator? OTBC is a premier incubator in Oregon (with national credibility) that has launched more than 300 small businesses.

Accelerator

Accelerators fall between the extremes of the funder and incubator approaches with respect to involvement with the supported organization. The accelerators we reviewed generally offer services better suited to organizations that are farther along in their development than those served by incubators. Accelerators still host onsite organizations and offer mentorship and networking opportunities but generally give less direct support than what is needed for newer organizations.

Navigator

A Navigator connects people and organizations to the resources they need. They point people and organizations to appropriate sources of information and support. Examples can be found throughout Washington County, formally and informally.

Closely related to a Navigator is an Ecosystem Coordinator. This role requires knowledge of the big picture regarding who is doing what throughout the local nonprofit sector. Where a navigator refers a client to specific people and organizations, an ecosystem coordinator understands and plays a lead role in what is trending in the sector, how organizations are working together and where there are opportunities for collaboration.

In the literature on incubators, it is well established that government encouragement of voluntary coordination of services leads to better outcomes (Donahue & Zeckhauser, 2012). The literature on network governance (McGuire, 2011) also suggests that an ecosystem coordinator could help to develop an entire nonprofit sector.

KEY FINDING:
Regardless of other services an incubator provides, the role of navigator and ecosystem coordinator would offer significant value to the nonprofit sector and the community. The cost of providing such services is relatively low if incubator staff are hired with these skills in mind.

Incubator vs. Accelerator

As noted, the distinction between an incubator and an accelerator is not rigid. Accelerator programs can provide many of the same support services as an incubator. Despite potential overlap in the approaches, our research revealed consistent differences between the intent and goals of each type of program and in the physical infrastructure they offer.

Incubators are often designed to meet an identified need in a community that is not being met by current nonprofit or commercial organizations. An accelerator's goal is to support the development of existing organizations. Related to this difference in goals, incubators must often provide access to tailored physical space that is necessary to address the unmet need. For example, if food insecurity is identified as a community need and the focus of an incubator's capacity building, the physical space would be developed to suit that need. This might include kitchen space, a warehouse, and space for clients to receive food. Similarly, any nonprofit organization that serves clients or trains staff to serve clients in the incubator space might need specialized facilities (for example, a health clinic with private exam or counseling rooms).

By contrast, an accelerator might provide office space, equipment, and technology services at a reduced rate to its supported organizations, but this would not require physical modifications for program participants.

KEY QUESTION:
Will the City invest its initial infrastructure funding in conventional office space (workstations, storage, conference rooms, break rooms, etc.), or will it invest in specialized facilities to meet specific prioritized needs (e.g., kitchen, warehouse, clinical offices)? The former can happen more quickly while the latter takes longer to locate and build.

Below is Table 1. summarizing some advantages, disadvantages, and opportunities to overcome the disadvantages of each support model.

Table 1: Advantages, Disadvantages, and Opportunities

Incubator		
Advantages	Disadvantages	Opportunities to Overcome
- Tailored to community needs/deficits - Can foster smaller local nonprofits - Co-location efficiencies	- Limited benefit to other kinds of organizations - Difficult to forecast benefits - Most likely to see incubatees fail to grow - Most management and funding intensive	- Alternate incubatees with different levels of development - Program offers continued support - Review program success on a longer time scale
Accelerator		
Advantages	Disadvantages	Overcome
- Can serve any organization - Can work with any stage of development - Favors organizations with a proven track record	- One size fits all space - Not targeted to specific unmet community needs - Puts new organizations at a competitive disadvantage for services	- Recruit a mix set or organizations in terms of development - Target recruitment to community need
Funder		
Advantages	Disadvantages	Overcome
- Efficient for funder - Ease of tracking program benefits - Least risky option for funder	- Favors developed organizations - Does not address organizational deficits beyond funding - Less sustainable if funding is not long term	- Choose selection criteria that support newer organizations - Cultivate a closer working relationship with funding

Best Practices

This section summarizes some key points from a National Business Incubation Association report (Colbert et al., 2010). We highlight its findings because it offers practical suggestions, and because one of the co-authors is a nationally recognized expert on the OTBC board of directors. Apart from lessons learned from the comparative literature, our analysis of best practices is informed primarily by interviews with regional practitioners, described in the next section.

Mission

NBIA stresses the importance of clarifying an incubator's mission. An incubator needs to know what services it provides and how it is different from other sources of support for potential incubatees. A clear mission is followed with a strategic plan that lays out long term goals and objectives and the shorter-term tasks that are needed to achieve these goals. The strategic plan should also provide quantifiable components for program evaluation and management.

Participant Selection

The NBIA suggests that "it is important to seek a diverse range of clients to increase synergy among companies and to diminish the risk of direct market competition." (Colbert et al, pg. 65) As discussed below, focusing on equity in the selection process can also promote a more diverse cohort. Selecting incubatees based on a diverse range of organizational development can also mitigate the risk associated with supporting organizations early in development. The selection of participants should also consider what organizations are already operating in the community. Incubating organizations with redundant missions to established organizations will create inefficiencies and divide efforts. The main constraint on cohort size and selection is the availability of funds to support the incubator.

Sustainability

For business incubators, sustainability is defined as the "ability to cover expenses with predictable, reliable sources of funding." (Colbert et al, pg. 33) It is a best practice to have a diverse set of funding streams rather than relying on a single source. Revenue from incubatees is the most direct funding source. Incubatees can provide funds by paying rent and fees for services to the incubator. The NBIA cautions against relying long-term on below market rate facility rents. Other potential sources of revenue are funding from sponsors (such as government agencies), service provision contracts, and equity stakes in incubated businesses. Apart from raising revenue from participating businesses, incubators should strive to control costs. The recommended best practice is to minimize fixed costs and set services at an optimal level to meet the needs of incubatees in each cohort.

An incubator program that supports nonprofit organizations will have difficulty accessing some of the revenue streams drawn from best practices for traditional business incubators. Nonprofit organizations that are starting out will likely not be able to afford market rate rent for facilities. Nonprofit structures also do not allow for private ownership or equity investment agreements. Some service providing nonprofits do generate revenue from their clients, but these services are often subsidized or provided at cost. As such, they are already factored into operating budgets and are not available to pay for services from an incubator.

A City sponsored incubator for nonprofits would likely rely heavily on a few revenue streams from the general fund, contracts, and grants. This is consistent with what we heard from the practitioners we interviewed, such as SCORE Portland and Oregon RAIN, who depend on government grants to provide services to clients free of charge.

Practitioner Research and Interviews

This section discusses the range of services provided by the capacity building organizations we investigated. It synthesizes the findings from our empirical research and practitioner interviews, and it attributes practices to specific organizations where appropriate. We reviewed the practices of the following capacity builders, and we encourage the City of Beaverton to explore their models in greater detail.

- ➢ Oregon Technology Business Center [2]
- ➢ Beaverton Social Service Funding Committee [3]
- ➢ IMPACT Beaverton [4]
- ➢ Venture Catalyst Network [5]
- ➢ Oregon RAIN [6]
- ➢ VenetaWorks [7]
- ➢ Mockingbird Incubator [8]
- ➢ SCORE Portland [9]
- ➢ Portland Incubator Experiment [10]
- ➢ PSU Business Accelerator [11]

Program Services

Of the incubator programs we studied, there are some services they have in common. These include mentoring, education, and networking. Across all programs, the primary support activities in common are workshops, classes, and fostering personal relationships with experienced professionals and other incubator participants. Only Mockingbird Incubator is a self-described incubator exclusively for nonprofit organizations.

Some of the more well-resourced incubators like OTBC and VenetaWorks (a collaboration of the City of Veneta and the local chamber of commerce) are also able to provide facilities and funding for incubatees. Facilities reinforce these fundamental services by bringing incubatees together in a common space. Direct funding by the incubator through equity investments, contracts, and grant awards also helps to provide critical seed capital to incubatees.

The spectrum of hands-on involvement described in the academic literature is reflected in the capacity builders we studied. An incubator like OTBC provides its own classes and trainings, working closely with their network of consultants and professionals, their staff, and a group of investors. In contrast, capacity

builders like SCORE Portland, which self-identifies as a "technical assistance provider" rather than an incubator, extend support and referrals to their national network of specialized mentors at no charge.

The level of involvement in the provision of capacity building services does not necessarily make an incubator better or worse, and there are approaches in between these examples. Depending on resources, the goal of the incubator, and the needs of incubatees, a capacity building institution may flexibly tailor its involvement in each of its services.

Figure 2. expresses the range of services among the capacity builders we studied along the involvement spectrum described above:
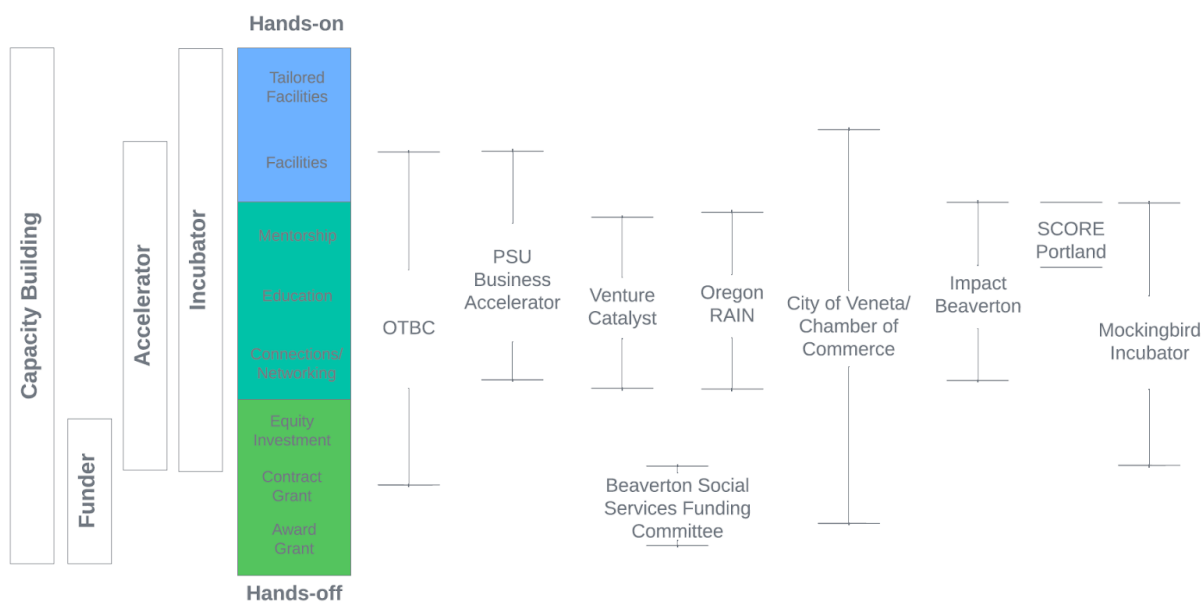

Figure 2. This figure shows the spectrum of involvement that capacity building programs provide to their participant organizations. The four boxes on the left – Capacity Building, Funder, Accelerator, and Incubator – describe the range of activities in the central column that are typically a part of each model. Capacity Building is the broadest concept and overlays the other three. On the right of the central column are nine examples of capacity building organizations. The vertical lines above and below each organization indicate the range of services they provide.

Value of Colocation

In both the literature on incubator programs and in the overwhelming opinion of the practitioners at Venture Catalyst and OTBC, having a common physical space with facilities for incubatees to meet and learn from each other contributes considerable unique value to a capacity builder. In addition to being a potential revenue stream as participants rent their offices, a physical space serves to create a collaborative environment that encourages peer-to-peer learning and cooperation. As one informant put it, providing a space for working and collaboration "is a case where 1+1=3."

While the World Bank's definition of an incubator includes a physical location where participants work, our investigation found that many if not most capacity builders do not offer facilities to their participants. Those that do have physical locations do not limit their services to their tenants. OTBC, for instance, offers a 6–8-week online course in business essentials to make their services available to rural clients. Oregon RAIN offers a similar 10-week online course in digital marketing and sales.

Size of Cohorts

For incubators that offer discrete programs rather than providing their services ad hoc or on request, a cohort model for participants is the norm. This encourages collaboration as incubatees develop in tandem, simplifies the administration of the program, and allows for an open and competitive application process.

The optimal size of the cohort depends on the incubator's capacity, involvement in provision of services, and the number of qualified applicants. For example, the Beaverton Chamber of Commerce's leadership program accepts cohorts of between 15 and 35. While this program is not an incubator, it demonstrates the benefit of a cohort (the same people going through the same program over a period of time). OTBC accepts 5 of 50 applicants for a one-year program based on available space. The Portland Incubator Experiment (PIE) accepts just 8 or 9 out of up to 300 applicants. All these programs have been successful, with both larger and smaller cohorts offering the benefits of peer interaction. This suggests that the target cohort size depends mainly on the goals of the sponsor, constrained by available space, staffing, and financial resources.

KEY FINDING:
Cohorts multiply the benefits of any kind of program. The resident cohort of an incubator is a small group of organizations working in the same space for at least one year. Leadership programs bring together the same participants for a series of sessions (often once a month for a year). More limited education/training programs (a few sessions) bring together a group of the same participants. The point: in addition to the benefits of shared space, technical assistance, and program content, there are informal networking and peer support benefits of bringing together a group of individuals/organizations over a period of time. An incubator can provide these colocation benefits both to a core group of resident incubatees and to a wider group of participants in other program areas (classes, trainings, events, etc.).

Funding the Incubatees

Providing seed capital to incubatees is a common practice among more well-resourced entrepreneurial capacity builders like OTBC and VenetaWorks. OTBC has a network of angel investors, holds regular start-up contests with a unique and successful model involving public and private funding, and makes equity investments in their incubatees. Equity investments are not relevant to nonprofits in the same way they are to private businesses, but the incubator might serve nonprofits in a similar way by connecting them to potential donors or holding contests and award ceremonies.

While common, incubators do not always provide direct funding to incubatees, but it would undoubtedly improve participation by nonprofits and support them as they develop sources of sustainable funding with the help of the incubator. The main constraint on the City's ability to offer funding support would be a sufficient and consistent source of revenue.

As noted in the recommendations section below, we believe it would be strategically beneficial to hire a development director/grant writer for the incubator. This person could seek outside funding for the incubator, offer expertise to the incubator's education/training program, and advise incubatees on their own funding strategies.

KEY QUESTION:
Will the City provide direct operational funding to incubator participants, perhaps in coordination with its existing Social Service Funding Committee? Offering grants to organizations selected for the resident cohort would likely increase the number and diversity of applications to the incubator and would give participants more operating funding to leverage the benefits of the incubator.

Funding the Incubator

Funding is the most significant challenge to the sustainability and scalability of an incubator. Many practitioners reported concern about consistent and diverse revenue streams. Smaller capacity building organizations like Venture Catalyst rely entirely on grant funding, and most others (OTBC, Oregon RAIN, and the City of Veneta) supplement their revenue with grants.

Reliance on any single source of funding is risky. Ideally, the incubator would be funded through a mix of revenue sources with multi-year commitments: City budget, grants, fee for service, etc. Capacity building organizations that meet the strict definition of an incubator (like OTBC) typically rely less on grant funding because they generate their own sources of revenue by investing in their entrepreneurs and charging fees for services. This approach is a potential benefit of a business orientation for the incubator, although many successful nonprofits also secure diverse sources of funding (including fees for service).

The primary source of funding endorsed by the World Bank is a fee-for-service model. The fee-for-service model involves an upfront cost to participants: regular rent payments from tenant organizations in the program's physical space, a charge for services to organizations outside of the main cohort (workshops, etc.), and/or a package of services marketed to program participants. The comparative literature emphasizes the need for affordability (ensuring that incubatees are not cost-prohibited from participating, especially in their early stages) and flexibility (ensuring that incubatees only pay for services they want and need).

Entrepreneurial incubators such as OTBC, Venture Catalyst, and the City of Veneta are also able to leverage revenue from equity investments in the businesses they incubate to sustain the program. This would not be an option for a capacity builder that only serves nonprofits.

Finally, an incubator may rely on public funds. OTBC and Oregon Rain, for instance, receive significant funding from city and state governments to continue operating. This is clearly the starting point for Beaverton.

> **KEY FINDING:**
> The Oregon Technology Business Center is a Beaverton-based, partially publicly funded business incubator with nearly two decades of experience and a nationally recognized profile. Whatever model the City chooses for its nonprofit incubator, the City should draw upon this local expertise. While there are challenges in adapting to nonprofit organizations, Beaverton's OTBC displays the acknowledged best practices for business incubators.

Equity

Equity is at the forefront of this project. It is a value and lens that will shape the incubator.

> **KEY FINDING:**
> How can the design of the nonprofit incubator be informed by the City's Diversity, Equity, and Inclusion Plan? [1] How will outreach, participant recruitment, selection criteria, and success metrics be targeted to historically underrepresented and underserved communities, particularly communities of color, immigrants, and refugees?

In a traditional incubator that supports for-profit entrepreneurs, success and risk are defined by the likelihood of a new business' growth, economic return on investment, and financial sustainability.

This measure favors organizations with more resources and socioeconomic advantages. Organizations that support underserved communities generally possess fewer resources, making it harder for them to compete against better resourced candidates to be included in the incubator program.

In adapting a business incubator model to nonprofit organizations, there is a spectrum of how to approach eligibility and inclusion: On one extreme, a nonprofit incubator could select participants based solely on their likelihood to generate revenue through grants or other sources, which would favor more well-resourced groups and disadvantage organizations that represent a larger cross section of the Beaverton community. On the other extreme, the incubator could select participants to be as inclusive as possible without regard to financial success.

Our informants with expertise in business incubators emphasized that financial sustainability is essential whether incubatees are for-profit or not. If the City wants its incubator to be successful, it must be tied to the success of its incubatees, and financial sustainability is an inescapable metric even if success is defined more broadly. No one wants to see an organization fail for lack of funding (whether from private investors or donors/grants/etc.).

The City must decide how to strike this balance between a focus on equity and return on investment. Success is a concept relative to the City's values and goals for the incubator. The meaning of success differs for nonprofit and for-profit organizations. At the same time, financial sustainability is an essential measure of any organization's long-term success.

In the recommendations section below, we discuss how the City can take proactive steps to design the incubator's recruitment, selection criteria, and evaluation measures to advance equity while also prioritizing financial sustainability. One strategy is to do extensive outreach to encourage incubator applications. This was recommended by Beaverton's report on equitable Downtown development (ECONorthwest, 2022). A larger pool of qualified applicants would increase the chance that the incubator would meet equity goals without compromising the business success of its participants.

Nonprofits Only or a Hybrid Model?

Capacity building institutions are generally focused on for-profit businesses, and of the incubators we interviewed, only SCORE Portland explicitly works with nonprofits. The City of Beaverton currently provides the majority of funding for a premier for-profit incubator. Comments from several practitioners suggest that there may be a natural synergy to combining nonprofit and for-profit incubators that would contribute to a more fruitful collaborative learning environment. Here we discuss the potential opportunities and challenges of a hybrid model.

Opportunities for a Hybrid Model

➢ Practitioners emphasized that a nonprofit organization *is* a business and can therefore benefit from the same business-oriented lessons and services that would be provided to for-profit businesses. Things like possessing business acumen, a guiding organizational mission or plan, and knowledge of the market (or, for nonprofits, where community needs are) were widely seen by both entrepreneurial incubators and representatives familiar with nonprofits at Beaverton's Chamber of Commerce and Social Services Funding Committee as desirable for nonprofits as well.

➢ Nonprofit and for-profit organizations have similar technical needs for services like human resources, accounting, office space, information technology, etc. Combining the two kinds of organizations in the incubator would not require qualitative differences in these sorts of services.

➢ If nonprofits and for-profits are colocated, there can be value in bringing together their diverse perspectives, values, and philosophies. It might similarly inspire new and innovative partnerships.

➢ A hybrid incubator creates an expanded network of mentors and investors to draw from. For instance, OTBC's network of angel investors might have interest in supporting some of the nonprofits that come through the program.

➢ Situating nonprofits and for-profits in proximity can expose volunteers at the former and customers at the latter to each other's organizations. In this way they can support each other's incubation.

➢ Having both kinds of organizations could provide an opportunity for diverse funding streams to support the capacity building program. A portion of the incubator's equity investment in its successful for-profit ventures could be used to support the nonprofit program.

> **KEY QUESTION:**
> How would a hybrid incubator be funded? The foundation is public funds, and the City or the incubator itself can certainly seek outside grant funding. It can also charge a fee for services (rent, class registration, etc.), but presumably these will be offered to nonprofits at below market rates because of the public/grant support. For-profit incubators have the option of generating revenue through equity investment in their incubatees, but nonprofit incubatees cannot offer this. If the City chooses a hybrid model, would it expect the for-profit side of the incubator to underwrite some of the cost of the nonprofit program, or would it design the nonprofit side of the program to be self-sufficient with public (and possibly grant) funding?

Challenges for a Hybrid Model

➢ Nonprofits and for-profits use different metrics to track success. For-profits have direct metrics in common (generating profit), whereas it is more complicated to measure the success of nonprofits that seek to effect social change or meet a community need. If Beaverton opts for a hybrid program, it will need to develop different evaluation metrics for its for-profit and nonprofit participants. Both kinds of businesses need to be financially sustainable, but nonprofits also must achieve outcomes specific to their missions. In the section on evaluation below we discuss possible metrics for tracking nonprofit performance.

➢ Although the business education and mentoring needs are similar for nonprofits and for-profit businesses, their needs for external funding are different. Private entrepreneurs seek private investment, while nonprofits usually seek donations and grant funding. They differ in the skills required to locate and secure these sources of funding.

➢ The executive who manages a joint for-profit/nonprofit effort will need proficiency in both areas. Because success is defined differently for nonprofits and private businesses, a manager will need to understand the challenges, networks, terminology, and organizational culture for each.

Community Feedback

Stakeholder Interviews

We interviewed community stakeholders who were referred to us by city staff. The purpose of the interviews was for the project team to get a basic understanding of Beaverton's nonprofit sector from the standpoint of some City/community partners, and to help our team ask meaningful questions in our survey of local nonprofits. Each person we interviewed recommended other people and organizations who could provide information going forward as the City designs and implements the incubator. We acknowledge that we had limited time to interview community members. The comments here are not intended to reflect the views of the entire community but are a summary of what we heard from those we interviewed.

We interviewed the following people referred by the City:

- ➢ Dinah Adkins, Oregon Technology Business Center
- ➢ Lacey Beaty, Mayor of Beaverton
- ➢ Julie Brown, Oregon Technology Business Center
- ➢ Mike Flanigan, Beaverton Social Service Funding Committee
- ➢ Jim McCreight, Oregon Technology Business Center
- ➢ Glenn Montgomery, Vision Action Network
- ➢ Lisa Stiller, Beaverton Social Service Funding Committee
- ➢ Rob Routhieaux, IMPACT Beaverton

We acknowledge that this is a limited number of people and certainly not representative of the entire community. At the same time, all the comments we received were helpful in providing information, pointing to needs for more investigation, and suggesting other people to talk to. As noted, this report is one source of information to help the City think about first steps for an incubator, with a limited scope and timeframe.

> **KEY FINDING:**
> As the City moves forward with its nonprofit incubator, we recommend that it continue to seek input from nonprofits and community organizations. Some ways to do this: (1) reach out to a wider group of stakeholders to get their input, (2) establish a working group/committee to advise the City on future development of the incubator after its initial investment, and (3) research the universe of nonprofits in Beaverton and continuously build a contact list.

Highlights of what we heard in our interviews are summarized below. We do not offer opinions or responses to these stakeholder comments.

- ➢ This is a good time to start an incubator for nonprofits.

- The expectation is that most nonprofits have small budgets. Some informants estimated that there might be 50-80 organizations with budgets over $25,000 per year. Further research would be helpful to build a list of nonprofit organizations and their size. Research methods could include further interviews with members of the Beaverton nonprofit sector and a thorough analysis of State incorporation and reporting records.

- Many nonprofits located in Beaverton serve wider Washington County, and many larger nonprofits headquartered elsewhere (Statewide, Portland, or Washington County) serve communities in Beaverton. Some regional nonprofits have satellite offices in Beaverton.

- Both large and small organizations do outstanding work. Larger organizations are essential pillars of the community that complement and often partner with government.

- In addition to incorporated nonprofits, there are many small groups doing similar work to meet community needs. Beaverton needs small groups. We need a place to hear their ideas.

- Not all service-providing nonprofits are 501(c)3 organizations (e.g., faith-based organizations and schools coordinate food pantries and feed children).

- A consistent theme from the interviews is that small nonprofits would benefit from assistance to develop a clear mission, business plan, and funding strategy.

- There is overlap in the kind of education and training that would benefit nonprofits and for-profit businesses. Business acumen is critical for both. Financial sustainability is essential whether you are raising private capital or other sources of funding. It is important to diversify revenue and not live grant to grant. Marketing, management, and understanding your clients apply equally to businesses and nonprofits. Growing your business and developing your staff and board takes similar skills whether you are in the private or nonprofit sector. Partnerships are also important in both sectors.

- There are tremendous benefits to colocation and a cohort model: shared services, economies of scale, access to expertise and networks, organizations helping each other.

- An incubator needs a physical space. This is key to colocation benefits. Ideally, it would be a city-owned building to ensure rent stability. Predictable rent (vs. fluctuating market rates) would allow incubatees to focus on organizational development and fundraising.

- Beyond the benefits to a resident cohort, colocation benefits would also apply to classes, training, meetings, and collaboration by wider program participants. The location of the incubator would be a hub for such interaction.

- Local nonprofits are interested in professional development and see a lack of customized, locally focused services.

- There is interest in online workshops, in-person workshops, and in-person networking.

➢ An equity lens should be inclusive of multiple identities and underserved communities (race, income, gender, LGBTQ+, disability, veterans, etc.).

➢ The City needs clear goals for the incubator, such as whether it wants to support start-ups or more established organizations. It should base its goals on an understanding of Beaverton's nonprofit sector, community demographics, and knowledge about gaps in service.

➢ Larger, established organizations have too much institutional momentum to benefit from an incubator. Incubators are best for small organizations with clear missions.

➢ Different organizations have different concepts of value. For OTBC, their value is demonstrated by the funds their incubatees raise and through growth metrics. For a NPI, value could be measured through grant funding received by incubatees and the growth in clients served.

➢ Providing "navigation" (pointing people in the right direction for what they need) is a relatively low-cost service an incubator could offer. To do this, incubator staff should have a strong knowledge of the local community, nonprofit networks, and government services so they can connect organizations to what they need to take the next step in their development.

➢ There is interest in creating a community center in Beaverton. There might be benefits to combining a community gathering place with the working space for incubated organizations that serve the community.

➢ Do not duplicate the efforts of other organizations. Complement them.

➢ Be flexible. Example: to diversify revenue streams, rent excess space to more mature organizations from previous cohorts.

➢ Invest city resources wisely. For-profit incubators often invest in their incubated businesses, reinvest some returns into the incubator, and give some returns on investment to the government that funded the incubator.

➢ Private investors who support for-profit incubators have an interest in many nonprofit causes. There is synergy between private company angel investors and nonprofit donors.

➢ Cast a wide net in recruiting potential candidates for an incubator, but do not make the selection criteria too narrow. It is very important for incubatees to succeed from a business standpoint. The point of an incubator is to help an organization be successful and grow to the right size based on its mission.

➢ The City of Beaverton has strong partnerships with public funding that it can draw on to develop and support an incubator.

➢ Areas of community need that were emphasized: food insecurity, housing, seniors, low-income women, veterans, refugees.

➤ COVID exacerbated all community needs.

➤ Many small organizations need more funding. That, plus some basic organizational support, would help them take off. Sometimes they just need help with a grant application to make it look professional and get the funding they need. This is a form of technical support: how to find funding opportunities and how to fill out an application.

➤ Being disorganized is not a disqualifier. Some groups are doing great work and they just need more help to get organized and take the next step. If an organization is not selected, don't say no. Say try again. Encourage them to apply on the next round and help them prepare to apply. You are going to turn away promising candidates but don't discourage them.

➤ Collaboration, convening, partnerships are key. Bring everyone together to address needs.

➤ Think about how the community views the government. What is the government culture toward the community? How does the community view local government? It is important to overcome mistrust of government to encourage participation in an incubator.

➤ If you want to be inclusive, communicate in many languages.

➤ Ask communities what they want before you design something to serve them.

➤ There is no master list of Beaverton nonprofits. It would be useful to have one.

Survey of Beaverton Nonprofit Organizations

We surveyed Beaverton nonprofit organizations to learn about their services and challenges, their perception of community needs, the kind of support they would want from an incubator, and their level of interest in participating in an incubator. These results reflect responses from 23 nonprofit organizations out of 143 who received the online survey link. The survey was open from April 13 to April 27, for 14 days.

Because of the relatively small sample size collected with limited time, it is not possible to draw definitive conclusions about all community needs or gaps in services. We understood this limitation from the outset. Further research is needed to establish a more comprehensive assessment of community needs and challenges facing the Beaverton nonprofit sector.

Despite the limitations of the survey, the results are helpful in thinking about the design of an incubator. While we would have preferred more responses, those we did receive came from organizations with a wide range of missions representing diverse communities. Respondents offered instructive comments about their views on community needs and service gaps, their own organizational challenges, and their thoughts about a nonprofit incubator. Rather than emphasizing the fact that the survey is not a scientific sample, we suggest that the City look closely at the responses of those organizations motivated to respond to the survey.
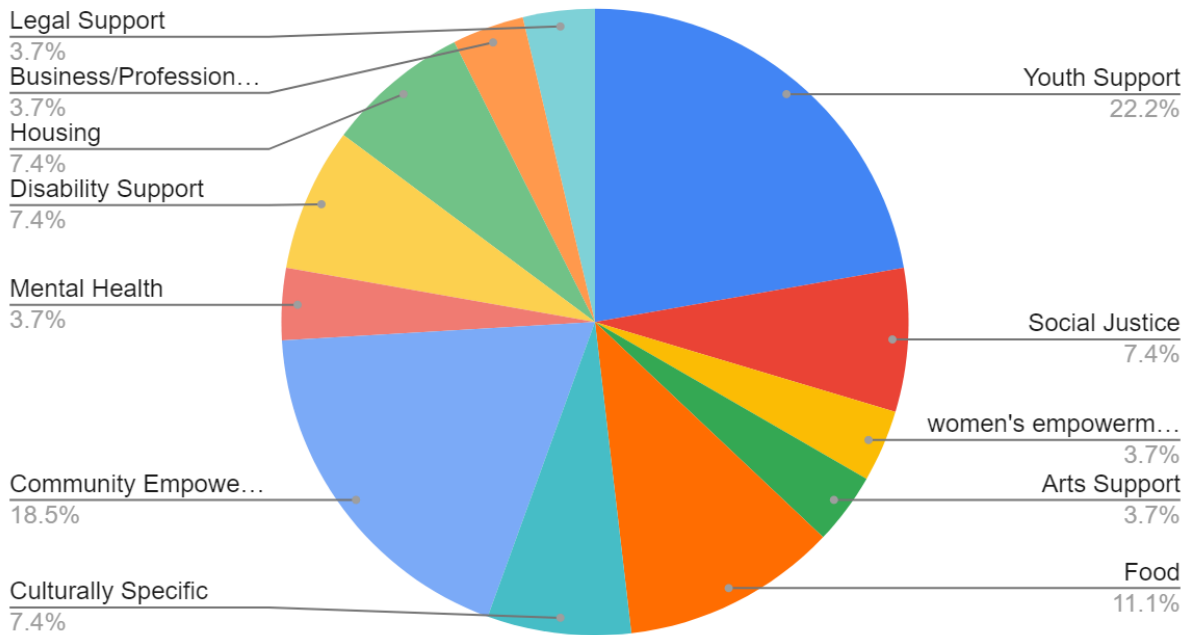
The survey asked ten questions:

1. What is your organization/affiliation?

2. What is your role in your organization or group?

3. What service(s) does your organization/group provide, and what communities do you serve? (Please describe)

4. What kind of support would be most helpful for your organization? (Rank the options, 1 being most helpful, 8 being least helpful. Drag and drop to set your order) *Options*: Office Space; Accounting; Technology; Human Resources; Education; Fundraising; Networking; Mentoring

5. If an incubator offered education and training, what topics would be helpful to your organization or other community organizations in Beaverton? (Please select all that apply) *Options*: Diversity, Equity, and Inclusion; Business Planning (financial sustainability); Strategic Planning (missions and goals); Employee and/or Volunteer Recruitment; Fundraising/Grant Writing; Other

6. If you have ideas on any other support from an incubator that you would like to have that were not listed above, please describe the type of support you would like to have in the box below. If you do not represent a nonprofit organization, please indicate that here.

7. What is the biggest challenge your organization faces today? What is the biggest challenge you anticipate a year from now? (Please describe)

8. What do you think are the greatest community needs in Beaverton? Where do you see gaps in services that nonprofit organizations could help to address? (Please describe)

9. Would you be interested in participating in a city-sponsored nonprofit incubator?

10. Please share any other thoughts about a potential incubator for nonprofit organizations.

Question 1: What is your organization/affiliation?

The respondents work on a wide range of issues, with many covering multiple service areas. The three most common service areas among respondents are (1) youth support (including after-school activities, education, youth leadership training, and emergency shelter), (2) community empowerment (including local provision of essential goods, community organizing, and ethnic cultural hubs), and (3) food (including food waste, food education, and food insecurity). Other fields with more than one respondent were housing, mental health, social justice, culturally specific services, and disability support. Other responses by single organizations included legal support, business/professional support, arts support, and women's empowerment.

Organization Missions

Legal Support
3.7%

Business/Profession…
3.7%

Housing
7.4%

Disability Support
7.4%

Mental Health
3.7%

Community Empowe…
18.5%

Culturally Specific
7.4%

Youth Support
22.2%

Social Justice
7.4%

women's empowerm…
3.7%

Arts Support
3.7%

Food
11.1%

Question 2: What is your role in your organization or group?

Of the individuals responding to the survey, 14 (61%) serve in an executive role, 7 (30%) are program staff, and 2 (9%) serve on the board of directors. One organization had two respondents. This result may bias other responses, as executive and program staff perspectives may favor day-to-day operations, finances, and services, as opposed to a larger strategic or governance view that board members could provide.

Organizational Role of Respondents

Board
8.7%

Program Staff
30.4%

Director/CEO
60.9%
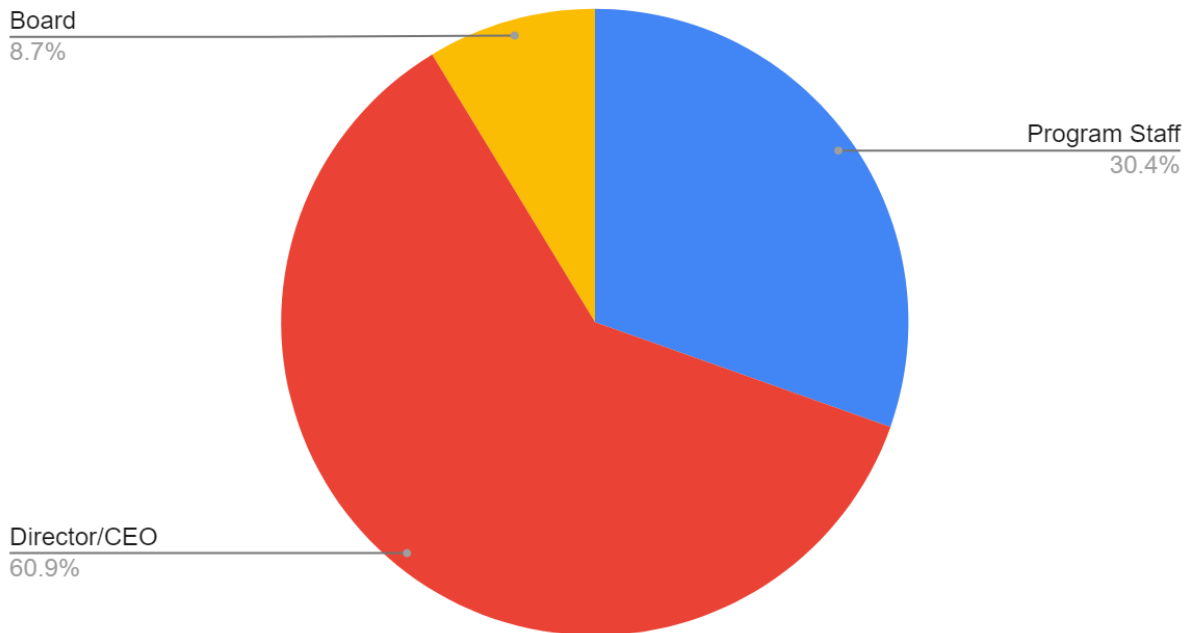
Question 3: What service(s) does your organization/group provide, and what communities do you serve?

The diversity of the communities served by respondents reflects the diversity of their missions. Of these groups, youth and BIPOC communities receive the most organizational attention, with significant attention also paid to the needs of immigrants and refugees, people with disabilities, and those experiencing food insecurity and houselessness. Other communities of note served by surveyed nonprofits include women, LGBTQ+, those with mental illness or addictions, veterans, and lower socioeconomic status (SES). Some respondents provide services exclusively to their respective communities, including distinct ethnic communities and the local business community.

Communities Served by Respondents

Community	Value
Youth	7
Immigrant/Refugee	4
BIPOC	7
Low SES	3
Community Resou…	2
Food Insecure	4
Mental Health	2
Disability	4
Houseless	4
Women	2
Veterans	1
LGBT	1

Communities Served by Respondents

- LGBT 2.4%
- Women 4.9%
- Houseless 9.8%
- Disability 9.8%
- Mental Health 4.9%
- Food Insecure 9.8%
- Community Resources 4.9%
- Youth 17.1%
- Immigrant/Refugee 9.8%
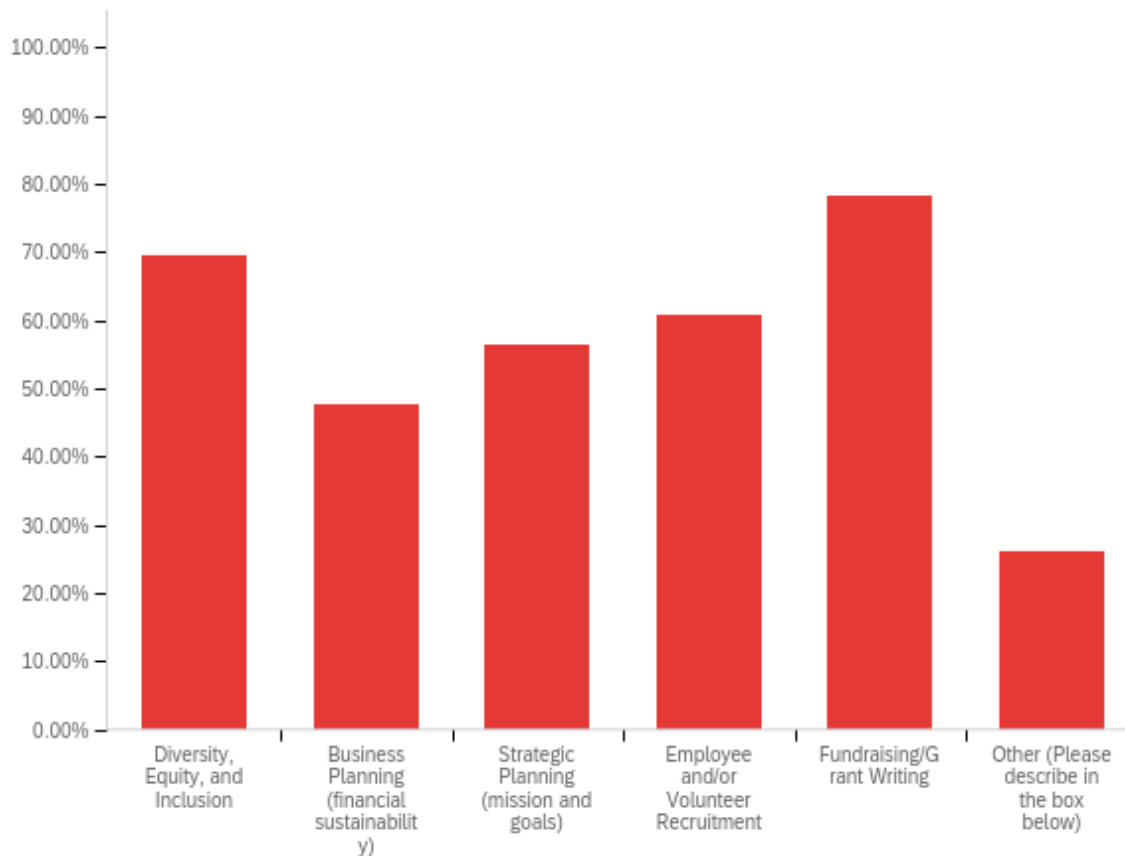- BIPOC 17.1%
- Low SES 7.3%
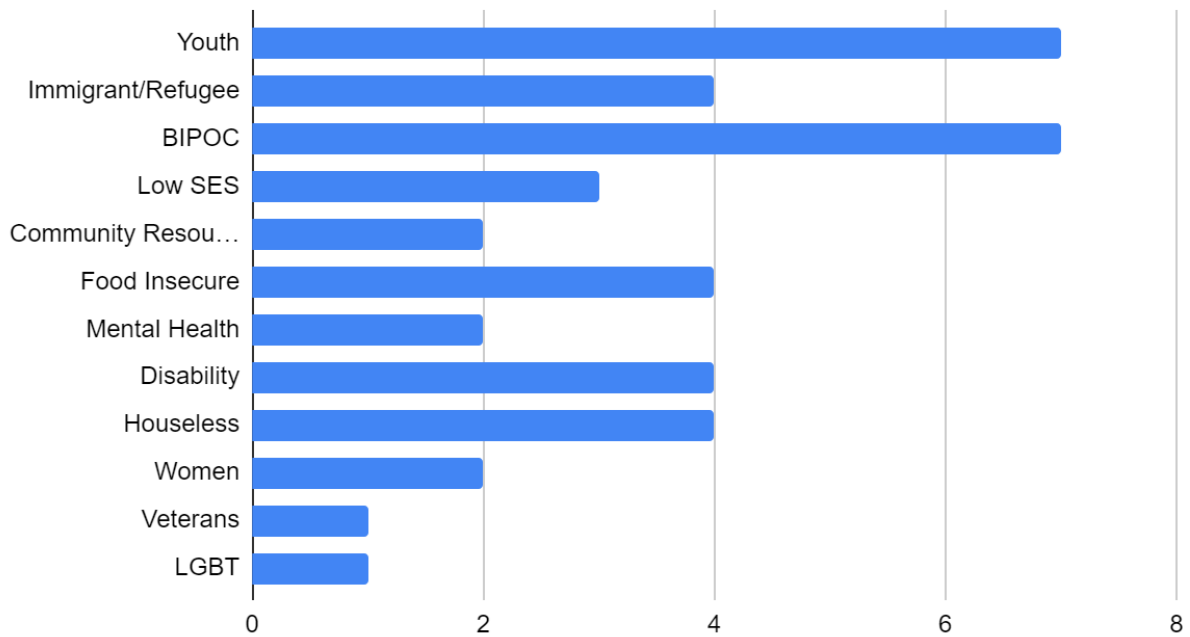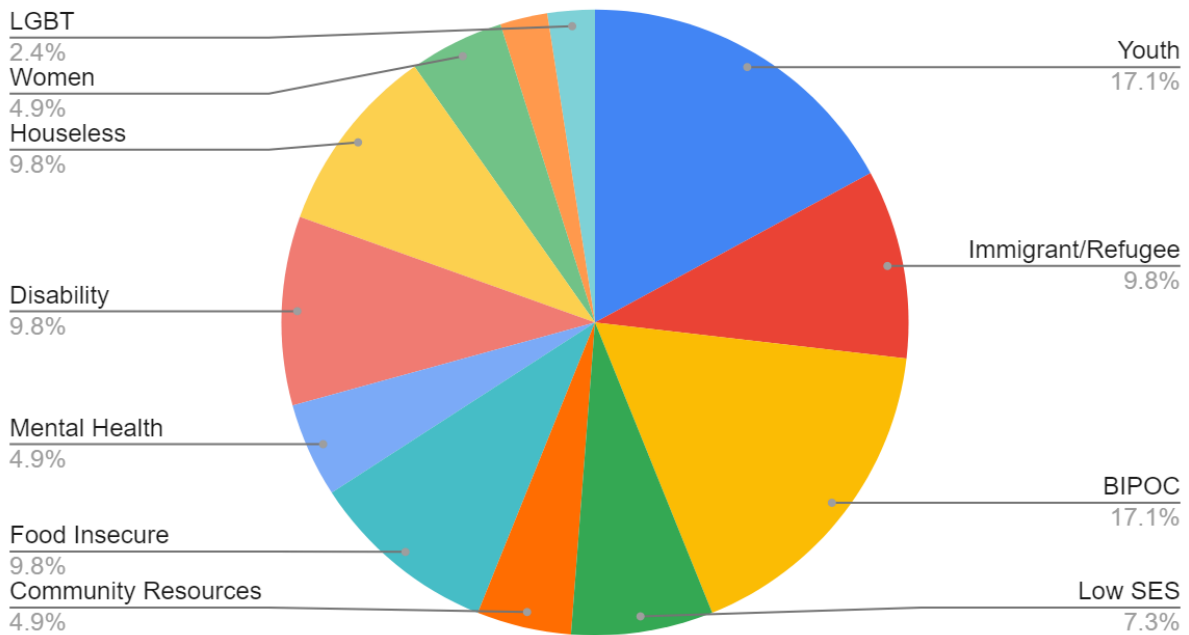
Question 4: What kind of support would be most helpful for your organization?

Some trends emerge from this ranking of services. First, fundraising was clearly the most desired form of support with both the lowest mean, indicating consistent high rankings, and the lowest variance, indicating that few respondents did not want help with fundraising. Accounting services were the least desired form of support. Most other fields garnered moderate support, with respondents placing services like technology, education, and mentoring as middling priorities on average. Notably, demand for office space was divisive. Though average demand was in line with most other services, responses were highly varied. This demonstrates that organizations are generally either in great need of office space or have very little need for office space, with few cases in between these extremes. Accounting has the highest mean, meaning that more respondents rated it as a lower concern. Fundraising has the lowest mean and low variance, meaning that respondents ranked it highly and consistently. Office space had the highest variance, meaning some respondents ranked it high, while others ranked it low.

Support	Minimum	Maximum	Mean	Std Deviation	Variance
Office Space	1	8	4.61	2.63	**6.9**
Technology	1	8	4.94	2.01	4.05
Accounting	2	8	**6.11**	2.31	5.32
Human Relations	1	8	4.72	2.28	5.2
Education	1	8	4.44	1.89	3.58
Fundraising	1	5	**2.11**	1.33	**1.77**
Networking	1	7	4.11	1.73	2.99
Mentoring	2	8	4.94	1.81	3.27

Question 5: If an incubator offered education and training, what topics would be helpful to your organization or other community organizations in Beaverton?

Respondents could choose one or more of the options presented. Of these options, education in fundraising and grant writing was unsurprisingly the most in demand, with diversity, equity, and inclusion training in a close second. However, the remaining options of business planning, strategic planning, and employee/volunteer recruitment were also popular with demand from roughly 50-60% of surveyed organizations. Other respondents reported an interest in training related to conflict resolution, human resources practices, and board service.

A bar chart showing percentages for support types:
- Diversity, Equity, and Inclusion: ~69%
- Business Planning (financial sustainability): ~47%
- Strategic Planning (mission and goals): ~56%
- Employee and/or Volunteer Recruitment: ~61%
- Fundraising/Grant Writing: ~78%
- Other (Please describe in the box below): ~26%

Question 6: If you have ideas on any other support from an incubator that you would like to have that were not listed above, please describe the type of support you would like to have in the box below. If you do not represent a nonprofit organization, please indicate that here.
This question yielded mixed results and might have been difficult for respondents to interpret. In addition to significant nonresponse (almost 40%), many responses reiterated priorities from Question 3 and several responses seemed to be in anticipation of Questions 7 and 8 about organizational challenges and community needs. Nonetheless, some answers were informative. Organizations requested legal assistance (for instance, securing 501(c)3 status), marketing help (including getting the word out to the community about their organization and using social media), volunteer training and management instruction, and tailored facilities, specifically a commercial kitchen space. One nonprofit requested entrepreneurial and small-business startup support.

Other Desired Forms of Support

Affordable Housing 3.8%
Fundraising 7.7%
Tailored Facilities 3.8%
Volunteer Training 3.8%
Networking 11.5%
Marketing 7.7%
Facilities 7.7%
Legal 3.8%
Immigrant/refugee 3.8%
N/A 38.5%
Accelerator 3.8%
Accounting 3.8%
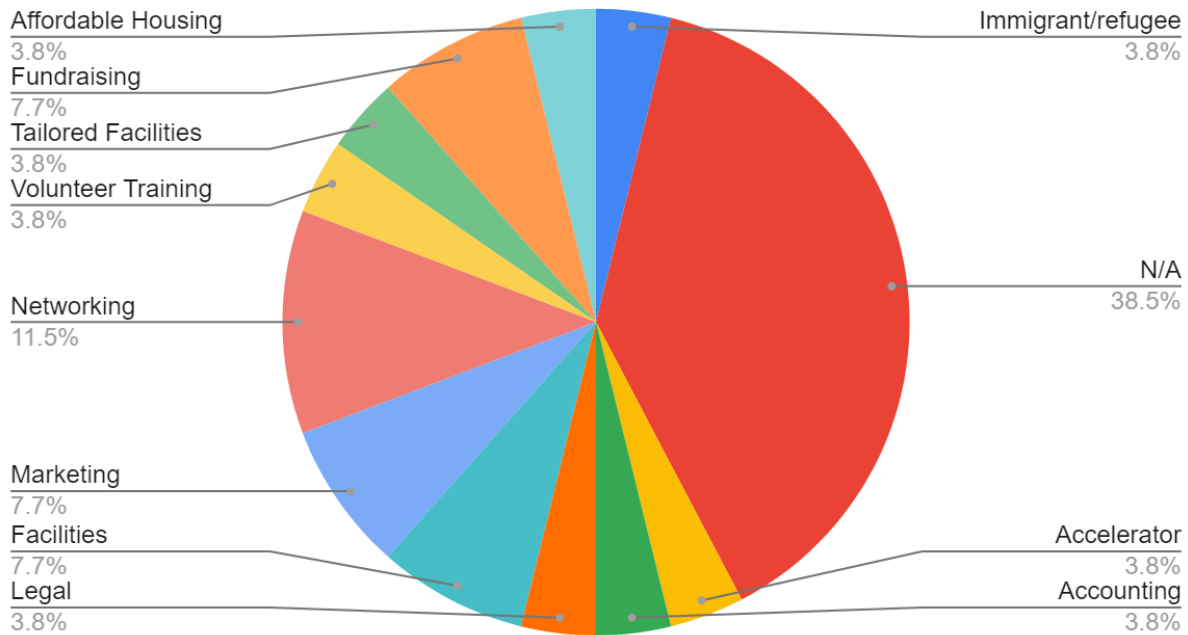
Question 7: What is the biggest challenge your organization faces today? What is the biggest challenge you anticipate a year from now?

The largest self-reported challenges for respondents are financial and staff-related, reflecting contemporary challenges for organizations more generally related to the economy, pandemic recovery, and resulting changes in the workforce. Common concerns within these categories include trouble finding grants, funds depleted by COVID, staff exhaustion, high staff turnover, and difficulty finding volunteers and qualified employees. Other challenges include business planning (creating a functional business model, anticipating growth and new infrastructure needs), community engagement (creating community spaces and raising community awareness), and finding facilities that suit organizational needs, principally affordability. One respondent reported a need for BIPOC translation resources.

Biggest Organizational Challenges

COVID Recovery
7.1%

Community Engage…
10.7%

Business Planning
14.3%

Financial
35.7%

Staffing
28.6%

Facilities
3.6%
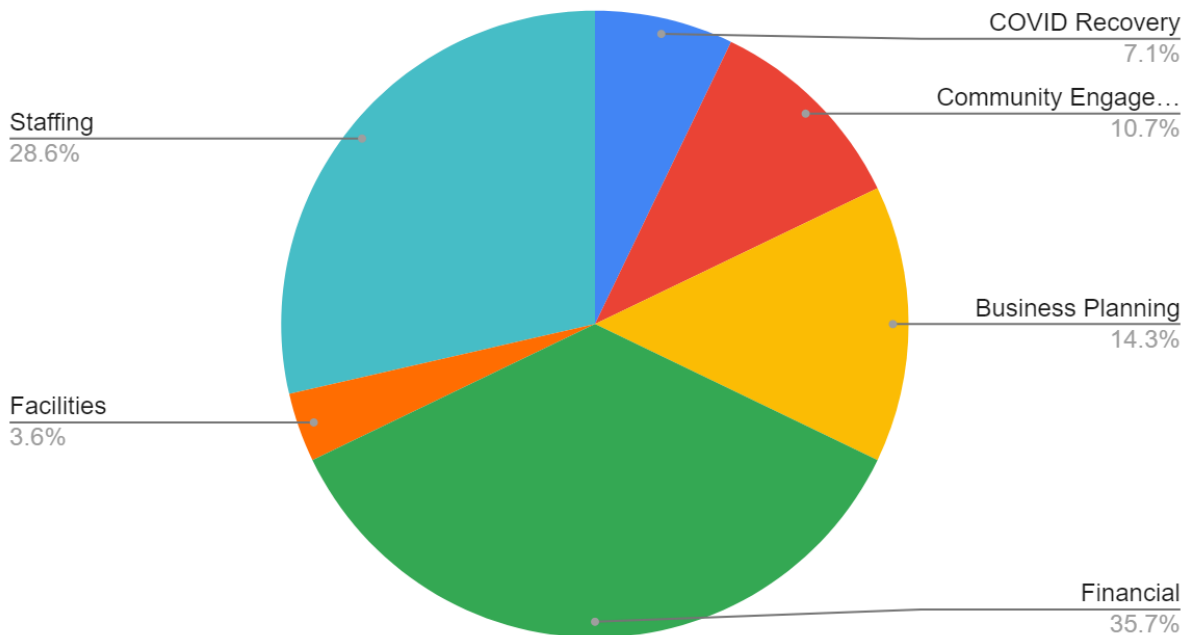
Question 8: What do you think are the greatest community needs in Beaverton? Where do you see gaps in services that nonprofit organizations could help to address?

Respondents offered a diverse range of opinions on this question. Though no single community need emerged as the greatest, gaps identified by nonprofits in Beaverton included: supporting childcare and children's basic needs, addressing homelessness and lack of affordable housing, lack of BIPOC specific community spaces/cultural hubs, lack of community investment from local corporations, distrust of government, community disengagement, accessible mental health and addiction services that are also culturally-responsive, disability services, business investment, unemployment, nutrition, and general deficiency in the social safety net.

We interpret the lack of singular focus as an accurate reflection of the wide range of social challenges that nonprofits are addressing in Beaverton.

Question 9: Would you be interested in participating in a city-sponsored nonprofit incubator?

Respondents expressed considerable interest in participating in an incubator program. Of 23 responses, 14 said yes, 6 said maybe (likely pending further information about what the program will offer), and only 3 said no. With further research it would be helpful to know why some organizations have no interest
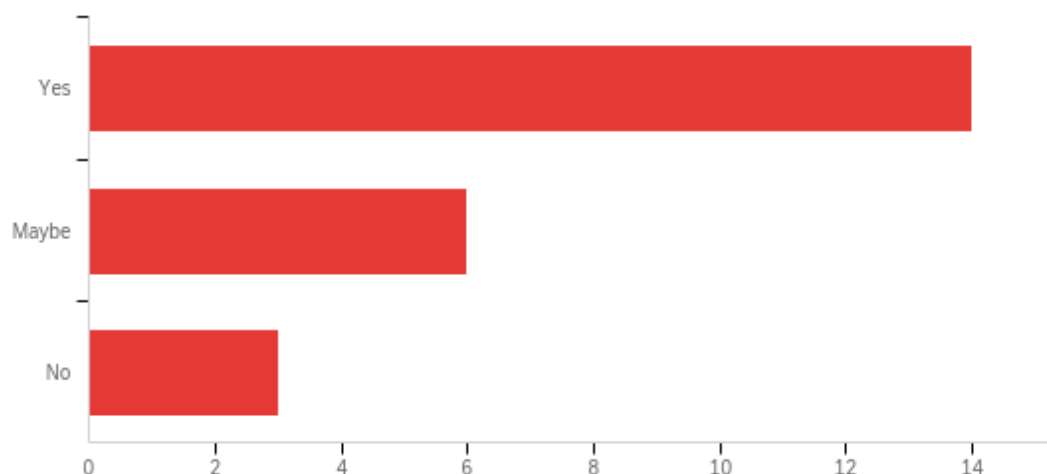
Question 10: Please share any other thoughts about a potential incubator for nonprofit organizations.

Here we present and contextualize some of the more substantive responses. The comments we highlight here could be instructive in developing the incubator because they relate to important questions about the structure, scope, and operation of the program.

> *"I am concerned that the incubator itself will be more self sustaining than helpful, especially to community groups that really are for the people and not for the organization"*

This comment concerns the mission of the incubator, and whether it will focus on supporting itself or its incubatees. While it is important that the program be sustainably funded to be effective, this must be balanced against the goal of providing nonprofits with the tools and resources they need to productively return value to the community.

> *"The ability to network with fellow NP's, potential volunteers and supporters, businesses and government agencies would be extremely useful."*

This response reinforces our finding from the literature that colocation and networking bring value to incubatees. Ensuring that the incubator can facilitate these connections either intentionally or passively through colocation is essential to the design of the incubator.

> *"We recognize that smaller/newer nonprofits have different needs than larger, established nonprofits. It might not be feasible to address the interests of both groups. Still, perhaps a primary focus on incubation, could be strengthened by the financial stability and networks that older nonprofits could bring."*

This, too, is supported in the literature on colocation. Older and newer nonprofits can learn from each other, and the relative stability of older organizations can provide a balance to the relative risk of new organizations.

> *"We would need to know more details about how the incubator would be structured. Including how it would be used by the participating organizations relating to cost and access to the location, etc. We would greatly appreciate the opportunity to have a space where we could meet our clients for one on one technical assistance advising and to provide in-person workshops for the community."*

This comment captures part of the value of holding the incubator in a physical space, and the necessity of affordability. The freedom and flexibility that private offices and conference rooms afford is likely significant for incubatees.

> *"I personally would love to be able to have a time and space to truly study and map out, with community partners from many sectors, with good old fashion white boards, how un-holistic our social services are now for low income families. In other words, observe how siloed services are for people experiencing economic uncertainty, housing insecurity, health, mental health and addiction services, education, justice involvement, institutional racism and other general family services. There is so much intersectionality in all these things. I have long envisioned a robust 'service center hub' for families and individuals that could break down these systemic silos[...]"*

This comment, in addition to expressing a desire for close networking, suggests a broader vision for the incubator beyond its function as a capacity-building institution. If the incubator is successful in connecting nonprofits and encouraging dialogue about community needs, it might promote a more comprehensive strategy to integrate the efforts of disparate organizations to meet those needs.

Policy and Implementation Questions

There are immediate questions for the City to consider about its initial investment in the incubator ("First Decisions"), questions about how to design the incubator ("Second Decisions"), and questions about incubator implementation ("Later Decisions"). We offer the following process guide, understanding that there will be discussion about who should make these decisions and how to move forward.

First Decisions (Initial investment and guidance)

For City Council
➢ Establish orienting values
➢ Give direction on physical space (general office or specialized facility)
➢ Decide on organizational structure (hybrid or nonprofit only)

- ➢ Allocate initial infrastructure funds

For City Staff

- ➢ Determine characteristics of the physical space
- ➢ Determine possible locations for the incubator

Second Decisions (Funding and refining the model)

For City Council

- ➢ Identify organizational partners
- ➢ Determine community needs to prioritize
- ➢ Determine size of nonprofits to support
- ➢ Recommend a governance structure
- ➢ Establish an advisory committee
- ➢ Budget for first-year incubator operations

For City Staff

- ➢ Conduct outreach for advisory committee members
- ➢ Give input on incubator staff and board member job descriptions
- ➢ Designate a City liaison for the incubator
- ➢ Research the local nonprofit sector (develop a contact list)

Later Decisions (Implementation and ongoing support)

For the Incubator Staff and Board

- ➢ Clarify specific needs for the incubator facility (details within the box)
- ➢ Hire staff for the nonprofit incubator
- ➢ Recruit board members with expertise specific to the nonprofit incubator
- ➢ Design the incubator program (for residents and the wider community)
- ➢ Determine selection criteria for resident cohorts
- ➢ Develop an outreach and recruitment strategy for program applicants
- ➢ Create metrics to measure success of the incubator and incubatees

For the City

- ➢ Integrate the incubator with other City programs (including SSFC)
- ➢ Provide outreach and recruitment support for participation in the incubator
- ➢ Work with the incubator on program oversight and evaluation
- ➢ Coordinate efforts between City staff liaison and incubator staff
- ➢ Collect data about incubator participation and nonprofit needs
- ➢ Consider next steps in the incubator's development

> ➢ Develop a long-term funding strategy (commitment of public funds)

Table 2. below summarizes key questions that we highlight throughout the report. They are not organized strictly by decision makers as described above because we understand that decision making and program development must be flexible over time.

Table 2. Summary of Policy Questions for the Incubator

Physical Space	
General Office: cubicles, conference rooms, storage, meeting/event space	Specialized facilities (kitchens, medical offices, manufacturing, etc.)
Organizational Structure	
Partner with an existing organization	Create a new City-run incubator
Hybrid or Nonprofit Model	
Hybrid for-profit/nonprofit incubator	Incubator for nonprofits only
Spectrum of Services	
Shared space, services, technical support	Incubation services and operational funding
Program Scope	
Only a resident cohort (approx. 5 orgs.)	Cohort plus programs for wider community
Governance	
Add members to a partner's board	Create a City-run oversight body
Staffing	
Program manager, shared staff, City liaison	Run by City staff
Participant Eligibility	
Small organizations only	Open to larger organizations
Nonprofit Mission	
Only direct service providers eligible	Open to the full spectrum of nonprofits
Community Needs	
Focused on specific communities and needs	Open to all regardless of mission
Incubator Funding	
Multiple revenue sources (grants, fees, etc.)	Entirely funded by the City

RECOMMENDATIONS

In this section we offer recommendations for the design and implementation of the incubator. We discuss each component in more detail, but we offer a summary vision based on our research and analysis of best practices and input from the community survey and interviews.

VISION:
The City invests initially in an office with cubicles, private conference/meeting rooms, and high-quality training/event space rather than specialized facilities for specific nonprofit sectors. Programming includes a resident cohort of a handful of organizations that changes annually, with ongoing education, training, and possibly fee-based services available to the wider nonprofit community.

Whether a hybrid (for-profit/nonprofit) or nonprofit only model, the incubator is managed by a partner organization with City funding. New board members are added to the partner's governing body with specific expertise related to incubators and Beaverton's nonprofit sector. Staffing includes a program manager, a fundraiser, support staff shared with the partner organization, and a designated City staff liaison.

City Council establishes an advisory committee and sets broad parameters for the incubator's mission (equity focus, communities to serve, priority issue areas), while the incubator staff determine specific selection criteria for the resident cohort and develop other programming. City staff, incubator staff, and the advisory committee ensure that outreach and recruitment for incubator participation are extensive and inclusive. The City coordinates with the Social Service Funding Committee to provide grant support to resident cohort organizations in addition to the services they receive from the incubator.

City staff and incubator staff, informed by input from the advisory committee, develop metrics to evaluate the performance of the incubator, and to track the development and success of participant organizations. Incubator staff and city staff report annually to City Council.

Physical Space

The most urgent decision facing the City is how and where to make an initial investment in physical space. The existence of a single location for a resident cohort and programming for other organizations is key to an effective incubator. As we emphasize in this report, a key factor in designing the space is the nature of the organizations that the incubator will serve. If, for example, the City wants an incubator to support food distribution, it would be most cost effective to invest in kitchen, pantry, and warehouse space at the outset.

It is beyond the scope of this report to recommend a specific location for the incubator, but considerations from a practical and equity perspective include a relatively central and desirable location within the city, accessibility by public transit, and proximity to other City service locations or other resources that Beaverton nonprofits currently use.

Based on incubator best practices and what we heard about the diverse range of Beaverton's community needs, we believe the most effective way to deliver immediate value from the incubator is to focus on:

- ➢ Shared office space
- ➢ Limited storage space for the incubator's equipment and other needs
- ➢ Multiple conference rooms
- ➢ A large meeting space to host classes, workshops, and other events.
- ➢ A break room
- ➢ Bathrooms large enough to accommodate participants in non-resident programming

While office space might seem less important today when many people are still working from home, almost any organization will benefit from an office, technology, and meeting space. This is especially true for nonprofits because they generally have fewer resources than other businesses (and therefore a greater need for computers, printers, A/V equipment, software, high-speed internet, etc.). Individuals who work or volunteer for nonprofits could also benefit from office space because of multiple work commitments or limitations on working from home.

A key value proposition of an incubator is that it facilitates personal interaction of incubatees in a shared space. From this standpoint, and from a cost perspective, cubicles would be sufficient and arguably preferable to achieve this goal.

We heard that conference rooms would be very desirable, and they might be specifically valuable to nonprofits insofar as they could double as private spaces for resident organizations to meet with clients. They could also be used by the incubator to provide individual counseling or support to organizations outside of the cohort. For this purpose, it would be ideal to have at least one conference room large enough to host 10-20 people and several smaller private offices for individual or small group consultation.

The availability of a large, high-quality space large enough to host classes, trainings, or other events would not only enable more options for the incubator's programming but would also offer value to the community as a place to gather, network, and learn.

As noted, the choice of sector focus can determine the nature of the incubator's physical facilities. Organizations in some sectors might require specialized infrastructure beyond office space (kitchen facilities, warehouse space, private clinical/client meeting rooms, manufacturing facilities, etc.). While we do not recommend this approach for an initial investment, it is something for the City to consider.

Colocation and Cohorts

There are two ways for an incubator to bring people and organizations together: Being in residence and convening through wider programming. Based on our research, we recommend that the incubator host a small resident cohort while also offering other programming to the broader nonprofit community (education, training, counseling, convening, fee for service, etc.).

We recommend that the resident cohort be composed of small organizations with clear missions, as opposed to larger, established organizations (who could still be involved with other aspects of the incubator program). This would allow the City to encourage new groups seeking to address emerging unmet needs, and it is the model best suited to the core role of an incubator. While each cohort could be focused on priority issue areas, our research suggests that having incubatees with a diversity of missions in those areas would enhance peer learning and networking opportunities.

It follows that eligibility for the cohort should not be narrowly confined to groups that provide direct service to clients. Organizations with broader educational or cultural missions (for example, related to environmental justice, climate change, the arts) can also advance the City's equity goals and benefit BIPOC and underserved communities, while contributing to a rich environment for learning and support.

Having extended programming for organizations beyond the cohort would also offer longer-term targeted support to resident organizations after they leave the incubator, enabling shorter resident terms and the opportunity for more cohorts over time. The length of resident cohorts should be determined by the incubator staff in collaboration with the City, but if it were limited to one-year organizations would know that they could still access continued support through other incubator programs as they develop.

Beaverton's OTBC selects five applicants per year, which is a typical cohort size for an incubator that provides intensive services.

Management and Governance

Beaverton could consider four possible organizational models:

- ➢ A hybrid model that incubates for-profit and nonprofit organizations
- ➢ A program for nonprofits only in partnership with an established community organization
- ➢ A new incubator for nonprofits only (that is itself a nonprofit organization)
- ➢ An entirely City-run program

In the first three models the City would provide financial support to its partner and have a relationship based on that funding. In the fourth, the City would staff the incubator and run it as a publicly accountable program with more direct oversight by staff and Council.

Partnering with an existing incubator serving for-profit businesses would have some potential advantages: faster startup with an established organization and expertise, leveraging an infrastructure investment in a new (possibly City-owned) facility to free up operational funding that is currently allocated to the incubator's fixed costs (rent), subsidized services/rent to nonprofit participants from the revenue-generating for-profit businesses, overlap in core services that apply equally to for-profit and nonprofit organizations (e.g., business and strategic planning), peer learning for nonprofits from contact with business entrepreneurs, and potential access to donor support from the business incubator's angel investors.

Partnering with a local nonprofit or establishing a new organization would likely require more time and resources to develop the incubator. There would be a higher learning curve without other models of nonprofit-only incubators to emulate, and a new organization or program would need to be designed from the ground up. On the other hand, if the City or its nonprofit partner is willing to take on this challenge it could be a pathbreaking incubator model that might attract interest from outside funders. Depending on its ability to secure sustainable funding, an incubator devoted solely to nonprofits could tailor its program and staff entirely to those participants and might be able to serve a larger cohort and/or provide a wider range of additional services to Beaverton's nonprofit sector.

Regarding governance, any incubator model will require some form of oversight. If the City partners with a for-profit incubator, we recommend adding board members with nonprofit backgrounds and expertise and reflecting the population the incubator is intended to serve, especially BIPOC and underserved communities. For an approach that partners with an existing community organization, it would be important to add board members with business acumen, fundraising skills, and broad community representation. If the City sponsors the creation of an entirely new organization separate from the City it will need to establish a board with a combination of these characteristics: business skills, nonprofit experience, and community representation. If the City runs the incubator as a public program, the governance body should have a similar profile, but in the form of a committee or commission that reports to City Council.

Staffing

Incubator Staffing

Regardless of the model, we recommend hiring a program manager and a grant writer/fundraiser devoted solely to the incubator. The program executive would either run a stand-alone program or report to the executive director of a larger organization, depending on which of the four models described above is chosen.

We recommend budgeting for a grant writer/fundraiser because the ability to secure outside funding is a critical factor in the incubator's sustainability over time (supplementing whatever financial and in-kind resources the City can contribute). It also puts someone on the incubator's staff who can offer the training and expertise that nonprofit incubatees need most based on the responses to our survey.

City Staffing

Aside from staffing of the incubator itself, it is essential to designate city staff (an individual or team) to serve as liaison to the incubator. This role should be written into job descriptions to ensure that designated staff have sufficient time, resources, and direction to provide support and accountability. This point cannot be overstated. In any model, it is critical to have the time and responsibilities of city staff aligned with the goals of the incubator at every step: funding, facilities, program development, communications, outreach, participant selection, participant support, and evaluation.

The Downtown Equity report recommends providing technical assistance to BIPOC-supporting and -led organizations. An incubator could be one vehicle for such support as part of a larger City strategy (for downtown or other City equity initiatives). City staff could help to facilitate this role by ensuring that the incubator's staff are skilled in Diversity, Equity, and Inclusion.

Program Areas

The program areas do not need to be determined immediately while first steps are taken to establish the incubator. Specific programming should be left to the incubator staff and board based on their expertise. In a hybrid model, some programming would overlap in relevance for nonprofit and for-profit incubatees, while some could be tailored separately to each. Programming beyond the cohort would not only expand the incubator's benefits to the nonprofit community but could also be a source of revenue for the incubator. Some possibilities for future program development areas are described below based on our research.

Direct Support suggestions for the resident cohort include:
➢ Office space (cubicles, conference rooms, locker rooms, etc.)
➢ Office equipment (computers, printers, A/V, etc.)
➢ Information technology (technical support, software, high speed internet, etc.)
➢ Human relations (the incubator providing this service)
➢ Accounting (the incubator providing this service)
➢ Legal support (incorporation, fiscal sponsorship, intellectual property, etc.)
➢ Navigation (initial counseling, pointing to resources – an informal service that could also be offered to the wider community)

Education and Training suggestions for the cohort and wider nonprofit sector include:
➢ Business and strategic planning
➢ Fundraising/grant writing
➢ Diversity, Equity, and Inclusion (DEI)
➢ Communications and community outreach
➢ Online engagement tools
➢ Event planning
➢ Marketing/sales

- ➢ Volunteer recruitment
- ➢ Board development
- ➢ Staff retention
- ➢ Balancing hybrid work arrangements
- ➢ Accounting/ budgeting/financial management
- ➢ Collaboration/networking with other nonprofits
- ➢ How to select and work with consultants
- ➢ Navigation 101: How to access the services, resources, and people you need

Outreach and Recruitment

Our research suggests that the City will need to help nonprofits understand how participation in an incubator will benefit them and why they should apply for the cohort or participate in its programs. Incubators have an inherently business orientation. How is an incubator relevant to a nonprofit organization? Even the literature on for-profit incubators suggests that social entrepreneurs do not necessarily value networking and training as readily as other businesses. Our survey responses indicate that Beaverton nonprofits are unlikely to be familiar with the concept of an incubator, and that they might be skeptical of an incubator's value for their organization. While most survey respondents showed interest in participating in an incubator, it would be helpful to know more about the views of those who were uncertain or uninterested.

Selection Criteria

We recommend that City Council set broad parameters about priority values (equity, targeted communities to serve) and priority issue/service areas that may change over time (as it does for the Social Service Funding Committee), but the incubator's staff and board should determine the specific selection criteria to achieve City goals because they are best positioned to match the incubator's resources to applicants' needs and to assess their likelihood of effectiveness and success. Some suggested considerations for participant selection based on our review of other capacity building institutions:

- ➢ Mission: Should the City give preference to the full range of nonprofits (including those devoted to arts, culture, and education) or specifically to those that provide material services to the community? Given that all nonprofits intend to provide community benefits, how does the City draw this distinction? Are there specific missions/needs that the City wants to prioritize?

    There are two sources of information about potential focus areas that come out of our research: (1) the priorities established by the Beaverton City Council for the Social Service Funding Committee (homelessness/housing, affordable after-school and educational programming, and health) [12], and (2) the results of our survey of local nonprofits. The survey revealed a wide range of services provided and identified gaps, with some of the more frequent responses

pointing to needs related to youth, BIPOC communities, immigrants and refugees, and food insecurity.

➢ Equity: How can the incubator ensure that it serves communities of color and underserved communities? Organization mission? Clients served? Leadership/staff/board composition?

➢ Openness to Learning: A key benefit to a colocated cohort program is the shared knowledge and networking generated by the incubatees and program staff. Selected organizations should be willing to learn new skills, adjust their organizations to what they learn, and collaborate with the City, program staff, and other organizations.

➢ Sector: Focus on an organization's characteristics and needs (leadership, financial strength, growth opportunities, etc.) vs. focus on specific areas of community need above the organization's track record (alignment of its mission with City priorities).

➢ Readiness: What is the organization's likelihood of success and how is that defined?

➢ Value Added: How many other organizations are doing the same thing as the applicant? Are its efforts redundant with those of other organizations, or is it adding value to the communities it serves given others who are working in the same space?

➢ Stage of Development: Support new organizations and individuals trying to fill a need vs. support established organizations with a proven track record? This corresponds to the difference between an incubator and an accelerator.

Equity

Equity infuses the City's work. The City's commitment to racial equity is expressed in its Cultural Inclusion Program [1], its Diversity, Equity, and Inclusion Plan [13], and its relationships with the community. Many of those we interviewed emphasized that an equity lens should be inclusive of multiple and intersecting underserved groups/communities, calling for attention to racial equity, gender identity, ability/disability, youth, income, immigrants/refugees, and veterans.

We recommend specific ways the City can build social equity into its incubator:

➢ Working Group: Establish a diverse group of nonprofit professionals, funders of nonprofits, and community leaders (including youth) to advise the City and help design the program components within the parameters of the City's goals and funding constraints.

➢ Board Composition: Select board members for the incubator who represent diverse and underserved communities in addition to their business expertise and nonprofit experience.

➢ Staffing: Hire an executive level manager and a grant writer who understand the needs of Beaverton's underserved communities and have deep connections within them.

➢ Outreach and Recruitment: Be as inclusive as possible. Rely on research about Beaverton's demographics. Conduct additional research to identify nonprofits in the community. Make a strong case for how the incubator will be welcoming and useful to communities that might not be accustomed to (or even reluctant to) work with a government-affiliated institution.

➢ Selection Criteria: Match the mission and composition of incubator participants to the City's equity goals.

➢ Language Access: Communicate in multiple languages. There are at least 100 languages spoken in Beaverton homes based on school district data. Beaverton is well versed in multilingual outreach and this expertise should be applied to the incubator. The City's Language Access Policy can be found on this site [14]. Translation/interpretation for city programs is provided by the Cultural Inclusion Program [1]. The Beaverton School District is also a valuable source of translation services [15].

➢ Partnership: Work with community organizations to co-design the incubator program (e.g., through a working group, interviews, focus group, survey, etc.).

➢ Contractors: Develop a list of organizations and individuals who can assist the City with the elements of an equity approach described here. A best practice is to codify these relationships with contracts and to pay community groups and leaders for their assistance in the same way that private consultants are paid. This principle is especially important for an incubator that is itself a nonprofit and serves nonprofits in the community.

➢ City Liaison: As noted above, the City can help to ensure inclusive outreach and participant selection if city staff are dedicated to this role.

➢ Ongoing Support: Nonprofit participants in the incubator might need greater individual support than a typical business entrepreneur. And, while leaving with a strong foundation is the central idea of an incubator, incubatees can take years to be profitable and sometimes colocate post incubation to save costs and share overhead. This strategy would be equally relevant to nonprofits, so tracking and follow-up by a City liaison would help to ensure their sustained success.

➢ Program Evaluation: Incorporate equity into the measures of success of the incubator itself and of program participants, as described below.

Note on Terminology: Equity is a central concept for any organization, whether for-profit or nonprofit. However, it has an entirely different meaning for each. The primary goal of a business incubator is to help its companies grow, be financially stable, and be successful in their respective markets. In this context, "equity" is a key measure of economic health, the value generated for the owners of the business. For nonprofits, "equity" is not about the organization's economic value to its owners but is related to its mission to enhance social equity and justice. The latter is a core value for the City's

nonprofit incubator. While this might seem obvious, we feel it is a point worth making given the centrality of equity to business incubators in general and Beaverton's goals for the nonprofit incubator, for entirely different reasons.

> **KEY FINDING:**
> Incubators are overwhelmingly oriented to for-profit businesses. These businesses think about "equity" in terms of owner/shareholder value. To serve mission-driven nonprofit businesses, a City-sponsored incubator would need to adapt every stage of its operations toward social equity goals. This would include intentional decisions and actions related to initial program design, governance, staffing, participant recruitment, participant selection, language access, community partnerships, contractor relationships, City staff support, and program evaluation.

Evaluation

Evaluation is a matter of accountability for public funds, but also a tool to raise outside grant funding. It is important to evaluate the success of the incubator itself, as well as the success of incubatees. Of course, these are related insofar as the main measure of an incubator's success is the collective performance of its program participants. If incubated businesses are successful, the incubator is successful. At the same time, the incubator should also be evaluated according to other measures. Recommendations in this section are the judgment of our project team based on our comparative analysis of incubator best practices and research on nonprofit needs.

We recommend that a City-appointed working group be tasked in an advisory role to develop evaluation metrics for the nonprofit incubator based on clear direction from City Council about the program's goals. We recommend that the incubator staff and board adopt measures to evaluate the success of incubatees consistent with the evaluation metrics for the incubator itself.

Recommended evaluation metrics for the incubator include:

➢ Its financial management and stability
➢ The percentage of incubatees who achieve their metrics for success
➢ The number of program participants (beyond the fixed number in the annual cohort)
➢ The extent to which incubator participants reflect the diversity of the community
➢ Whether it advances City priorities for equity and serving specific communities
➢ The assessment of the program's value as reported by program participants.

Recommended metrics for measuring the success of individual incubatees include:

➢ Gross Revenues: Funding from clients and other sources such as donations, grants, fee for service, ticket sales, product sales, etc., relative to expenses are potential measures of success. Over time a nonprofit might grow revenues, although growth might not be an organization's goal depending on the needs it serves. A related metric is diversification of funding sources, reflecting an organization's resilience and sustainability.

➢ Staffing Levels: Growth and retention of staff and total volunteer hours are both trackable indicators. It is worth noting that growth in revenue or staffing is not necessarily the goal for every nonprofit, but rather "right sizing" according to its mission and ability to achieve and maintain a targeted level of service.

➢ Client Base: Tracking the number and profile of clients served over time would reflect an organization's effectiveness. Does that client profile reflect a greater capacity to meet the needs of a diverse Beaverton population, including specific communities that face disparities in service access?

➢ Impact on Program Mission: To what extent is the incubatee achieving measurable outcomes related to its mission? For example, an organization that serves unhoused clients could measure the percentage of clients who are transitioned to housing, and an afterschool program could measure the percentage of students with improved academic performance.

➢ Overhead vs. Operation: From a business perspective, a growing and healthy company is expected to reduce its overhead costs compared with program expenses. This ratio is a key measure of financial success. There is discussion about whether this indicator is appropriate for incubatees who are building capacity, especially nonprofits. A small organization must grow its overhead in order to grow its operating costs. To move from a startup to a thriving business requires an initial investment in rent, utilities, equipment, insurance, and administrative services. This becomes a practical consideration as small organizations seek outside funding. Most grantors allow a given percentage of expenses for overhead. Our recommendation is that the incubator make this consideration part of its education programming. Prepare nonprofits for this issue as they seek funding.

KEY QUESTION:
What indicators should the City use to measure the success of the incubator, and what measures should the incubator use to gauge the success of program participants? How do these metrics align with City goals for the program? How can they be used to generate outside funding to help the incubator be financially sustainable without over-reliance on the City's general fund?

KEY FINDING:
Measures of success for nonprofit and for-profit businesses are not the same, but they do overlap. They have one key metric in common: financial sustainability. For-profits need a good return on investment, nonprofits need sustainable net assets. But beyond financial sustainability, success for nonprofits is mission-driven (successful outcomes on a specific goal to serve the community). This means that nonprofit success should be evaluated as a combination of financial health and mission-based outcomes. It also means that nonprofits need a more individualized approach to evaluation: There is a common denominator for evaluating for-profit success: profit. Nonprofits have diverse missions, so mission-oriented measures need to be tailored to each organization.

Local Expertise

Beaverton is well positioned to create a new model of incubation for nonprofit organizations. It has an opportunity to complement its existing investments in community-serving nonprofits and its partnerships with innovative community groups. There is a wealth of nonprofit resources and relationships to help inform and develop a community-serving organization over time.

The City's nonprofit grantor (Social Service Funding Committee [3]) directs over $300,000 annually to local organizations (including small community groups), city staff have strong relationships with local organizations through the City's Community Services Program [16], Beaverton has several nonprofits that convene and coordinate the services of other community organizations (e.g., Vision Action Network [17], Beaverton Resource Center [18]), there are multiple larger organizations operating in the city that work throughout Washington County and have extensive knowledge of Beaverton communities (e.g., Centro Cultural [19], Virginia Garcia Memorial Health Center [20]), and many local organizations have relationships with regional associations and funders (e.g., Nonprofit Association of Oregon [21], Oregon Community Foundation [22]). The fact that the City has successfully raised funding for the incubator also indicates that Beaverton's state and federal representatives are supportive of the initiative and will be tracking its progress.

Beaverton also has a premier for-profit incubator (OTBC [2]) in the community. Its executive director has a history of involvement in public/private partnerships, and the organization has an experienced board of directors representing business and government. OTBC was founded as a 501(c)3 corporation in 2004 and has supported more than 300 businesses. The City of Beaverton provides more than half of the incubator's budget. As former President and CEO and current President Emerita of the National Business Incubation Association (NBIA, now the International Business Incubation Association), OTBC board member Dinah Adkins is a recognized expert on incubators and has authored or contributed to multiple publications on best practices for incubators (including Colbert et al. referenced in this report).

> **KEY FINDING:**
> Whether the City opts for a hybrid model or a stand-alone nonprofit incubator, it should draw from its rich pool of local nonprofit partners and incubator expertise as it moves forward with the incubator. We also recommend establishing an incubator advisory committee and coordinating the development of the incubator with the Social Service Funding Committee.

Pilot Incubation

Due to the underexplored nature of a nonprofit supporting incubator, a first run of the program may benefit from starting with organizations with clear missions that help measure their success. This would allow the new incubator program to learn from working with a small but well-defined organization, then apply those lessons to future incubatees.

Further Research

Our team, in collaboration with city partners, embarked on this project knowing that it would be only a first step toward developing an incubator for nonprofit organizations. We learned quickly that there is no complete list of nonprofits in Beaverton. We recommend more research to understand the full spectrum of nonprofit organizations in Beaverton. We also recommend further study about their organizational needs and the communities they serve.

Conclusion

Beaverton is seeking to support its nonprofit sector in a way that is innovative and unique. By securing state and federal funding to invest in infrastructure tailored to community needs, the City has an opportunity to design a program unlike any other we discovered through our research. Because there is no blueprint for the kind of incubator envisioned for Beaverton, it is advisable to start with modest goals, remain flexible, document successes and challenges, and build up based on learning over time. While Beaverton's goals are grounded in local needs, a creative approach could offer a model that would be helpful to other local governments. Our hope is that this report will help the City take early steps on this path.

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Endnotes

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