

Impact of the Scalerator NEO

For Burton D. Morgan

Prepared by:

Dr. Shawn M. Rohlin¹

Department of Economics

Director of the Brinzo Center for Entrepreneurship

Ambassador Crawford College of Business and Entrepreneurship

Kent State University

(330) 672-1098

srohlin@kent.edu

¹ Corresponding Author

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Introduction

This report evaluates the economic performance of businesses participating in the Burton D. Morgan Foundation's Scalerator NEO program relative to a matched comparison group of similar firms. The analysis examines participating businesses from 2017 through 2025, leveraging firm-level data to assess differences in employment and sales outcomes over time. To ensure comparability, participating firms were matched to similar businesses based on geography, industry, firm age, and pre-program performance characteristics, including employment and sales levels and growth trajectories.

The analysis uses an event-study framework that aligns firms relative to their year of program participation, allowing for a dynamic comparison of outcomes in the years following engagement. Results are presented both in levels (lvl) and percentage changes (pct). The primary focus of interpretation is on the percentage effects, as these measures smooth variation across firms and mitigate the influence of extreme values, providing a more stable and comparable measure of program impact.

It is important to note that the dataset extends through 2025. As a result, businesses entering the program in 2025 do not yet have observable post-program outcomes and are therefore excluded from the analysis. Consequently, the estimated impacts are primarily driven by earlier cohorts of participants with longer observable post-treatment periods.

The comparison group is composed of businesses located within Ohio, ensuring that both Scalerator NEO participants and comparison firms operate within the same regional economic conditions, legal framework, and regulatory environment. This geographic restriction strengthens the validity of the analysis by reducing confounding factors related to differences in state-level policies, tax structures, and economic cycles. Ohio also provides a sufficiently large comparison pool, with over 1.2 million firms available for matching, allowing for the identification of highly comparable businesses. In additional analyses not shown, the comparison group was expanded to include all Midwest states, and the results were found to be qualitatively similar, providing further confidence in the robustness of the findings.

Results

Employment Effects

Scalerator NEO participants exhibit consistently stronger employment growth relative to comparable firms, particularly over longer time horizons. In the first year following participation, employment growth among Scalerator firms is similar to that of the comparison group, with only a modest difference of approximately 0.9 percentage points. However, the gap widens meaningfully over time.

By the second- and third-years post-participation, Scalerator firms experience employment growth that exceeds comparison firms by approximately 21 to 23 percentage points, indicating accelerated scaling relative to peers. The most pronounced effect occurs in the fourth year, where Scalerator firms demonstrate employment growth approximately 77.6 percentage points higher

than comparable businesses. This represents a substantial divergence in firm trajectories and highlights the program's role in supporting sustained expansion.

At the five-year horizon, Scalerator firms maintain a strong advantage, with employment growth approximately 43.1 percentage points higher than the comparison group. While slightly lower than the peak observed in year four, this still represents a large and economically meaningful effect.

It is worth noting that the somewhat smaller effects observed in the fourth-year comparison group outcomes likely reflect broader macroeconomic conditions, particularly the economic slowdown in 2022, which appears to have affected both Scalerator participants and comparison firms. Despite this, Scalerator firms continued to outperform, suggesting resilience among program participants.

Sales Effects

Sales growth patterns mirror those observed for employment, with Scalerator firms outperforming comparable businesses over time. In the first year following participation, sales growth differences are minimal and slightly negative, reflecting similar short-term performance across both groups.

By the second and third years, however, Scalerator firms begin to pull ahead, with sales growth approximately 13 to 20 percentage points higher than comparison firms. This indicates that program participation is associated with improved revenue expansion in the medium term.

At the four-year mark, Scalerator firms exhibit sales growth approximately 18.7 percentage points higher than the comparison group. Similar to employment, this period coincides with broader economic challenges, which likely dampened growth across all firms. Nonetheless, Scalerator participants continued to outperform.

The five-year results show continued strong performance, with Scalerator firms achieving sales growth approximately 23.1 percentage points higher than comparable businesses. These results suggest that the program's impact on revenue generation is both meaningful and sustained over time.

Business Survival Effects

Business survival analysis was not conducted as part of this study. Notably, all Burton D. Morgan Foundation-supported businesses in the sample remained operational, including those that were subsequently acquired. As a result, there is no variation in survival outcomes among program participants, making a comparative survival analysis infeasible. This outcome, however, is itself notable and suggests a high level of stability and success among participating firms.

Economic Impacts

The increased employment observed among Scalerator NEO participants generates substantial economic benefits for the State of Ohio. Table 2 presents the economic impact of the increased relative employment. Based on the five-year estimated employment impact of 10.97 additional employees per firm relative to the comparison group, the analysis translates these gains into broader economic effects using input-output modeling. The results indicate that the direct employment-driven activity generates the equivalent of approximately \$86.8 million in economic output and \$46.6 million in labor income, supporting 1,152 jobs. When accounting for indirect and induced effects, which reflects supply chain activity and household spending, the total impact rises to approximately \$177.8 million in output, \$101.7 million in labor income, and 2,830 total jobs supported across the Ohio economy. These findings highlight that the employment growth associated with Scalerator NEO participants not only benefits the firms themselves but also produces meaningful spillover effects throughout the broader regional economy.

Another way to examine the effectiveness of program is to calculate the program costs per job created. The table below summarizes the cost-effectiveness of the Scalerator NEO program from 2017 through 2025. Over this period, the program invested approximately \$4.34 million to support 104 participating companies. Based on the estimated five-year employment impact of approximately 11 additional employees per participating firm, the program is associated with the creation of an estimated 1,144 jobs. Dividing total program expenditures by the estimated number of jobs created yields a cost of approximately \$3,798 per job. This compares favorably with many economic development and workforce programs, suggesting that Scalerator NEO has been an efficient mechanism for fostering business growth and job creation among second-stage companies.

Total Cost of Program from 2017 to 2025	\$4,344,507.26
# of companies until 2025	104
Ave # of jobs per company added	11
total Jobs: # business x # of jobs	1144
Cost per jobs	\$3,797.65

Comparing Results to other Program Evaluations of Accelerators

A good starting point for placing the Scalerator NEO findings in context is the recent study A Meta-Analysis Towards the Effectiveness of Startup Accelerators by Seitz et al. (2026). The authors conducted a meta-analysis of 89 accelerator program evaluations, examining a wide range of outcomes including profits, revenues, expenditures, firm valuations, fundraising activity, and other measures of venture performance. Because the studies included in the meta-analysis evaluated many different outcomes, the authors did not report a common percentage impact that can be directly compared to the results presented here. Instead, they estimated a standardized correlation coefficient between accelerator participation and venture performance and found a small but statistically significant positive effect ($r=0.102$). In practical terms, this finding suggests that accelerator participation is generally associated with improved business outcomes, although the average effect across programs is relatively modest. In comparison, the

employment and sales growth impacts observed among Scalerator NEO participants appear substantially larger than the average effects reported in the broader accelerator literature, suggesting that the program generates particularly strong long-term benefits for second-stage businesses.

The closest analysis to for the Scalerator NEO results is a recent evaluation of business accelerators and incubators conducted by Innovation, Science and Economic Development Canada. Using administrative business records and a comparison-group methodology, the study found that firms receiving accelerator or incubator support had employment levels approximately 14% higher than comparable firms during the year of support and approximately 13% higher in the year following participation. The study also found that supported firms generated revenues approximately 13% higher than comparable firms during the support year. It was the only paper that had a similar level of comparison analysis.

In terms of business survival, a paper titled “Incubators, Accelerators and Urban Economic Development” by Madaleno et al. examined 14 accelerator program and found very mixed results when it came to business survival. Specifically, it found 1 positive, 1 mixed, 1 no effect, and 2 negative findings related to business survival. Therefore, finding 100% survival rate (including 1 sale) to be quite abnormal.

Conclusion

The results of this analysis provide strong evidence that participation in the Scalerator NEO program is associated with improved business performance across multiple dimensions. While short-term effects are modest, the program’s impact becomes increasingly pronounced over time, particularly in years three through five following participation. By the five-year horizon, Scalerator firms exhibit substantially higher employment and sales growth relative to comparable businesses.

The most important takeaway from the analysis is the magnitude and persistence of five-year impacts. By five years post-participation:

- Employment growth among Scalerator firms is approximately **43 percentage points higher** than comparable firms
- Sales growth is approximately **23 percentage points higher**
- 100 percent survival rate (1 was a sale)

These findings suggest that the program plays a meaningful role in supporting the scaling of second-stage businesses, contributing to sustained growth and economic impact. The fact that all participating firms survived over the study period further underscores the strength of these outcomes. Overall, the Scalerator NEO program appears to be an effective mechanism for enhancing firm growth trajectories and fostering long-term business success.

References

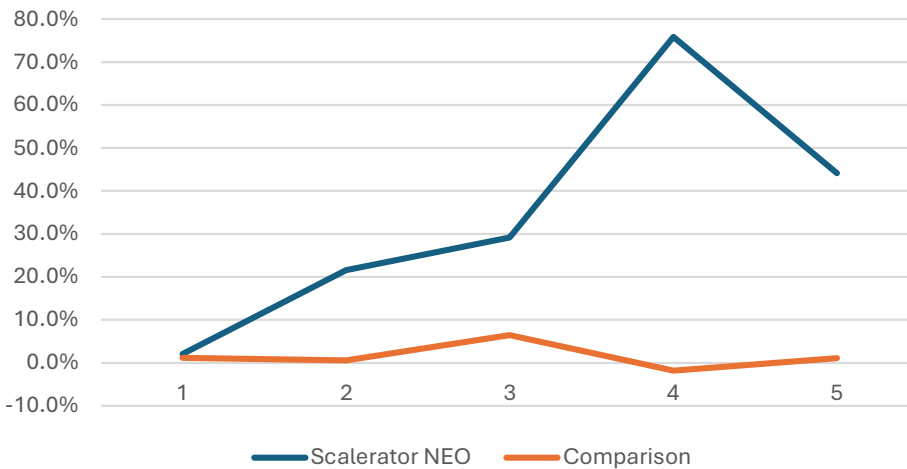
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Table 2: The Economic Impact of the Increased Employment in Ohio

Source	Spending Impact	Earnings Impact	Employment Impact
Direct Effect	\$86,766,719.75	\$46,616,276.41	1,151.60
Indirect and Induced Effect	\$91,026,965.69	\$55,095,476.34	1,678.09
Total Effect:	\$177,793,685.45	\$101,711,752.75	2,829.69

Average Employment Growth Post Scalerator**Average Sales Growth Post Scalerator**