FDU Opens NJ’s First Sustainable Business Incubator

Katrina Musto, Editorial Assistant

New Jersey’s first business incubator to focus exclusively on sustainable businesses has been launched by Fairleigh Dickinson University (FDU), Madison. The incubator promotes start-up and early-stage high-growth ventures in the areas of alternative energy, the environment, waste reduction, urban agriculture, transportation and business information related to sustainable development. It operates in collaboration with the state’s other incubators and academic institutions, with its main focus being to help new companies and freestanding initiatives offer specific solutions to the challenges of sustainable economic growth.

Jonathan Cloud, executive business director of the Institute for Sustainable Enterprise, explains why FDU decided to focus on business sustainability for this particular incubator: “Many of us realize that the kinds of changes our society needs require new technologies, business models and types of investment; this led us to think about how to support the emergence of a new green business sector.”

There is no significant upfront cost in creating an incubator program; it essentially draws the resources from other departments. “We anticipate an annual budget of $500,000 will cover the cost associated with the incubator and, over time, we hope to recoup the cost from fees and the way in which we get compensated by the company for the support,” Cloud explains. He adds, “When we have a company that wants to become a client of the incubator, one of the requirements is that they agree to provide 3 percent of their equity to the university.” The State of New Jersey, through its state budget and the Commission on Science and Technology, funds the incubator network, which currently has 12 facilities.

The incubator manager’s role is to control the resources of FDU to support new and expanding businesses. “Services include everything from assistance with business planning, technical assessment, sales and marketing and financing, to navigating government regulations and programs, and so on,” Cloud says. He adds, “To do this, we ask for faculty assistance and provide opportunities for field research, student internship programs and educational workshops and conferences.” Assistance is provided simply on an as-needed and as-available basis. While some services are provided at no cost, others have a minimal fee or work on a contingency compensation basis. The faculty is able to provide consulting work under flexible arrangements as permitted by FDU. Student assistance is pro-
vided through paid internships or unpaid learning programs, which depend on the needs in each situation.

The Incubator’s first client is HydroCol Power, Inc., an engineering design company focused on developing innovative domestic and international applications for its patented HydroCol Turbine. Dennis Kazemi, spokesperson for the company, thinks the Incubator is “a marvelous opportunity and a perfect melding of mutual support.”

“The Incubator is designed to help HydroCol (or any business that it’s involved with) develop its business plan, help with support functions and help network various people together,” Kazemi says.

FDU currently has other incubator programs. “The business school looked at establishing one a decade ago through its award-winning entrepreneurship educational activities, but for various reasons, this initiative was not brought to fruition,” Cloud says.

FDU will benefit from technology developed by the Incubator companies, as outside Incubator clients agree to provide the University with a small percentage of their share, or in the case of non-profit clients, their non-program administrative revenues. With internally-created business (such as technology transfer agreements or R&D commercialization based on faculty or student work performed at the University), FDU then may own up to 50 percent of the venture.

“In addition to the Incubator programs itself, we are looking at creating a small, early-stage investment pool to support green businesses,” Cloud says. This will provide important educational opportunities at many other business schools and universities.

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