

ENTREPRENEURIAL SUPPORT ORGANIZATIONS IN MASSACHUSETTS

**ASSESSING IMPACT AND
INVESTING FOR THE FUTURE**





Entrepreneurial Support Organizations in Massachusetts: Assessing Impact and Investing for the Future

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1. EXECUTIVE SUMMARY

Massachusetts has long been a national leader in innovation and entrepreneurship, fueled by world-class research institutions, a strong talent pipeline, and a collaborative business environment. At the center of this ecosystem are Entrepreneurial Support Organizations (ESOs)—including incubators and accelerators—that empower entrepreneurs, foster new business creation, and drive regional economic development.

To better understand the role and impact of ESOs, the Massachusetts Competitive Partnership (MACP) conducted a statewide survey of 25 leading incubators and accelerators. The findings confirm that ESOs are a cornerstone of the Commonwealth’s innovation economy—and that targeted investment can unlock even greater potential.

Key Findings:

- ESOs currently support 2,893 entrepreneurs and businesses across the Commonwealth.
- Companies supported by ESOs have created an estimated 91,000 jobs.
- A sample of ESO alumni have raised over \$92 billion in investment.
- Despite their success, many ESOs cite limited access to capital and a fragmented support system as barriers to growth.

Our Vision:

Massachusetts is already investing in entrepreneurship through programs like Mass Leads, Sector Spark, and MassVentures. This report offers a strategic roadmap to build on that momentum—positioning Massachusetts to lead the next era of inclusive, innovation-driven growth.

MACP’s recommendations, detailed in this report, include:

1. **Build out a statewide ESO network:** Facilitate collaboration and engagement with government, industry, and among each other - potentially expanding on the Mass Founders Network model.

2. **Establish an ESO Council:** Create a one-stop hub for ESO planning, funding, and support. It could be led by the Executive Office of Economic Development, with representation from [MassDevelopment](#), [MLSC](#), [MTC](#), [MOITI](#), [MOBD](#), [MassCEC](#), [MassVentures](#), and [MassMEP](#).
3. **Elevate & celebrate ESOs:** Increase visibility and recognition to enhance support and reinforce the state's reputation as a leader in entrepreneurship and innovation.
4. **Strengthen private sector engagement:** Encourage greater financial investment, mentorship, and contract opportunities for ESOs and the startups they support.
5. **Expand higher education collaboration:** Form a task force to assess and expand entrepreneurship programs on university and college campuses and in communities.
6. **Adopt best practices from other states:** Learn from successful models in NY ([NYSTAR](#)), Kansas ([Network Kansas](#)), Michigan ([SmartZones](#)), and Ohio ([Innovation Hubs](#)).
7. **Launch a \$200 million statewide ESO investment program:** Establish two, 10-year, \$100 million initiatives:
 - a. Multi-year operational and smaller capital grants for ESOs, and to startups through ESOs
 - b. Larger capital grants for ESO growth & expansion

These recommendations are designed to build on the Commonwealth's momentum and ensure that its entrepreneurial ecosystem remains not only competitive, but a national and international leader. By reinforcing what's already working and addressing gaps with targeted, collaborative strategies, Massachusetts can continue to set the pace for innovation-driven economic growth. With the right investments and partnerships, the Commonwealth is well-positioned to foster the next generation of entrepreneurs, expand opportunity across regions, and solidify its reputation as the best place in the world to start and grow a business.

2. INTRODUCTION

In an increasingly complex and competitive global economy, the challenges small businesses and startups face are myriad. Entrepreneurial Support Organizations, or ESOs, increasingly figure prominently in helping new businesses navigate challenges and find success.

In Massachusetts, a robust network of ESOs connects and empowers entrepreneurs across the state. While the Commonwealth is widely regarded for its excellence in life sciences and higher education, its ESOs and startups succeed across such a broad range of sectors. The work happening at ESOs is both divergent and convergent. It's divergent in the sense that it spans a wide array of industries—from climate tech and fintech to life sciences and advanced manufacturing. At the same time, it's deeply convergent, as technologies and ideas developed in one sector often find applications in others—like AI tools enhancing both biotech and logistics, or robotics serving healthcare as well as ocean exploration as part of the “blue economy.”

Massachusetts has a strong foundation and is well-positioned to continue investing in and supporting its ESOs. One reason for confidence: Massachusetts receives [more](#) National Institutes of Health grants per capita than any other state and is second only to California in total research dollars invested. The impact of startups in Massachusetts is exceptional: the state [leads](#) the nation in venture capital investments per capita. Today, these grants are in peril. Recent changes by the federal government, according to Governor Healey's [office](#), could lead to Massachusetts losing out on hundreds of millions of dollars in grants it was guaranteed, particularly in the public health field. Private and state level investment, then, is more important than ever.

ESOs are important to the Commonwealth's economy because of their ability to attract, enhance, and retain talent – and to contribute to the vibrancy of the communities that host them and the state as a whole. ESOs can act as anchors in their neighborhoods, simultaneously driving investment in financial, human, and social capital.

At MACP, our mission as a non-profit and non-partisan policy group is to make Massachusetts a leading state for competitiveness in business investment and job creation. Investment in bold ideas and the people who believe in them – in our state's small businesses and startups – is key to sustained, inclusive growth. ESOs, we believe, have a critical role to play in supporting Massachusetts entrepreneurs, and in making our state the best place in the country to locate a

startup. The ESO model has powerful potential for creating centers of vibrant and sustained growth. As such, these organizations deserve increased attention as innovators that are advancing the state's economic development capacity.

“ESO” is an expansive term, encompassing a wide variety of organizations that empower entrepreneurs to realize their vision. Generally, ESOs provide the support necessary for entrepreneurs to gain critical skills and experience, compete for funding, create jobs, and grow their business. In this report, we use the term Entrepreneurial Support Organizations (ESOs) as an umbrella category encompassing a broad range of organizations that help entrepreneurs start, grow, and scale their businesses. This includes—but is not limited to—incubators, accelerators, and innovation hubs, as well as business development centers, technical assistance providers, co-working communities, and other hybrid or sector-specific models.

While our survey and analysis focus primarily on incubators and accelerators, due to their emphasis on early-stage startup support, we acknowledge that other types of ESOs—particularly innovation hubs like CIC, MassRobotics, Greentown Labs, LabCentral, and the newly launched Mass Mobility Hub—play a critical role in advancing economic development and strengthening the Commonwealth's innovation ecosystem. Many of the recommendations in this report may have relevance across the broader ESO landscape, and future work could explore these additional models in greater depth.

Our survey specifically examined two popular ESO models: business incubators and accelerators. Both are membership-based programs that provide support for early-stage companies, offering access to shared workspaces and professional advising, and opportunities for financing and networking.

More specifically, *Incubators* are programs [typically](#) intended for infant companies, or motivated entrepreneurs who may still be designing a new business. Most startups stay in the incubation phase for several months and may remain with the ESO for 2-3 years. The [objective](#) of the incubator, typically, is to assist companies in preparing everything they would need to stand up on their own: a minimum viable product or service, a business model and marketing strategy, and access to investment, for example.

Accelerators support more mature organizations, [often](#) in cohort programs. Businesses that participate typically have completed much of the planning that would happen in an incubator and are instead looking for support with the next big step, which might be going to market, scaling up, or becoming stable. Tenure in an accelerator is shorter than in incubators, usually lasting a year or less.

2A. The role of ESOs in Massachusetts and nationwide

MACP estimates that there are more than 60 ESOs in Massachusetts as of early 2025. These ESOs vary significantly in scale and organization. Some are international, multi-million-dollar hosts of co-working spaces; some are sponsored by local economic development councils or exist within other companies or research institutes; and some are the result of passion projects, with small teams focused on addressing niche issues.

Nearly half of the ESOs identified by MACP were creations of or had some significant relationship with a university in Massachusetts. All but one of Massachusetts' state colleges – including the four undergraduate-serving UMass campuses, and the UMass Chan School of Medicine – host some kind of entrepreneurship or innovation center or program. Most of these function like small business incubators for student ventures, and they all engage to some degree with local entrepreneurs, with some being significant leaders among ESOs in the state. These centers typically offer opportunities or competitions for grants and seed money, collaborative workspaces, and exposure to professional experience. At least 15 private universities in Massachusetts sponsor similar programming, though fewer are focused on offering their services off-campus.

The early support ESOs can provide is critical for a startup to succeed. In 2021, just over 82% of new Massachusetts startups survived for at least one year – a good figure for the region, but not so high a ranking (#15 overall in 2021) when compared to other leading states for startups, like Washington (89%), as [Figure 1](#) shows. Startup survival rate in Massachusetts has hovered around 82% since 2014. At that time, Massachusetts was the standard-bearer. Today, Massachusetts is no longer a leader in these categories. The Commonwealth also lags in other significant indicators: Massachusetts startups, for example, create an average of 4.47 jobs, to Florida's 6.53, or Colorado's 6.09.

Fig. 1: Selected indicators of startup success among the 50 U.S. states and D.C. in 2021.

Category	Rate of New Entrepreneurs	Opportunity Share of New Entrepreneurs	Startup Early Job Creation	Startup Early Survival Rate
Ranking	Percent of population that starts a new business	Percent of new entrepreneurs who created a business by choice and not necessity	Average number of jobs created by startups in their first year (normalized by population)	Percent of new startups still active after one year
1	Florida (0.61%)	Arkansas (93.06%)	Florida (6.53)	Washington (89.17%)
2	New Mexico (0.55%)	Utah (91.4%)	District of Columbia (6.46)	Illinois (84.8%)
3	Georgia (0.55%)	North Dakota (91.29%)	Montana (6.14)	Iowa (83.75%)
4	Oklahoma (0.44%)	Idaho (89.33%)	Idaho (6.11)	Indiana (83.59%)
5	California (0.43%)	Iowa (86.88%)	Colorado (6.09)	Pennsylvania (83.33%)
...				
Massachusetts	#38 (0.27%)	#49 (68.74%)	#21 (4.47)	#15 (82.09%)

Source: Kauffman Indicators of Entrepreneurship, Early-Stage Entrepreneurship Data Tables (2021).

Why is this? These indicators may be general, but they point to opportunities for Massachusetts to capture more of the job creation and investment seen in other states. Massachusetts has already laid a strong foundation for innovation and entrepreneurship—this report simply explores how the state can extend that leadership even further. In addition to broader challenges such as the high cost of living and doing business, other states have made notable moves to strengthen their entrepreneurial ecosystems—offering models that Massachusetts can learn from and build upon. Many are making investments in ESOs and building state programs that create strong networks through ESOs of entrepreneurs, investors, community organizations, and institutions of higher education.

This report seeks to address that trend and considers whether increased state investment in ESOs is worthwhile by analyzing government programs in Massachusetts and other states. Together with input from 25 leading business incubators and accelerators from across the Commonwealth, this information is used to recommend new and enhanced strategies for supporting entrepreneurs in Massachusetts.

2B. Are incubators and accelerators effective?

Studies of incubators and accelerators have generally documented positive outcomes. According to a 2024 [review](#) by the Congressional Research Service (CRS), for example, most research has shown “high-level benefits” to participation in ESOs.

Among incubators specifically, one study showed that they tended to be more successful either in “dense urban areas with significant industry specialization,” allowing participating startups to benefit from relevant concentrations of talent and funding, or in “rural areas with highly diversified economies, where there may be less competition,” according to CRS. Another [study](#), published in *Economic Development Quarterly* in 2015, found that incubators “have a significant positive impact on firm job creation,” and that incubator participants receive business services at five times the rate of non-participants.

Accelerators, too, have been found to improve a startup’s chances of securing funding and surviving in new stages of growth. Indeed, according to the CRS analysis, multiple studies concluded that accelerator alumni were “able to raise venture funding more quickly and in higher amounts than startups that did not” – 50-170% more. Other research, which focused on regional economic development effects, found that the presence of an accelerator can lead to increased startup investment and venture capital deals region-wide, “and not just for participating businesses.”

Equity-focused ESOs can have an important impact: like [one women-centered](#) organization in Canada, which enabled women entrepreneurs to build gender and social capital – developing, in part, a way to address the significant gender gap in business ownership. ESOs have also been [shown](#) to be effective in supporting entrepreneurship-based sustainable development efforts.

In Massachusetts specifically, ESOs are generally understudied. MACP hopes to establish a baseline of information through this report. Still, the evidence suggests that in Massachusetts, incubators and accelerators can intervene to ensure that startups which choose to locate here are as competitive as possible.

3. SURVEY OF MASSACHUSETTS ESOs

3A. Economic Impact

In a survey¹ conducted between October and December of 2024, MACP contacted 32 of the most active business incubators and accelerators from across Massachusetts. Twenty-five replies were received, offering a representative sampling of the impact these organizations have on the Massachusetts economy. The survey shows that the respondents:

- Currently assist or host 2,893 entrepreneurs and businesses
- Have nearly 15,000 alumni
- Directly employ – the ESOs themselves – 493 people
- Have a combined budget north of \$80 million
- Have invested some \$234 million in capital expenditures in Massachusetts
- Have helped grow companies which have created approximately 91,000 jobs
- Have served a sample of 10 companies which, combined, went on to raise over \$92 billion.

The organizations surveyed were diverse. Three were private, for-profit ESOs, while the rest were non-profits. Four were based out of public universities. Every ESO had some kind of specialization, like robotics, life sciences, or food. Others had a particular focus on justice, by empowering women entrepreneurs, for example, or supporting ventures started by underrepresented and historically disadvantaged groups. Many are instrumental to local job growth and internship creation. The entrepreneurs they nurture are leaders in addressing some of the foremost challenges our world faces – and in opening businesses in our downtown storefronts.

3B. Insights

MACP’s survey also included open-ended questions, asking ESO leaders what they would “enhance or change” to advance their mission, and what kinds of support would be useful in carrying out their program.

The most widely shared issue for the ESOs surveyed is access to capital, with more than a dozen respondents writing that this is the primary limiting factor to carrying out their vision. While

¹ Appendix A contains a list of the survey questions sent to each ESO. Appendix B is a list of the 25 respondents.

ESOs expressed appreciation for state and federal funding they currently receive, many also identified opportunities to build on that support to meet the evolving needs of startups. Many who pointed specifically to resource constraints acknowledged that their situation is not unique, but saw funding as critical, nonetheless. One leader said she would spend additional capital on full-time staff, including a fundraising team. Another hoped to eventually raise an endowment. A third said that the landscape is difficult for startups to navigate, and wished for a “one stop shop” that could explain funding availability in plain terms.

Others hoped for better ways to directly support the organizations they host. Several wrote that access to small amounts of funding – tailored to small businesses, like startups – can be hard to come by. But that capital is critical, particularly for new companies that need to generate early data “which will, in turn, attract angel and venture capital funding,” said one respondent. Others said they needed more funding to support residencies, with one hoping for a grant which could allow them to provide free support to one organization of their choice each year. A leader at an ESO based at a UMass campus said that more resources were needed for “value-added services, such as IP assessment, pitch prep, venture building, [and] analysis.” And one ESO wrote that affordable “fractional professional services,” like bookkeeping, are particularly difficult to find for their startups.

Some responses suggested that, in many ways, the non-profit model is limiting for incubators and accelerators. It makes growth difficult to manage, according to one ESO leader. Several respondents said that balancing program development with fundraising was particularly challenging. And operating as a non-profit has limitations for raising capital that are difficult to reconcile with the cutthroat and sometimes unpredictable nature of the startup landscape, they added. Despite these challenges, there appeared to be little interest in moving away from non-profit status. Just one respondent had converted his non-profit ESO to a for-profit model. A solution to address this limitation, some wrote, would be increased access to opportunities to get in front of private funders and foundations to solicit donations.

Non-profit ESOs may be inclined to retain their 501(c)(3) status because many of them are mission driven. For example, several respondents with ESOs focused on eliminating structural

barriers to entrepreneurship access said they hoped for more state funding to accomplish that mission.

On higher education's role, some suggested that the relationship between colleges, universities, ESOs, and private industry is not as strong as it could be.

One of the most common suggestions from the respondents was that the state should offer more direct support to, and incentives for, ESOs. Several respondents agreed, saying that the offerings in the state were not robust enough to support the type of ESO and concurrent startup growth that it is possible to achieve here in Massachusetts

4. RECOMMENDATIONS

As MACP's survey reveals, incubators and accelerators across the state are foundational in the Massachusetts innovation ecosystem. ESOs, thanks to their staff and the entrepreneurs they host, are vibrant economic centers that weave together talent, expertise, and resources. They create and sustain robust growth in communities across the Commonwealth, expanding access to entrepreneurship for everyone.

Engagement with ESOs reveals the significant successes they have nurtured, but also the significant challenges they face going forward. Capital is difficult to secure; other states are out-competing Massachusetts in attracting entrepreneurs; and the state's innovation ecosystem can be challenging to navigate. The Commonwealth has begun making strides to address these issues through new commitments to recognizing and cementing the role of ESOs in the state's innovation ecosystem. Central among those commitments is the Mass Leads Act, an economic plan authored by the Healey-Discroll administration and enhanced by the Massachusetts Legislature. The Act set aside funding for expanded [climate tech](#) priorities and an [AI hub](#), among other important economy-advancing initiatives. Now is the perfect time, then, to capitalize on these commitments and push for expanded and continued support for the broad array of ESOs.

While this report's recommendations are informed by a survey and analysis focused on incubators and accelerators, we recognize that many of the same support structures—such as flexible funding, coordinated state engagement, and public-private collaboration—are also vital

to other types of Entrepreneurial Support Organizations (ESOs), including innovation hubs, business development centers, and hybrid models. As Massachusetts works to strengthen its entrepreneurial ecosystem, it will be important to ensure that policies and investments reflect the full diversity of organizations supporting innovation and economic growth across the Commonwealth.

With its strong foundation, Massachusetts can further distinguish itself as a leader in supporting entrepreneurial ecosystems. To that end, MACP has prepared the following recommendations, developed through research on and conversations with ESOs in Massachusetts. Informed by previous MACP studies and considered against successful programs in other states, MACP intends for these recommendations to help chart a course for policymakers who share a mutual vision: that ESOs have enormous and proven potential as drivers of the innovation economy.

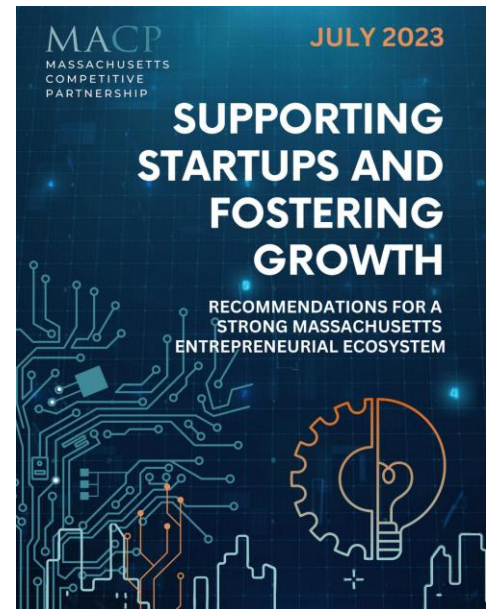
4A. Ecosystem Development

Improving connections among ESOs is one of the most important immediate steps Massachusetts can take to strengthen its competitive position and support its entrepreneurs. ESOs surveyed by MACP frequently listed this as a top priority.

The innovation network in Massachusetts, while strong, is fragmented, isolated, and regionalized. ESOs here overwhelmingly see themselves as collaborators and are infrequently in competition with each other. Many told MACP they were looking for more opportunities to expand partnerships and grow networks. To support innovation in all corners of the state,

entrepreneurs and the ESOs that support them should be brought together through more formalized professional connections.

Many other states with successful ESO support programs have created networks or associations that unite business incubators and accelerators and connect them directly to startups. These associations often have their own websites, media, and staff, making resources easy to understand and access for interested entrepreneurs. Their functionality as “one stop shops” is something ESOs in Massachusetts said the state lacked. Indeed, MACP has previously recommended, in a [July 2023 report](#), that a “one-stop startup resource and advisory center” be established. This report reiterates that recommendation, with renewed confidence in ESOs as well-equipped to support and steer emerging startups toward success.



4B. A vision for a statewide network of business incubators and accelerators

Massachusetts would do well to carefully study successful programs in other states that bring together resources to support entrepreneurs and replicate such a program here, infused with the unique expertise and resources the Commonwealth has to offer.

Take the model of Kansas: in a more hands-off approach, that state’s legislature established an independent, non-profit Center for Entrepreneurship, now called [NetWork Kansas](#). Receiving some funding from the state – though primarily through an [entrepreneurship tax credit](#) – the organization connects entrepreneurs to each other, training opportunities, capital, and ESOs statewide. NetWork Kansas provides financial support and expertise both to entrepreneurs directly and to communities across the state through its [Community Partnership](#) programs. In 2024, the NetWork had 75 partnerships in Kansas communities and had disbursed more than 1,000 loans since the program’s creation in 2009. NetWork Kansas also delivers on its promise to support entrepreneurs statewide through a network of over 600 partners.

Other states, like New York, choose to administer programs directly. It does this through NYSTAR – Empire State Development’s Division of Science, Technology, and Innovation – which issues [official designations](#), or “certifications,” for incubators in New York. Empire State Development credits this “network of support” for creating “a culture of innovation and success around the state, thanks to ground-level services that make a dramatic difference in a startup company’s next steps.” NYSTAR has certified 20 business incubators and 10 “regional hotspots.” The “certified” designation is given for a period of [five years](#). ESOs apply through New York’s [Consolidated Funding Application](#), which is comparable to the Community One Stop for Growth portal in Massachusetts. The primary benefit of NYSTAR certification for ESOs is improved access to guaranteed funding. The name recognition and credibility that comes with being essentially endorsed by New York State goes a long way, too, as the language on [this](#) website suggests.

Many of these certified incubators and hotspots are located at universities in New York, both public and private, including Cornell, NYU, and several SUNY campuses. Beyond just incubators, NYSTAR financially supports more than 70 innovation centers, the vast majority of which are ESOs. Among these are five accelerators which make equity investments in startups. The certification is just one of NYSTAR’s nine programs and initiatives, which together send a clear and united message: New York’s Development Corporation is serious about innovation and entrepreneurship.

Massachusetts will benefit from a dedicated network that connects entrepreneurs, ESOs, and resources, supported by both state and private sector expertise. This effort would not replace what’s working—it would amplify existing initiatives like the Massachusetts Founders Network and provide a broader structure for collaboration.

Ideally, this network would foster not just access to funding and advising, but also meaningful connections among peers, mentors, and industry leaders. It would bring together ESOs of all sizes, serving both startups at the cutting edge and small businesses on the Commonwealth’s main streets. This new professional community, modeled off best practices from other states and adapted to meet the Commonwealth’s needs, might be analogous to the existing Community One

Stop for Growth. Entrepreneurs and ESOs need a similar, singular resource that makes available everything Massachusetts has to offer.

The closest thing the Commonwealth currently has is the Massachusetts Founders Network (MFN), an organization connecting startup leaders across the state. [MFN](#) was started at and is based out of Lever, a North Adams-based ESO (surveyed by MACP for this report), and it receives state funding through the Massachusetts Technology Collaborative. At its launch, MFN was an ambitious attempt to bring the kind of connectivity among entrepreneurs which other states enjoy to Massachusetts. In many ways, with help from the state, MFN has succeeded. MACP recommends that MFN be fully built out as part of a new effort to create a comprehensive network for ESOs. Additional partnership opportunities with the private sector should also be explored.

Another way to address the needs of Massachusetts entrepreneurs would be to form a state-level ‘ESO Council,’ perhaps headed up by the Executive Office of Economic Development. That agency could lead the coordinated and expanded emphasis on ESOs with representatives from other important ESO-serving entities, like the Massachusetts Technology Collaborative, MassDevelopment, MassVentures, the Office of Business Development, the Office of International Trade and Investment, MassCEC, and MassMEP. Together, this ‘Council’ could set an agenda for ESO policy statewide, collaborating with partners such as MFN, or with other private networks of startup leaders.

Such a group might be able to help provide organizations like MFN with the resources and expertise necessary to develop a new and industry-wide professional community, modeled off best practices from other states and adapted to meet the Commonwealth’s needs. It could also help to provide information about, and improve access to, state government. This program might be analogous to the existing Community One Stop for Growth, or the state’s Business Front Door [site](#), which shows great promise. Entrepreneurs and ESOs need a similar, singular resource that makes available everything Massachusetts has to offer. The Business Front Door, or a site like it, might be the right place to locate that resource.

MFN is one of the few organizations which has attempted to compile a comprehensive list of ESOs in Massachusetts, but no official statewide directory currently exists. In contrast, states that

centralize this information have a clear advantage in attracting and retaining entrepreneurial talent. Establishing a state-supported ESO network would create an opportunity to develop this resource—enhancing visibility, informing policy, and making Massachusetts more accessible to startups.

Finally, a cultural shift may be needed to fully unlock the potential of Massachusetts’ startup ecosystem. Some ESO leaders shared with MACP that the current environment feels more risk-averse than in the past (and Boston has long had a reputation for being more cautious than places like Silicon Valley) which can make it harder to incubate, accelerate, and champion new ventures—especially compared to peer states or bold, fast-moving cities. ESOs play a critical role in nurturing entrepreneurial success and should be recognized and celebrated as key contributors, much like great coaches behind winning teams. A statewide ESO network could help foster this culture of recognition and ambition.

4C. Role of the private sector

The private sector is an essential player in the innovation and entrepreneurship ecosystem, and should not be left out of the conversation. The state should consider convening a discussion with individual companies, as well as organizations like MACP, to consider how private corporations might match the resources the state is investing in ESOs.

ESO leaders reported to MACP that, in many ways, the private sector’s interest in startups and ESOs has changed significantly over the last decade. At one time, there was greater interest in supporting early-stage startups (the type which would benefit from incubator membership). The theory went, survey respondents said, that many well-to-do companies were proud to associate themselves with ESOs and innovative startups, as a service to the wider ecosystem. When early-stage startup investment is strong, Massachusetts can better retain the exceptional talent it develops and attracts. Today, some ESO leaders observed that the appetite for service is gone, with greater focus placed on return on investment. The same might be said for late-stage startups, ready to stand up on their own, but in need of financial support or advising. Greater support is needed at all stages of the ecosystem lifecycle.

In addition to financial investment, the private sector has valuable opportunities to support the innovation ecosystem by helping fill critical non-monetary gaps—offering expertise, mentorship, infrastructure, and other resources that startups need from early-stage ideation through growth and scaling. For example, the companies could share staff, in addition to space, to help advance the work of entrepreneurs. They might also open up markets, provide financing and contracting opportunities, and offer ancillary services like human resources or financial management.

For example, MassMutual, a MACP member, made such a commitment to MassChallenge, providing both [physical space](#) and [financial support](#), in the healthtech and fintech industries. Another success story: in 2024, [BXP](#) partnered with the Mass Mobility Hub, providing space in one of its Waltham properties for the organization, which focuses on innovation in transportation.

4D. Involving higher education

Colleges and universities in Massachusetts have long played a foundational role in the state's innovation ecosystem, and today, with many offering entrepreneurship programs and hosting their own ESOs, higher education continues to be a vital and evolving part of the landscape. Consider, for example, a recent [partnership](#) between Bentley University and the City of Waltham, who together launched an accelerator for local businesses in December of 2024, with funding secured from a federal grant.

Given the state's strong track record of convening diverse stakeholders around economic development priorities, it should consider connecting with the Association of Independent Colleges and Universities in Massachusetts, as well as the UMass and Massachusetts State University system, to conduct a review of the entrepreneurship landscape in higher education in the Commonwealth. Opportunities to promote collaboration and accelerate the work on campus could be considered, in order to advance partnerships between universities, ESOs, and the communities and regions which host them.

4E. Funding

Access to capital – through grants, loans, and other means – is the most common issue for ESOs in Massachusetts, according to MACP’s survey.

The Commonwealth offers several valuable avenues of financial support for ESOs, particularly in strategically important sectors like climatetech—demonstrating a smart, targeted approach to advancing key industries. However, this sector-specific focus can leave other parts of the innovation ecosystem with more limited access to general funding. Expanding support more broadly would help ensure that promising startups across all sectors have the opportunity to thrive. As the Commonwealth considers its entrepreneurship strategy, it may be worthwhile to consider holistic approaches, including regional development initiatives, that can be found in other states. In Michigan, for example, the Michigan Economic Development Corporation created “SmartZones,” a [program](#) to organize, promote, and fund ESOs. SmartZones are regional clusters “where technology-based firms, entrepreneurs, and researchers locate in close proximity to all of the community assets that assist in their endeavors,” with each being centered around a core institution, like a non-profit business incubator or entrepreneurship program at a state university. (For example: Ann Arbor Spark, a large ESO near the University of Michigan.)

SmartZones are generally focused on accelerators that lead to technology commercialization, though the program more broadly creates an endorsed and accessible network of ESOs offering a variety of services to assist entrepreneurs. There are 20 SmartZones located across Michigan. Other organizations, like the Michigan Small Business Development Center, make funds available to ESOs through the SmartZone network. Michigan SBDC’s Business Accelerator Fund offers as much as \$50,000 to companies located in SmartZones to access services that their host ESO may not be able to provide, with the intention of making each zone as competitive as possible, regardless of its location in the state.

In 2023, Michigan’s legislature approved a one-time investment of \$75 million in SmartZones, appropriated from federal ARPA funding. Soon after, Governor Gretchen Whitmer [announced](#) that the vast majority of that investment would be distributed to 27 organizations across Michigan’s SmartZone regions, with each [serving](#) as an “entrepreneurial hub.” Given as a grant, each hub received \$2.7 million on average. This significant investment targeted industries that

are also of great interest to Massachusetts: climatetech and advanced manufacturing, through programming “designed to meet regional needs as well as economic competitiveness measures.”

Ohio provides direct and indirect support to ESOs through its \$2.1 billion economic development plan, [Third Frontier](#). The state offers direct funding through a competitive process through its Entrepreneurial Services Program. Like Michigan and New York, Ohio also has its [own](#) “hub” strategy, which it calls “Innovation Hubs”: a designation for large, research-focused institutions that drive economic development and enable technology commercialization. This program mobilizes some \$125 million, with \$35 million available per major applicant. The hubs are typically regional groups that have developed a coalition of public and private partnerships. For example, Dayton, Ohio was [selected](#) in 2024 as an Innovation Hub, with funds allocated to build a new facility for the “digital transformation” of the assets of the U.S. Air Force. That project would redevelop a former county fairgrounds site, with state leaders predicting an economic impact of \$500 million and 2,000 new jobs. The state of Ohio itself committed \$35 million to the Dayton Innovation Hub, with an additional \$50 million in support from local governments and the private sector.

Third Frontier also [sponsors](#) an “Early Stage Focus Fund,” which provides capital to small businesses owned and operated by women or minority Ohioans, distributed through investment firms. Focus Fund dollars are intended to be spent in communities which do not typically benefit from the attention of venture capitalists. Ohio’s Department of Development has committed to offering over \$36 million for this fund. Another program, the Ohio Venture Fund, is like the Early Stage Focus Fund, though it has fewer restrictions (serving woman- or minority-led/owned companies is a stated priority but not a condition for funding). This program makes \$75 million available for as many as 15 awards. It requires a 1:1 cost-share, and that more than 50% of employees of the applying business must live in Ohio.

New York’s funding model, through NYSTAR, should also be considered. New York invests directly in the incubators and accelerators it certifies through its Business Incubator and Innovation Hot Spot Program. New ESOs are added regularly to the list: in 2022, ESD designated three new centers, which together received \$1.875 million in grants to support operational costs. NYSTAR directs about \$10 million in federal and state funding towards the

programs it supports, while NYSTAR itself typically provides grants totaling \$125,000 annually to each of the ESOs it certifies. According to NYSTAR, the certification program has created 978 jobs and retained 1,004, and generated over \$550 million in new revenues, investments, grants, improvements, and savings.

4F. Existing funding mechanisms in Massachusetts

The Commonwealth has demonstrated a clear commitment to supporting entrepreneurship and the ESOs that power innovation across the state. Through a range of programs, Massachusetts has laid important groundwork to help startups grow, connect to resources, and contribute to regional economic development. While this report calls for expanded and more coordinated investment, it is intended to build on the impactful work already underway and to help ensure that Massachusetts remains a national leader in this space. MACP has identified seven significant programs which the Commonwealth sponsors to support ESOs. Three of these are focused primarily on physical infrastructure, like building or acquiring space, and furnishing it appropriately.

Among them are the Collaborative Workspace Program (CWP), a grant initiative of MassDevelopment, the state's land bank and development financing agency. In [FY2023](#), the program provided some 39 grants totaling nearly \$1.2 million across 25 communities in Massachusetts. The state's definition of collaborative workspaces includes ESOs – like incubators, accelerators, and innovation centers – as well as other models, like makerspaces and artists' collaboratives.

CWP offers two types of grants from which ESOs benefit: Seed grants and Fit-Out grants. Seed grants are intended for “predevelopment costs including feasibility studies and design work,” and are capped at a maximum amount of \$15,000 per award. Fit-Out grants are used to fund capital improvements to an existing coworking space. In 2024, Pittsfield's Berkshire Innovation Center used a \$50,000 CWP grant to add a new space at Mass MoCA, in North Adams.

Massachusetts also directs funding to ESOs through broader economic development programs, like MassWorks, which provides significant support for infrastructure investment to municipalities and public agencies. This funding is irregular, however, as ESOs are not frequent

targets for investment. Most projects supported by MassWorks involve improvements to the built environment, [specifically](#) for developments which “result in direct and immediate job creation and... support economic development in weak or distressed areas.” In the [2023](#) round of grants, MassWorks provided \$91 million to municipalities across the Commonwealth. A small part of that funding has occasionally been leveraged by municipalities to support ESOs. For [example](#), in 2018, the City of Boston received a \$2.5 million MassWorks grant which it used to help MassRobotics more than double its built-out square footage at its site in Boston’s Marine Industrial Park, adding new offerings for member entrepreneurs, and creating a new public event space.

Other programs provide funding more directly to entrepreneurs, often tailored to specific industries. For example, funding initiatives like the Massachusetts Clean Energy Center’s (MassCEC) Technology to Market program offer support to startups in the climatetech sector. MassCEC’s Innovation Ecosystem Program makes available as much as \$175,000 to Massachusetts ESOs for “specific activities with the goal of growing the climatetech innovation ecosystem and commercializing early-stage climatetech startups.” MassCEC also sponsors the Massachusetts Climatetech Studio, a 16-week accelerator it runs in collaboration with FedTech, a venture firm that commercializes R&D initiatives from universities and federal agencies. MassCEC’s other programs provide capital support to startups, although that funding isn’t necessarily targeted at companies located in ESOs.

Similarly, in the life sciences sector, the Massachusetts Next Generation Initiative (MassNextGen)—a partnership between the Massachusetts Life Sciences Center (MLSC) and industry sponsors such as Takeda—provides grant funding, mentorship, and visibility to entrepreneurs from underrepresented backgrounds. Since its launch, MassNextGen has supported over 30 founders, facilitated the creation of more than 100 jobs, and helped participating companies raise over \$365 million in follow-on funding. The program serves as a successful example of targeted, public-private investment aimed at expanding access to capital and opportunity within a key innovation industry.

Massachusetts also supports startups in the robotics, AI, and advanced manufacturing sectors through the Massachusetts Manufacturing Innovation Initiative (M2I2). To receive these grants,

for-profit companies that apply must be partners of a nonprofit, like an ESO or university. The projects that receive funding are also required to align with the work of one of the 14 Manufacturing USA Institutes. Manufacturing USA is a federal program established in 2014, with institutes specializing in industries such as biofabrication, sustainable manufacturing, and process intensification. One of these institutes, Advanced Functional Fabrics of America, is based in Cambridge, Massachusetts. Since 2015, the M2I2 program has invested nearly \$90 million statewide. In 2024, over \$10 million were distributed to 13 companies, like SolaBlock, a Pittsfield company which received more than \$200,000 to collaborate with the Berkshire Innovation Center. Another example: Multiscale Systems, a Worcester-based company which received a \$1.1 million grant to fit out a new manufacturing facility, in partnership with Quinsigamond Community College and Venture Forum, a Worcester ESO.

One of the state's newest initiatives is Sector Spark, a grant opportunity that focuses on providing funds directly to ESOs, and not just through them. According to its inaugural request for proposals, Sector Spark offers programming grants of up to \$200,000 to support operating funds for startup-supporting ESOs working in tech. Additional infrastructure grants, capped at \$2 million, are also available to “improve the infrastructure, equipment, or resources necessary to effectively support the programming.” Incubators and accelerators are priority ESOs for consideration for companies working in industries like AI, fintech, and marine technology. The [first round](#) of Sector Spark funding was announced in March of 2025, with three \$200,000 awards being made to Massachusetts ESOs. LabCentral, in Cambridge, was awarded just shy of \$2 million to build out a program to apply AI to biotech. MACP applauds the Healy-Discroll administration for making this commitment.

Novel, ESO-focused programs like Sector Spark demonstrate the Commonwealth's growing commitment to strengthening the entrepreneurial ecosystem, and they offer a strong foundation for capital and operational support. At the same time, the current landscape of support—while meaningful—is spread across multiple programs and agencies, which can make it harder for ESOs and entrepreneurs to navigate and rely upon for program planning purposes. There is an opportunity to bring these efforts together through a more unified and strategic approach to funding and coordination to maximize impact and maintain Massachusetts' competitive edge,. The state has already had some considerable success in promoting the role of ESOs. Take the

Berkshire Innovation Center, for example, in which Massachusetts directly [invested](#) over \$12 million, through the Massachusetts Life Sciences Center and MassDevelopment. Today, the BIC hosts more than 50 startups and is a regional engine of entrepreneurship and innovation, filling a gap in an important region where industry leaders had been calling for investment for years. This kind of strategic, place-based investment demonstrates the impact ESOs can have when supported—and it serves as a strong example of the type of commitment that could be replicated across the Commonwealth.

4G. A new model for state ESO funding in Massachusetts

To better support the missions of ESOs across Massachusetts, the Commonwealth should make an increased financial commitment through a new program to support innovation and entrepreneurship. Such a commitment would strengthen ESOs and allow them to better plan for future investments that will ultimately benefit startups and the state’s economy.

The Executive Office of Economic Development (EOED) may be the organization best suited to host a new, holistic support system for ESOs. EOED already has relationships with the relevant agencies, including “quasi-public” entities like MassDevelopment, which [already](#) successfully manages contributions to nearly 350 projects annually, investing billions of dollars and creating thousands of jobs. Selecting EOED would also align Massachusetts with best practices in other states, which deliver funding to ESOs through similar agencies.

Three types of funding will be needed: operational funding for ESOs; capital funding for ESOs; and a stream of funding for startups delivered through ESOs. Some capital funding is already provided through Collaborative Workspace, MassWorks, and Sector Spark grants. Other programs provide targeted capital support to select industries. Through M2I2 and MassVentures, some startups associated with ESOs receive support directly from the state. Even together, however, this slate of funding opportunities is disorganized, challenging to access, modest when compared to what other states offer, and insufficient to unlock the full potential of ESOs.

To establish a new ESO support program - through EOED, for example - the Commonwealth should commit \$100 million over a ten-year period. The funding could be delivered through a coordinated state program which ESOs, or startups affiliated with one could apply directly. Such

an investment would create an initiative like NYSTAR's Business Incubator and Innovation Hot Spot Program. NYSTAR's model provides the same amount of funding to each ESO it certifies but if Massachusetts were to replicate this, it should adapt this model to better suit its needs. For example, the Commonwealth may find it necessary to be more flexible with the amounts of funding it makes available, to better serve ESOs of all sizes. (After all, as MACP's survey reveals, the scale of ESOs can vary wildly.) In implementing this new program, Massachusetts may also determine whether a similar "certification" process would benefit its entrepreneurial community.

To provide greater certainty of stability for ESOs, MACP proposes that each grant be a multi-year commitment. Funding could be provided over two to five years, say, to individual ESOs. The agency charged with distributing the funding would check in annually with the recipients to evaluate their progress, and determine whether adjusted or further assistance would be needed.

A separate fund may also be necessary, in order to help finance larger capital projects. While some significant opportunities exist through Collaborative Workspace grants and MassWorks, capital projects for ESOs are not always the primary focus of those programs. To help fund the next phase of ESO expansion in Massachusetts, it may be prudent to set aside another \$100 million towards the construction or fitting-out of physical spaces. This would provide greater certainty to project proposals ranging between \$5 and \$50 million. This fund would take ESO-focused projects out of competition with other economic development grant proposals, as is currently the case with MassWorks. This state-approved fund would meet the ambition of ESOs seeking to expand both their physical footprint and impact in Massachusetts in order to better attract, serve, and grow startups.

A new, centralized funding system for ESOs in Massachusetts would build on the Commonwealth's existing efforts and make support for entrepreneurship even more accessible, coordinated, and visible to those who need it most. EOED, like agencies in other states, could tie together successful existing programs with new, generalized support mechanisms - like the type of guaranteed funding New York offers. This new program could also do more to help direct federal funding to ESOs and the startups they serve in Massachusetts. State officials, working together with industry experts through the new professional network, could evaluate how to most

effectively balance the various funding sources. Successful initiatives, like the Collaborative Workspace Program, for example, might demand more funding.

Other Opportunities

4H. Increasing the impact of MassVentures

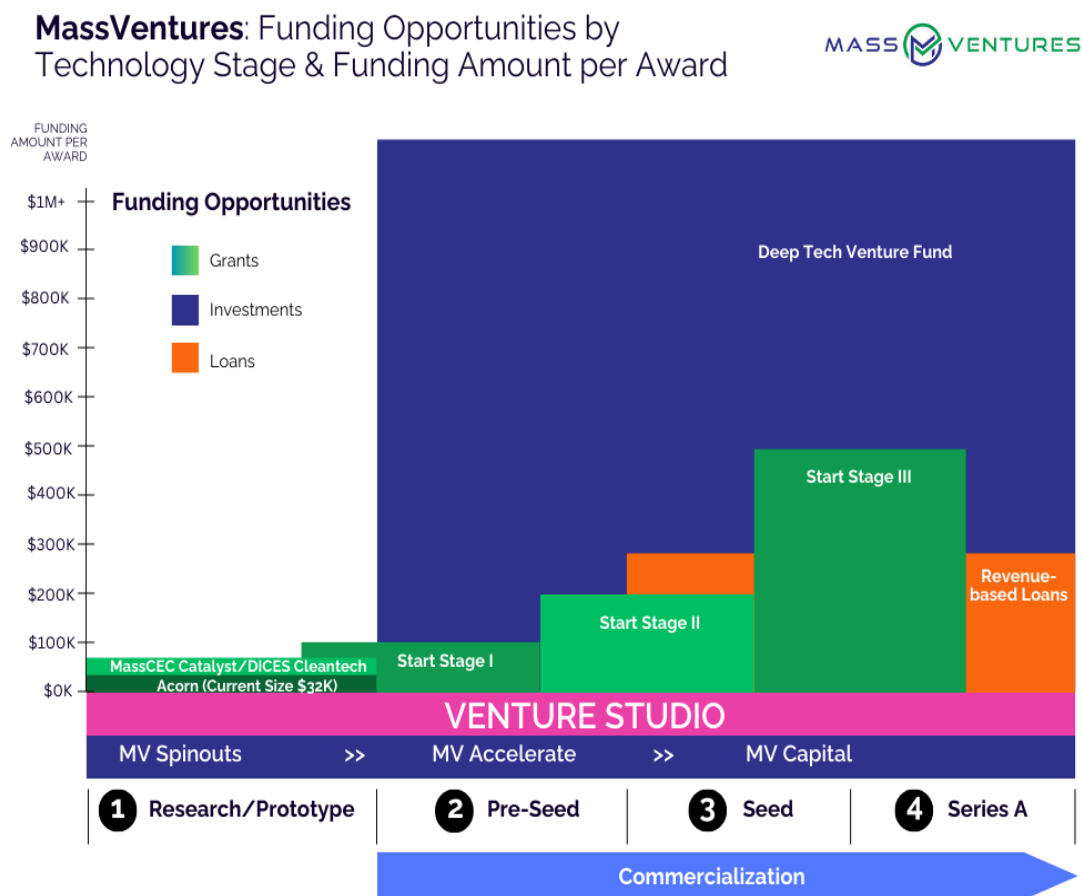
As the state considers the makeup of its ESO initiatives, MassVentures should serve as an intentional collaborator given the alignment of its existing programs with the needs of early-stage entrepreneurs. MassVentures is a state-created venture capital firm which offers loans, grants, and investments to Massachusetts startups, targeting the “deep tech” industry. It does this through three programming phases: MV Spinouts, MV Accelerate, and MV Capital.

MV Spinouts is MassVenture’s general program for technology commercialization, mostly used to support spinouts from a variety of public and private non-profit research institutions, ranging from Harvard University to Hampshire College, and from Brigham and Women’s Hospital to Woods Hole Oceanographic Institution.

MV Accelerate resembles a traditional ESO, offering networking, advising, and educational opportunities to startups. MassVentures operates a Commercialization Accelerator through this phase – a no-cost series of online courses for information startups might receive in an ESO setting. There’s also the Founders School, which encourages underrepresented entrepreneurs to consider Massachusetts as the “optimal” choice for their startup. MassVentures says its Accelerate program supports hundreds of companies annually and has a high rate of success.

MV Capital is supported by a variety of funding sources and annually includes 50-60 startups in its programming. Its focus is largely on technology commercialization, with MassVenture staff targeting “research and early-stage innovations” for conversion into new jobs and profitable businesses. MassVentures says MV Capital has generated over 10,000 jobs and \$3 billion in investments. Funding is distributed through a Venture Fund, and through SBIR (discussed below in “Federal ESO Support Initiatives”) “START” grants, which range from \$100,000 to \$500,000.

Other, smaller grant programs (tens of thousands of dollars) are administered by MassVentures. The organization also co-manages a grant program with MassCEC, Catalyst, and DICES.



As the graphic above suggests, MassVentures is one of the Commonwealth’s most significant startup support initiatives, and much of the quasi-public venture firm’s programming makes it operate much like an ESO would. Similarly to other state programs, MassVentures tailors its investments to suit technology commercialization first and foremost and is not designed to serve the general population of entrepreneurs statewide.

In a new state-supported network for ESOs, MassVentures could take a central role in providing access to the resources and expertise needed to empower entrepreneurs to succeed. For example, its existing, free programming for Massachusetts startups could be used to help create the kind of “one stop” for information and resources which other states provide, and ESO leaders here say

they need. Indeed, if the state itself were to take on a greater role of providing direct support to entrepreneurs and startups, MassVentures already has the infrastructure necessary to do so.

5. CONCLUSION

Massachusetts' success story has always been its ability to tap into innovation and entrepreneurship and bridge different periods in economic history. Our current period, which is undoubtedly challenging and may result in new opportunities, demands, and competition among various jurisdictions seeking to promote entrepreneurship as a means of elevating their economies. That combination of factors seems to require even greater coordination and investment of state and private attention and resources. MACP applauds the steps that the Healey-Driscoll Administration and the Massachusetts Legislature have already taken and hope these recommendations will serve as a roadmap to deepen that impact and broaden access to opportunity.

Future research on the role of ESOs in Massachusetts should explore the impact, structure, and support needs of the broader ESO ecosystem, and in particular, Massachusetts' innovation hubs. These organizations—many of which focus on sector-specific growth, experienced entrepreneurs, and advanced commercialization—are increasingly central to regional competitiveness and may warrant a dedicated policy strategy of their own.

As we build for the newest economy, innovation and entrepreneurship should continue to play an important role in supporting local business and elevating the Commonwealth's stature and share in the new economic landscape that is emerging. Entrepreneurial Support Organizations should be central to that effort.

Appendices

Appendix A: Survey Questions

1. What is your organizational structure? (For-profit, non-profit, public vs. private, etc.)
2. How many businesses do you presently assist or host?

3. How many businesses do you count as alumni?
4. How many employees (FTE equivalents) do you have, what is your annual budget, and how much have you invested in capital expenditures over the time of your existence?
5. If your organization had a “magic wand,” what would you enhance or change to advance your mission?
6. Again using that magic wand, what do you wish was (more) available to support the businesses with which you work?
7. How do you measure success, and can you share what that success may be?

Appendix B: Respondents to MACP Survey

- ABI-LAB
- Berkshire Innovation Center (BIC)
- BLUE Excelerator BX at Blue Institute
- CI Works
- CIC
- Center for Innovation and Entrepreneurship at UMass Dartmouth
- Commonwealth Kitchen
- E for All
- Greentown Labs
- M2D2 and iHub at UMass Lowell
- Innoventure Labs
- Lab Central
- Lever, Inc.
- MassChallenge
- MassDIGI
- MassRobotics
- Massachusetts Biomedical Initiatives (MBI)
- Qubic Labs
- The Engine
- The Enterprise Center at Salem State University
- The Sphere Northampton
- Venture Development Center at UMass Boston
- Worcester BDC Idea Lab
- WorcLab

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