



Business Incubator Graduation Policy

The business incubator opened in January 2009. While graduation is not yet an issue, this statement of policy provides an indication of how graduation will be handled in the future. Incubator management reserves the right to grant exceptions to this policy as a result of case-by-case reviews. Companies admitted to the business incubator to have close access to short half-life radioisotopes from the University of Missouri Research Reactor (next door) will be considered separately from this policy and may be granted longer leases than conventional incubator client companies.

The guiding principal of the graduation policy of this high technology and biomedical business incubator is that companies will be graduated from the incubator when:

- They cease to need, or benefit from, the incubation program,
- They cease to need, or benefit from, an R&D relationship with the University of Missouri that is facilitated by incubator residency.

There is no hard and fast time limit for companies to occupy the business incubator. After five years residency, however, the onus moves to the client company to justify each quarter why they should remain in the business incubator. Incubator management reserves the right to use escalating rent as an incentive to graduate.

The business incubator has dedicated suites (leased to individual companies); a shared Flex-Lab for multiple lab tenants; and Entrepreneurial Launchpad workstations in a shared office environment. The graduation policy varies in each case.

Clients in dedicated space.

Once a client has achieved stable free cash flow for four consecutive quarters and no longer needs on-site mentoring by incubator staff, graduation will be proposed. Such companies may apply to continue an R&D function at the incubator if this is conducive to necessary collaboration with university units. In general, companies approaching graduation will be introduced to location opportunities in the region, particularly at Discovery Ridge University Research Park and at sites in the counties that are members of the incubator initiative. To this end, economic development professionals from prospective locations will be introduced to resident clients throughout their tenure in the incubator.

If a client company is not using or benefitting from mentoring in the incubation program, or repeatedly does not meet progress milestones, a non-graduation exit will be proposed. Companies in this situation will have been offered business assistance to get back on track and failed to do so. Other options will be presented to the client company when possible, such as when a potentially high-growth company stalls

1601 S Providence Rd., Columbia, MO 65211-3460 (573) 884-0496

www.MissouriInnovation.com

as a lifestyle or family business that is outside the scope and mission of the technology business incubator.

Clients using Flex-Lab space

Typically clients using this lab will be doing so for a defined term less than one year. If the R&D work conducted in the Flex-Lab is successful, the company will likely be provided with dedicated space and fall under the policy above. Clients not making progress or completing their agreed period of occupancy without requesting a move to dedicated space will go through a non-graduation exit.

Clients using Launchpad space

Typically these clients are true startups, often an individual entrepreneur, engaged in assessing the commercial potential of their innovations and/or seeking financing to begin operations. This includes winners of faculty innovation awards and others engaged in one-year incubator residencies. Clients in this category will either wrap up on completion of the term of their residency, or apply as regular Launchpad occupants on a month-to-month rental basis. Launchpad companies will be asked to leave (non-graduation) if they are not using or benefitting from mentoring in the incubation program, or are repeatedly failing to meet progress milestones. Incubator management may also vacate a workstation in favor of higher priority clients. Launchpads are occupied on a month-to-month basis and can be terminated on one month notice by either party after the initial three month lease requirement. Launchpad companies will typically go through internal “promotion” to occupancy in the Flex-Lab or a dedicated lab suite in which case the graduation policy would be as specified in those categories above. Depending on space management needs throughout the facility at the time of expansion, Launchpad companies that are growing may be promoted to occupy multiple workstations, and in the event of occupying four or more workstations, may be provided with appropriate partitioning into a suite arrangement.

Progress Reviews

Graduation decisions, particularly non-graduation exits, are supported by the findings of Annual Progress Reviews. The Annual Progress Review shall assess progress against the company’s own business plan and the continued alignment with the mission and objectives of the business incubator.

Decision Authority

Graduation and non-graduation exit decisions are the responsibility of the incubator manager (President & CEO of Missouri Innovation Center). The Board of Directors shall be kept apprised of such decisions and will be engaged in discussion and advice in advance when warranted by specific facts of a particular case.

Non-Resident Affiliate Clients

Graduated companies are encouraged to continue to take advantage of resources of the Missouri Innovation Center as non-resident clients. Missouri Innovation Center sustains services to approximately sixty non-resident technology company clients in mid-Missouri.