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ARTS INCUBATORS: A TYPOLOGY

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Abstract

Recent policy initiatives in the public and private sectors evidence a vigorous interest in arts-based community development. Phillips’ (2004) typology of such community development activities includes arts incubators as one of five arts-based approaches to community economic development. Yet, there has been little research on arts incubators as an organizational form. While the National Business Incubator Association asserts that 93 percent of North American business incubators are “non-profit organizations focused on economic development,” there are other business forms and strategic foci in the universe of arts incubators. A review of published material suggests wide variance across their goals as well: some fit within the NBIA’s defining goal “to produce successful firms that will leave the program financially viable and freestanding” (NBIA, 2012b), while others pursue such diverse goals as supporting individual professional development, providing gallery space, or advocating for social change.
Further complicating the landscape is a diversity of organizational forms, governance structures, and funding models. This paper offers a typology of arts incubators based on organizational objectives through the lens of stakeholder theory as a foundation for further research.

**Keywords**

Arts incubators, arts entrepreneurship, stakeholder theory, community economic development
Introduction

When the National Business Incubator Association (NBIA) published *Incubating the Arts: Establishing a Program to Help Artists and Arts Organizations Become Viable Businesses* in 2000, it relied on the expertise of the constituent members of the Arts Incubator Alliance, a group of six incubator entities that focused primarily on nurturing nonprofit arts organizations seeking to build capacity for their next phase of growth and development (see Gerl 2000). Thirteen years, two recessions, and a devastating hurricane later, the alliance is dissolved and only two of the six entities still exist but there are some forty other organizations calling themselves, or being called by others, “arts incubators.” Many of these have been initiated in the intervening years, not only to nurture nonprofit organizations, but also to boost local economies, strengthen communities, and, most frequently, provide individual artists with tools for self-sufficiency in the market-driven economy of the twenty-first century.

With this greater diversity of arts incubation activities comes a concomitant diffusion of the scope and direction of arts incubator activities. The purpose of the current research is to describe the various types of incubators and incubator programs currently active in the U.S. based on their
organizational structure, goals, and target stakeholders as a foundation for future research on arts incubators rather than to posit a concrete definition, although one is operationalized below for the purposes of this paper. While nonprofit arts organizations (i.e. those having or seeking 501c3 designation) were the primary client stakeholders of members of the Arts Incubator Alliance in 2000, a survey of materials published by currently operating arts incubators indicates that stakeholders and incubator clients now include both for-profit and nonprofit arts and creative enterprises, individual artists, and communities. Organizational goals vary from revitalizing local economies, to supporting individual artists, to provoking public dialogue, and more. Some alignment is observed between organizational goals and service provision, while organizational form does not appear to align similarly.

**The Incubator Context**

The National Business Incubator Association describes business incubators as delivering programs that “nurture the development of entrepreneurial companies, helping them survive and grow during the start-up period, when they are most vulnerable” (NBIA 2013). Entrepreneur Magazine’s definition is complementary: “An organization designed to accelerate the growth and success of entrepreneurial companies through an
array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections” (Entrepreneur 2013). Both emphasize the growth of young companies. “A business incubator’s main goal is to produce successful firms that will leave the program financially viable and freestanding” (NBIA 2013). Incubators distinguish themselves from business consultants and research parks “through their particular competitive scope, strategic objective, and service package” (Carayannis & Von Zedtwitz 2005, 103).

As I write elsewhere (Essig 2014), early literature on business incubators (eg. Allen and Rahman 1985) focused on the incubator as a facility while more recent literature focuses on the services an incubator provides (see Hackett and Dilts 2004). Bergek and Norman (2008) observe this shift: In the incubator literature, the relative emphasis on each component has varied over time, from an initial focus on facilities and administrative services to a more recent emphasis on the importance of business support (Peters et al. 2004). In our opinion the latter is the most important— without business support activities, the denomination “hotel” is a better description than incubator. (21)

Some definitions (eg. Grimaldi & Grandi 2005) include provision for linking capital to new ventures or, at least, the introduction of potential investors to
emerging entrepreneurs, while others do not (Peters, Rice, & Sundararajan 2004).

The NBIA considers arts incubators to be a subset of business incubators that specifically target “arts and crafts” (NBIA 2013). Kahn’s 1995 white paper on arts incubators examined six organizations that “are concerned with nurturing arts organizations by facilitating their organizational growth and development” (1). Kahn distinguishes this model of arts incubator from others that “provide artists with the business skills necessary to be successful in the marketplace” (2). Gerl (2000) credits the oldest of the facilities profiled by Kahn, Arts Bridge in Chicago, as being the first arts incubator. She explains that arts incubators “equip nonprofit cultural groups and arts entrepreneurs with the skills, tools, and business environment necessary to meet short- and long-range objectives” (2). The Polish Art_Inkubator provides a useful and more current definition, adapted here from a verbatim translation: “an arts incubator is an organization that supports future entrepreneurs, non-governmental organizations and artists by helping them to enter the creative industries sector. Arts incubators are a platform that empowers artists and organizations to implement their business and artistic ideas” (2013). This definition is particularly useful for the current study because it is inclusive of for-profit, nonprofit, and
individual client stakeholders and implies early stage development and market entry, thus distinguishing arts incubators from other artist services and support organizations such as residency programs. It uses the word “platform” rather than “facility” to be inclusive of both physical and virtual incubators.¹ To develop the current typologies, organizations or programs are considered to be “arts incubators” if they provide some form of developmental assistance (i.e. a “platform,” the scope of which varies) to artists, arts organizations, or creative enterprises in early stages of development or change and call themselves or are called by others in published materials “arts incubators.”

Incubator typologies

Several business incubator typologies exist (see Aernoudt 2004) that are generally organized by objectives, sponsoring entity, corporate form, or service provision. Aernoudt structures a typology of business incubators based on the first, program objectives. Working from the premise that the objective of an incubator is to resolve a specific market gap, he identifies three main types of incubators and two additional sectoral categories. The three types are economic development incubators, technology incubators

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¹ “Virtual incubation” is defined by NBIA (2013) as “the delivery of incubation services solely through electronic means” but may also include the provision of services to non-resident enterprises.
and mixed incubators. The two additional categories are social incubators and basic research incubators. To this short list of sectoral categories, one could add “arts incubators.”

Table 1

Table 1. Aernoudt’s typology of business incubators. (Aernoudt 2004, 129)

However, Allen and McCluskey (1990) base their typology on sponsor/stakeholder. They identify four types of business incubators as a basis for developing a value-added continuum: for-profit development incubators, non-profit development corporation incubators, academic incubators, and for-profit seed capital incubators. I have written elsewhere (Essig 2014) of the challenge of organizing incubators on a continuum in this manner, when the objectives themselves are categorical and non-linear.

Peters et al (2004) use a similar typology based on the corporate form of the incubator without linking the form to the value-added by each type:

(a) Non-profits focused on diversifying the local economy—like small business incubators, (b) incubators linked to universities, and (c) for-profit incubators—like private organizations. (84)

Another means of categorization is by scope of services, as service provision is critical component of an incubator (Bergekk and Norman 2008). The proposed arts incubator typology looks at both target/objectives and
sponsor/form to account for the complexity and to observe correlations across the categorization criteria.

**Methodology**

To develop the arts incubator typology, it was necessary to inventory arts incubators. Over a period of months, I gathered the names of as many incubators as possible from multiple sources and then researched each incubator individually. The inventory is therefore a snapshot of arts incubator activity taken during May-August 2013\(^2\). The inventory was developed in several stages. A preliminary list was developed from a keyword search on Google and on LexisNexis using the terms “art incubator” and “arts incubator.” This was followed by a database search of scholarly literature. Arts incubators cited by the 1995 National Association of Local Arts Agencies descriptive study on the topic (Kahn 1995), the Gerl (2000) monograph, and others were added to the list. I made direct inquiries of the research directors of the National Business Incubation Association, Americans for the Arts, and National Association of State Arts Agencies, none of which organizations have or maintain lists of arts incubators. Finally, an open call went out to the Cultural Research Network (CRN) for the names of arts incubators that may have been missed in the other searches.

\(^2\) The snapshot concept is an important one as the landscape shifts continually as incubator programs are initiated or cease operating.
This initial search yielded a list of sixty-five entities. Five incubators were outside of the US and eliminated from the study³. Nine more were eliminated because they were in the planning stages only, had been planned or never opened, or otherwise had ceased operations. Another eight were eliminated because they did not “provide developmental assistance to artists, arts organizations, or creative enterprises.” Among those eliminated, for example, are programs such as “Flourish Studios,” which is a counseling center, or a local arts agency that does not provide incubation beyond the granting programs one normally expects from such entities, and small business incubators that do not specifically target the arts or creative industries. Programs or organizations that only provide space without the training, mentoring, and business services of an incubator (eg, the Greenpoint Manfuacturing and Design Center in Brooklyn, NY suggested for inclusion by a CRN member) are likewise not included. Such facilities are considered to be a “hotel.” Similarly, I excluded co-working spaces that do not provide services or do not focus on the arts, even though I acknowledge that all of these are important components of the arts development infrastructure.

³ Because of the wide variance in business forms and funding infrastructure for the arts between the U.S. and other countries, only U.S. entities were considered.
Program objectives were determined from the mission statements found in publicly available sources such as websites. For nonprofit organizations, this information was double-checked against IRS Form 990 filings. The 990 forms were also used to confirm whether an organization was a 501c3 corporation and whether or not it was a community development or economic development commission, organizational forms that are delineated in the final inventory. In addition to the name, location, corporate form, and objective target (synthesized from the published mission statements), the inventory (see Table Two) also indicates whether or not an arts incubator offers the following services:

- **Facilities**: for the creation, exhibition or performance of art and/or office space
- **Services**: business services might include but are not limited to cooperative marketing efforts, reception, copying, bookkeeping
- **Training**: training in business practices
- **Funding**: via grants, loans, or equity investment
- **Fiscal sponsorship**

**Arts incubator typologies**

By sorting the inventory by the primary target of organizational objective, I immediately noticed that certain kinds of services appeared to
connect with certain types of targets. Stakeholder theory provides a useful means by which to relate organizational objectives to these targets. Thus, one means of categorization is by object target or, as explained following, claimant stakeholder. Business incubator typologies, as noted earlier, have also focused on sponsor form, so a second categorization of arts incubator type is by the organizational form of the incubator.

[Table Two]

Table 2. Inventory of Arts Incubators by Claimant Stakeholder

Theoretical frame: Stakeholders

Freeman (1984) offers a widely accepted, now considered “classical” (Fassin 2009), definition of a stakeholder: a group or individual that "can affect or is affected by the achievement of an organization’s objectives" (46). Kaler (2002) divides stakeholders into two groups or “status categories,” “influencers” and “claimants,” which seem to align with Freeman’s “can affect or is affected by” distinctions. Claimant stakeholders “have some kind of claim on the services of the organization” (91) while influencer stakeholders “can influence the workings of the business in some way” (91).

Based on Kaler’s definition, the primary claimant stakeholder of an arts incubator is not necessarily the client artist or arts enterprise. The primary claimant may be a third party beneficiary of the organization’s
services. The success of a client may benefit, for example, the owner of a for-profit incubation facility who invests in an equity stake in client enterprises, or a community may benefit from an increase in cultural production in a neighborhood. The primary claimant is considered to be the target of the organization’s stated objectives and so is used as proxy for the objectives themselves. Objectives such as “promote, nurture, and cultivate the vision and diverse talents of emerging artists from the Latin and Caribbean Diaspora” (Diaspora Vibe 2013) and “help artists turn art into business” (ArtServe 2013) both target the same claimant group: artists, although one targets a specific subset thereof. Broadly construed, the primary objective of such incubators is to support artists and art making. In such cases, claimant stakeholder and client are the same. However, objectives to “nurture the growth of the business of art in our town” (Carizzozo Works 2013) or “plan for, build, develop, foster, and nurture a creative economy in the City of Stone Mountain, Georgia” (Stone Mountain Arts Incubator 2013) do not target individual artists. Rather, the community is the target of the organization’s objective and therefore its chief claimant stakeholder although individual artists or arts enterprises may be the incubator clients. Arts incubation, in these instances, is a means toward community development rather than an end in itself.
Each incubator may have multiple influencer stakeholders, including stakeholders who are both claimants and influencers. Funders, real estate developers, city, state and even federal arts agencies are stakeholders. The primary influencer stakeholder, however, is the incubator itself, morally responsible to the claimant stakeholders for the delivery of services (see Kaler 2002).

**Typology by claimant**

A careful review of the mission statements of the 43 arts incubators yields a typology of six targets of incubator objectives, that is, the stakeholder group that claims the *primary* focus of the arts incubator. Fully half of the incubators target artists (15), arts organizations (3) or both (4). Eleven target the “community,” six target creative sector small business entrepreneurs, three specifically target students or youth, and one, the only for-profit incubator on the list, seeks to return profit to its owner via equity investment in creative industry start-ups. Using the claimant stakeholder as proxy for organizational objective, arts incubators can therefore be broadly grouped by objective as “art incubators,” “community development incubators,” “student incubators,” and “commercial incubators.” See Table Three.

[Table Three]
Table 3. Typology of Arts Incubators Based on Organizational Objectives

Because primary claimant stakeholder is a proxy for primary objective, one would expect to see differences in service provision based on type. There appear to be two significant differences in service provision by claimant type. All of the 18 incubators with objectives that target communities or creative sector entrepreneurs provide facilities – workspace and/or exhibition and performance space. It is not surprising, given the economic growth and community development such incubators seek, that a location for production, consumption, and exchange is provided (see Pratt 2008). Conversely, only 12 of the 24 incubators targeting artists and/or nonprofit arts organizations (including student artists) provide facilities. For these incubators, the most common service provision is business training, whereas only half of the incubators that target community development or creative sector entrepreneurs appear to offer this service.

Funding, via grants or loans, is provided, with one exception (Arlington Arts), by incubators that target artists, nonprofit organizations, and students. Grants and loans do not appear to be provided by community development or creative enterprise incubators, at least not directly by the incubator itself. As one would expect, only the for-profit incubator provides funding via equity investment in for-profit creative enterprise start-ups.
Typology by incubator form

The second categorization of arts incubators is by the form of the incubator itself. Nationally, the majority of small business incubators are nonprofit organizations (NBIA 2102). Nonprofits also constitute the majority of arts incubators: 60% are 501c3 corporations or programs of 501c3 corporations. There is a larger proportion of government entities (21%) than in the small business incubator universe writ large. Six arts incubators are city agencies or programs of city agencies, one is a county program, and two are state agency programs. Four are university incubators open to the development of professional artists and arts-based businesses, with two additional university programs for students only. Only one is a for-profit LLC.

Differences and similarities in service provision across organizational forms are not as clear as are confluences across stakeholder groups. Individual artists are more likely to be targeted by 501c3 corporations or programs of 501c3 corporations (14) than other forms (2 state agencies, 2 city programs, one university program). As one would expect, state arts agency programs (n=2) do not provide space. All but one of the government agency programs provides business training. There is obvious alignment

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4 The author is director of one of these two programs.
between the small group of university-run incubator programs and the “student” claimant stakeholder group such that the student group is served exclusively by university programs. Similarly, the incubator whose goal is to return investment to its owner is the sole for-profit entity. Beyond these direct connections, there do not appear to be correlations between the corporate form of the incubator and the services provided. Thus, typology by corporate form does not seem to be a useful method of categorization. Further research, however, may discover a link between corporate form and program funding that could prove useful.

**Statistical analyses**

I conducted two statistical tests to confirm or refute my observations of the relationships between claimant type or organizational form (the independent variables) and the incubator services provided (the dependent variables). There are 43 observations. In this relatively small universe, binary logistic regression did not yield statistically significant results. However, Pearson’s chi-squared does confirm the observations described earlier. For the null hypothesis = provision of services is independent of claimant type, the null hypothesis can be rejected for facilities (Pr=0.013), training (Pr=0.092), and fiscal sponsorship (Pr=0) indicating that facilities, training, and fiscal sponsorship are related to claimant type. Recalling that
the claimant type is a proxy for the objective of which it is the target, one could say that provision of facilities, training, and fiscal sponsorship appear to be associated with program objectives while there does not appear to be a statistically significant correlation between business services or funding and program objectives.

Conducting the Pearson’s chi-squared test on the independent variable of incubator form explains why the observed relationships are less direct than that of the relationship between claimant stakeholder and service provision. None of the chi-squared values are statistically significant at the 90% confidence level (Pr < 0.10), although the training variable comes close (Pr = 0.115), indicating that there is some weak connection between the organizational form of the incubator and provision of arts business training.

**Conclusions and further research**

The arts incubator inventory and resulting typology provides a foundation for future research and exposes questions for future study. There appear to be some correlations between strategic objectives and service provisions, as one would expect, but these relationships do not exist across all incubator activities. Some of the correlations are predictable. For example, the alignment between economic and community development goals and provision of space may reflect the New Growth Theory (NGT)
model of development espoused recently by Rushton (2013) and his contributors: “NGT treats advances in growth-enhancing technology as a result of the conscious, strategic decisions of individuals, firms, and governments to invest in the acquisition of skills and knowledge and in potential innovation” (4). Arts incubators are one form of conscious, strategic action to help grow communities on the NGT model.

This inventory and resulting typology are just a first step toward understanding arts incubators as an organizational form and policy tool or, even, as a barometer of a changing arts ecosystem. The topic provides fertile ground for correlational research. For example, was the Great Recession a factor in the increased scope and diversity of arts incubation activities since the Arts Incubator Alliance disbanded? What accounts for the longevity of some incubator programs such as Arlington Arts while others, such as Arts Office Lauderhill appear to have ceased operation? What role does the revenue mix or overall budget play in incubator longevity? How effective are arts incubators for community economic development or as a tool for “creative placemaking?” What factors support incubator success? The measurement of incubator success is of particular interest to this author, whose future research will examine how arts incubators create value for their claimant stakeholders, clarify who those stakeholders are, and how that
value is assessed in order to create a framework for evaluating arts incubator activity.

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