# Businessing the Businessing Strategy of the Businessing St

Volume 1 Issue 2 October 2012 - January 2013

### The Untapped Resource

Harnessing the experiences and expertise of your diaspora

The Hunt

New and reinvented ways of finding promising incubatees

#### The Big Picture

Modelling value capture as the primary focus for evaluation

#### **New Horizons**

A look at Mexico's changing incubation landscape

**PLUS:** A glance at ANCES' activities in Spain, latest network and industry news, incubatee showcase, resource reviews and columns from industry leaders

### Your Partner in Innovation: Strategy, Consulting and Project Management

#### **Innovation Policies and Strategy**



- Design and implementation trans-European and National innovation strategies and policies
- Support to regional authorities, agencies, innovation centres and clusters
- Implementation and evaluation of programs/projects supporting innovation and R&D
- Technological and marketing assessment for the launch of new technologies and their commercial exploitation

#### **Innovation Consultancy Services**



- Specialised in the areas of innovation management, benchmarking, technology transfer, funding schemes, marketing and communication
- Technology transfer and exploitation of academic research results, assisting in the implementation of strategies for the exploitation of R&D results
- Financing / funding schemes advice for financing innovation activities inside organisations and/or public authorities

#### **Project Management for Innovation**



- Managing Innovation and RTD projects
- Support to organisations and public authorities in the management of RTD and Innovation projects
- REDINN is partner of the following EU projects:
  - JOCHERA Jordan Conservation of Cultural Heritage in ERA (FP7-INCO-2011-6.2)
  - FAWIRA Strengthening of Food, Agriculture and Water related International Research Cooperation of Algeria (FP7-INCO-2011-6.2)
  - MoICT Morocco Research Advance in ICT for Water (FP7-INCO-2011-6.2)



Polo Scientifico e Technologico - Business Innovation Centre PST-BIC Livorno S.r.I - Societa a Socio Unico Via dell'Artigianato, 53/55 - 57121 Livorno Tel +32 478 431 458 - www.redinn.it - I.piccinetti@gmail.com



#### The Language of Business Incubation

hat a great privilege it is for those of us who have English as our first language for a magazine such as The Business Incubator to be published in our language. For me, the ability to be able to 'translate', and to be able to know, understand and speak many 'languages' is a cornerstone of best practice in business incubation. A principle that is underpinned by UKBI's Business Incubation Development Framework.

It is widely debated when (and possibly why) business incubation was discovered or invented. However, despite the on-going challenges of those who would seek to re-brand and even hi-jack the concept, it is clear that the 'hard' payback and return-oninvestment (ROI) is significant – as referred to in detail in the first issue of The Business Incubator. Not to mention the 'softer' social, community benefits or the so-called 'ripple' effects.

Despite the unambiguous 'hard' and 'soft' evidence of the added value of true business incubation, it is clear that the concept and practice of business incubation has, and continues to be, misappropriated. Take for example situations where there are buildings - with no added value services (and no desire to acquire such offerings) - that are described as business incubators, or where such facilities do not have the necessary people of the right calibre in place. Undoubtedly, a 'fit-for-purpose' physical facility is important to business incubation clients. But the best businesses (and business incubation environments - as we like to call them in UKBI) also have the best people. And this is not always the case.

As colleagues in New Zealand have been telling us for a long time, our industry is primarily about people...people... But in focussing on this issue, and the paramount need to add value to our clients at every available opportunity, we do not help ourselves in business models that primarily focus attention on real estate. We need to continue to explore new and more innovative business models which focus much more on driving and sharing in the success and growth of our clients, rather than their ability to pay rent.

There has been a lot of discussion in recent years about "accelerators" and also "virtual business incubation" - not to mention "hubs", "huddle spaces", "co-working spaces" etc. Primarily as a type or 'sub-brand' of business incubation, accelerators say they differ from a more 'traditional' model in areas of 'pace' and that they focus on groups of entrepreneurs rather than individual clients. This may be true to some extent, but the best business incubation environments are focussed on 'pace' and 'acceleration' and certainly on adding value by group or 'cohort' or 'peerto-peer learning'. The concept of "virtual business incubation", however, is somewhat different and must not been seen as a cheap alternative to true business incubation - where you can grow potential and client business 'through a portal'. However, in sourcing, attracting and unlocking the best potential, our industry needs to seek out and, at least initially, occupy the space where (particularly) youngsters are exploring and developing their business ideas.

Despite our desire to focus on business incubation, we do, of course, need to recognise that clients often have little or no interest in what our product or service is called – only in that it adds value to their activities. One of our challenges going forward is to ensure that, when helping create new generations of successful innovators and entrepreneurs, more and more of them loudly proclaim "if it hadn't been for the support of my incubator, I would not be where I am today."

Peter Harman Chief Executive, UKBI

Our partners





Cesa I







#### 2013 version now available

>>

Sign up today for a FREE trial and access to the Enterprise Development Social Network

## Looking for effective incubator management software?

#### The Incubator Portal has everything you need to effectively manage:

- · Incubatee progress & performance monitoring
- · Business coaching
- Training events & workshops
- Facilities
- Application & Selection Workflows
- Incubatee Compliancy
- And much more

Sign up for a free trial today

www.incubatorportal.com

#### Engage. Evaluate. Empower.



The Incubator Portal is a fantastic product - we've successfully rolled out the portal across all seven of our incubators... if you're looking for a system to assist with your client administration, monitoring, evaluation and reporting requirements then we can definitely recommend the Incubator Portal

Michael Reddy African Incubator Network Chairman, Furnfech CEO



**GUEST EDITOR** Peter Harman Chief Executive, UKBI

#### PUBLISHING TEAM

Publisher David Tee david@theIncubatorMagazine.com

Managing Editor Sangeetha Shinde sangeetha@theIncubatorMagazine.com

Art Director Necdet Sahin necdet@theIncubatorMagazine.com

Business Development Stephen Gardner stephen@theIncubatorMagazine.com

Content Adviser Giordano Dichter giordano.dichter@ebn.eu

Research Cédric Hananel, Shenaz Kuruvilla, Nathalie Marchand

Photography Prashant Menon

#### CONTRIBUTORS

Marcelo Diaz, Giordano Dichter, Autumn Gorman, Ana Greif, Alexia Hengl, Wissam Rabadi David Tee, Olivier Tomat, Philippe Vanrie

MORE INFORMATION www.theIncubatorMagazine.com

#### CONTACTS

Editorial & Media editor@theIncubatorMagazine.com

Advertising & Sponsorship sales@theIncubatorMagazine.com

Images

Front page: Elovich/Shutterstock.com Back page: Maksim Shmeljov/Shutterstock.com

ISSN 2050-1463 (print) ISSN 2050-1471 (online)

Printed at Buxton Press Limited, Derbyshire, United Kingdom

© 2012 Incubation Worldwide Ltd The Business Incubator is published three times a year by Incubation Worldwide Ltd. Registered office at 107 Cheapside, London, EC2V 6DN, United Kingdom. Registered in England No 8028147 www.IncubationWorldwide.com Tel: +44 20 8144 6471



The launch of The Business Incubator was a bigger success than any of us imagined. The EBN Congress in Finland was the perfect launchpad and it gave us the opportunity to network with a huge base of supporters, who have now officially endorsed us and become a part of The Business Incubator family. Thank you to all the wonderful networks and organisations who now have their logos on our pages... we welcome you and look forward to a rewarding association, one that supports the excellent work being done in the field of incubation, globally.

We have tried, again, in this issue to present an international view of all that's happening in the exciting space of innovation, incubation and acceleration. We have examined several issues that affect the industry and offer you the expertise of those who have found enterprising solutions to situations that many of us have probably encountered. For example, a Chilean incubator (Pg 40) discovered that being 'sexy' was more important that having lots of money; Mexican incubators (Pg 30) are having to relook the way they fundamentally operate due to political changes that are underway in the country. Internationally, we have looked at the legal advantages and pitfalls that face an incubatee who decides to go global and hire outside home territory (Pg 44) and we have featured a model (Pg 24) that helps you focus yourselves and your clients on a path that is most logical and successful.

We hope you will enjoy this issue and find it useful, as it is our aim to be a comprehensive and unifying hub that brings together both practitioners and best practices from around the world.

Certainly, today the world looks to start-ups, and those that support them, as the way out of the continuing financial downturn. At The Business Incubator, while we aim to be the voice of this vibrant field, we are also a start-up like any other and we believe we are being and need to be incubated as well. By you! Your support ensures our future, so we encourage you to work with us; tell us what issues you would like discussed and send in your feedback, write for us, and pass the magazine around. Naturally, we encourage you to advertise with us, subscribe to us and encourage others in the industry to do so... because at the end of the day, we see our success as a measure of your own... thank you again for being part of us and encouraging us on this journey we all share.

Sangeetha Shinde Managing Editor

















#### the**Content**







Peter Harman, Chief Executive of UKBI, gives us his thoughts on the industry in this issue's guest editorial

#### 03 the**Letter**

A welcome to the magazine and a call for support

#### 06 the**News**

4

A round-up of industry news from the past few months, highlighting events of note from around the world

#### 44 the**Practice**

A view on what to look out for when entering into employment contracts in different parts of the world

#### **48**

#### the**Network**

News from our network partners: EBN, NBIA, UKBI, ESA, DIA, UIIN, TGN and GEW

#### 54 the**Showcase**

Seven incubatees describe their start-up journey and the part that incubation played in their success

#### 60 the**Review**

HI

A review of useful tools, books, services and other resources for incubators and incubatees

#### 64 the**LastWord**

A thought-piece that considers the accountability of the public sector in the face of incubation statistics

#### the**Feature**



#### **The Untapped Resource**

Exploring the ways in which entrepreneurial diaspora can be harnessed to enhance and promote the cause of incubation within their home countries

#### the**Spotlight**



**New Horizons** 

A view of the changes underway in Mexico and an interview with a Mexican incubator

#### the**Interview**



#### The Hunt

As it gets harder and harder to find good business ideas, a look at new and reinvented ways of finding promising incubatees in increasingly tough markets



#### **Empowering España**

An interview with Álvaro Simón de Blas, president of ANCES, the Spanish incubation network, about how incubation in Spain supports start-ups in a difficult economic climate



#### The Big Picture

How business modelling can be used as a powerful tool to help incubator professionals assess the money-making potential of any business idea

#### the Experience



#### **The Business of Incubation**

A look at how a Chilean incubator has addressed the problem of appealing to its market and how its different approach has yielded results





#### ETHIOPIA

#### Empowering rural women

The West African regional bloc, ECO-WAS, has signed an agreement with the New Partnership for Africa's Development (NEPAD) Coordinating Agency, to provide support to African women engaged in trade. The ECOWAS-NEPAD Grant Agreement on Business Incubators for African Women Entrepreneurs (BIAWE) was launched as an initiative to aid women in rural areas to form sustainable businesses. The agreement was signed on the sidelines of the African Union (AU) Summit, which is underway at the AU Headquarters in Addis Ababa, Ethiopia. ECOWAS Commission President, Kadre Desire Ouedraogo, said the initiative was supported by a grant of about 1 million euros from the NEPAD/ Spanish Fund for African Women Empowerment. Women engaged in the processing of agricultural, sea and handicraft products in ECOWAS region will receive financial support to facilitate the set-up and networking among the Federation of ECOWAS Business Women and Entrepreneurs (FEBWEB). The two organizations have designed the project as an elaborate two-year implementation plan to accelerate the development of entrepreneurial initiatives through an array of business support recourses and services to rural women in West Africa.

Women will benefit from training to promote access and competitiveness for women entrepreneurs in Africa in partnership with the International Trade Center, Geneva. The idea is to harness the entrepreneurial business potential amongst women within the region with a view to increase job creation and empower women.



#### UK

#### **Green Growers**

Green business development, One Trinity Green, based in South Tyneside, has opened its doors to its first tenants. Manufacturers Environwatch, and online taxi booking service TacZee, are the first to move onto the  $\pounds$ 5.4m scheme in South Shields, which was developed jointly between South Tyneside Council and Groundwork South Tyneside & Newcastle.

Businesses will benefit from environmental technologies that are incorporated into the development, which One Trinity Green hope will place the region at the forefront of the "green revolution". The scheme received funding of  $\pounds 2,466,500$  from the European Regional Development Fund, which helped to build this launch-pad for green companies to grow. Environwatch and TacZee were the winners of a  $\pounds 5000$  grant and one year of free accommodation along with professional business support.

One Trinity Green is home to four workshops, two hybrid units and 35 office spaces, with flexible tenancy agreements to allow businesses in and out of the scheme with ease. Free WiFi and business support are among the services the initiative will offer to local businesses.



#### CHINA

#### **Helping Hand**

Innovation Works, a combination business incubation and angel investment firm, shows what can happen when the vigour of youth is guided by the steady hand of experience. With the average age of its employees hovering between 27 and 28, Innovation Works is founded by Kai-fu Lee, born in 1961.

Tao Ning, chief of operations and partner, who is also a Yale graduate and former staff member of IBM and Google, said Innovation Works sets itself apart from other venture capital companies in three aspects.

Firstly, it invests money in business startups at a very early stage. The 50 companies now being incubated all work in a 7,000 sq m space in the same office building in Zhongguancun that houses the company. Secondly, Innovation Works has strict criteria for picking projects for investment and incubation. The business founders are normally elites with more than seven years of working experience in the internet industry. Additionally, each team should have no fewer than two members aged between 28 and 38. Thirdly Innovation Works has a service group that carries out vital functions that companies lack at an early stage, such as financing and human resources.

Innovation Works has hired 45 professional people who are industry leaders in law, human resources and financing to make sure that the start-ups get the needed qualified and professional support from the very beginning. All the services here are nominally free of charge.

Tao said Innovation Works has a new take on traditional incubator services that allows companies to focus on their products at the first stage, thus improving the likelihood of success. She said Innovation Works will look for the best there is in the internet industry through campus recruitment. Innovation Works will be allotted a 17.6 percent stock share if an incubated company is listed according to its agreement with the selected companies,



#### FINLAND

#### The Finnish - Indian Connect

A Finnish University will provide entrepreneurial and technology know-how to India's first telecom incubator which has started in a village near Kochi. The Aalto Centre for Entrepreneurship has tied up with Startup Village for technological collaboration and to provide it with an edge to to churn out billion dollar startups from Indian campuses. ACE, under the Aalto University, is known for incubating game-changing startups, while the Kochi-based Startup Village — the first incubator of a public-private partnership (PPP) model in the country — harbours ambitions of grooming billion-dollar ventures from Indian campuses. Startup Village, the Technology Business Incubator, is promoted by the Department of Science and Technology, Technopark, Thiruvananthapuram, and MobME Wireless. Kris Gopalakrishnan, Co-Founder and Co-Chairman of Infosys, is the Chief Mentor of Startup Village. Sanjay Vijakumar, Chairman of the Governing Board of Startup Village said the pact is expected to give a fillip to the joint drive for future innovations by harnessing Finland's prowess in product technology and India's frugal innovations.

Equipped with 4G network, telecom labs, legal and intellectual property services, among others, Startup will provide incentives such as a three-year service tax holiday and funding opportunities for tech start-ups. It aims to incubate 1,000 product startups over 10 years and begin the search for a billiondollar company from a college campus by the turn of this decade. Startup Village is geared to create an ecosystem and provide a platform for startups to create breakthrough technologies for the global telecom industry.



#### **UNITED ARAB EMIRATES**

#### The Studio Story

Dubai Ladies Club, a member of Dubai Women Establishment, and Dubai SME, the agency of the Department of Economic Development, which is mandated to develop the small and medium enterprise (SME) sector, announced that it has begun accepting tenant applications for 'Studio 9' at Dubai Ladies Club – the first Business Incubation Centre for young women entrepreneurs in the UAE.

The business centre will provide an ideal environment that aids in the creation and development of small and medium business projects. The Centre seeks to be a nurturing place for young UAE national women to start their own private businesses and receive the support they need to effectively manage and grow their ideas at a reasonable cost. The tenants will have the opportunity to work with business experts and fellow entrepreneurs to clearly define a pathway for their company's growth. They will learn the strategic skills needed to run a growing business and use their own business as their case study."

The mission of 'Studio 9' at Dubai Ladies Club is to enhance business support service provision and capacity building. The nature of support services provided through participating SMEs will encompass the full range from new business idea development, business plans, and guiding the business for three years as they go through a customer acquisition phase and achieve break-even. In addition, Dubai Ladies Club will provide additional access and discounts in all its facilities to participants.



#### AUSTRALIA

Business incubator helping start-ups Arjen Lentz, the first employee of the former MySQL, in Australia, has created Upstarta Labs, a new initiative of his Upstarta organisation which helps to "create little tribes or families of like-minded entrepreneurs". Upstarta Labs provides the space and people can rent desks; the costs are low and Lentz also provides mentoring.

Lentz said that depending on their model, some incubtors disappear rapidly (possibly lack of solid budget), some are very expensive (\$500-600/desk/month) and, just like with a share-house, the question remained whether or not companies were able to forge mutually beneficial relationships. He said what made Upstarta Labs different from other incubators was that it did not invest or take a financial stake in the companies. "We provide opportunity in the collective setting, the equivalent of giving a person a fishing rod (in this case increasing their skills and experience over time), rather than fish."

The cost of a space at Upstarta Labs is \$300/month/desk with six-month rolling subscriptions. "That way we have a good solid financial baseline," Lentz said. "We can start a location safely when there are about 15 desks 'subscribed' - the capacity of a place (depending on floor space) will be a bit higher (20-25 maximum to retain the 'little tribe' atmosphere) and the system remains sustainable even with a few less desks active at any one time."

He said admission was through a submission/panel comprised of experienced Upstarta people and peers who were at the same location. Lentz said a majority of the small start-ups - 60 to 70 percent - which joined Upstarta were either using, or building, open source technologies.



CANADA

#### Seven for the Maple leaf

Ryerson Digital Media Zone, the digital business incubator of Canada-based Ryerson University, has added seven online startups from India to its roster. The participants are from IIT Delhi, IIT Madras and ISB (Indian School of Business), Hyderabad. The incubation programme took off in April 2010 and it hosts startups, as well as students and faculty dabbling in entrepreneurship. Commenting on the inclusion of Indian companies, Valerie Fox, executive director of Digital Media Zone, said in a statement, "Technological innovation knows no borders. IIT Madras, IIT Delhi, ISB Hyderabad and the Digital Media Zone have much in common: Exceptional ideas and driven entrepreneurs. We are pleased to host our first international fellows, expanding DMZ's scope and reach while learning from one another."



#### USA

#### **Incubating fashion**

Lansing economic administrators plan to include a small-business incubator in a remodeled downtown Knapp's building and are considering a concept aimed at the fashion industry. The incubator is one of several retail and commercial

spaces planned for the new Knapp's Centre when construction finishes in 18 months, said Bob Trezise, president and CEO of regional economic development agency, Lansing Economic Area Partnership Inc. Potentially called The Runway, the incubator will offer start-up space and resources to people interested in developing their own fashion lines or businesses with ties to the industry. The concept will be presented next week to the Lansing Economic Development Corp. Board. The Knapp's Centre is a USD 36 million, 190,000-square-foot redevelopment project that would convert the former JW Knapp's Department Store at 300 S. Washington Square into a multi-use building that would include five floors of retail, office space and apartments and be ready for tenants in about a year. It is being developed by Meridian Township-based Eyde Co.

#### Women Only

The growing number of business incubators will soon include one dedicated to women.

The Women's Small Business Accelerator, a new nonprofit organization is the brainchild of entrepreneurs Mary McCarthy and Caroline Worley. While women make up the largest percentage of small-business owners, men average more in sales, employee numbers and funding, and this incubator is an attempt to help correct that disparity.

Women will have the option of renting space for their business from USD 225 up to USD 550 per month. In return, they will be offered mentoring via peer-to-peer round tables and will receive classes covering topics that include writing business plans and how to expand businesses past the start-up phase.

The Women's Small Business Accelerator is part of a growing trend as local and state government and civic organizations look for ways and means to overcome the remaining effects of the recession, while encouraging small businesses to grow and. McCarthy and Worley have experience in fostering small businesses, as co-founders and partners of Your Management Team, Inc., a Westerville-based business consulting firm. They consider the nonprofit aspect a complement to their business and are extremely hopeful that the organisation will be successful in giving women entrepeneurs the assistance that is needed to create and sustain thriving busineses.



#### THAILAND

Sawadee Ka to progress

Thailand is now stepping forward to technology and science-based economic development, as the government is committed to spending 8 billion baht to build science parks in four regions of the country. According to Science and Technology Minister, Plodprasop Suraswadi, the government has allocated funds in 2013 to develop science parks in four places - Chiang Mai, Khon Kaen, Songkhla and Phuket. The plan, possibly to be developed jointly with state universities, aims to build science parks that would function as regional research and development centres. The parks would be operated in the same way as the National Science and Technology Development Agency's existing science park in Pathum Thani. According to Dr Plodprasop, the regional science parks would focus their support on small and medium-sized enterprises that are short of funds for research and development at the moment. The Pathum Thani science park, which has been open since 2002, now covers 140,000 square metres. The second phase of the park, which will cover 126,000 sq m, is set to open in the near future.

According to Dr Plodprasop, the ministry has allocated an additional 10 billion baht in the new fiscal year to support R&D activities such as business incubation, patent management, project financing and grants for business start-ups in order to enhance the entrepreneurial eco-system and ensure that SMEs get the support that is needed to grow and thrive.

Sirasak Teparkum, deputy executive director of the National Nanotechnology Center (Nanotec), said all four science parks, once fully operational, will help create 15,000 researcher posts in all. According to Dr Sirasak, Nanotec has allocated USD 10 million in 2013 to develop nanotechnology centres with nine state universities, including Mahidol, Chulalongkorn, Khon Kaen and Kasetsart. With this project, Thailand is making a clear statement about the future of its incubation industry and the support that will be on offer from its Government to create a freindly entrepreneurial eco-system.



#### Smeda and women

The Small and Medium Enterprises Development Authority (Smeda) and First Women Bank Limited (FWBL) have signed an MoU to work together for the promotion and development of women entrepreneurship in Pakistan. Under the MoU, Smeda would establish the Women Business Incubation Centre (WBIC) aimed at providing support to women entrepreneurs in an exclusive womenonly environment in Karachi. The WBIC will be housed in the same building where FWBL Business Development & Training Centre is located. This arrangement will provide the one-window operation facility that includes providing credit to women entrepreneurs, a spokesman of Smeda said. Speaking at the occasion, the CEO of Smeda said that the business incubation centre will be established in a subsidised rented space provided by the First Women Bank Limited with offices, exhibition/display facilities and business development services including training programmes on offer to women entrepreneurs in collaboration with FWBL. The entire effort will focus on encouraging new business start-ups and support to existing businesses, including the right environment for nurturing women owned and managed businesses, to an extent that these become sustainable, specifically in start-up period.

Smeda has established similar business incubation centres in Lahore and Peshawar already. Speaking at the occasion, the President of FWBL said that Smeda would fulfil, under one roof, the requirements of market-linkages and other services for women entrepreneurs. The signing ceremony was also attended by Muslim Raza, Provincial Chief Sindh Smeda, Mukesh Kumar, Manager Smeda Sindh and Shaheen from FWBL.



#### INDIA And another

A Technology Business Incubator (TBI) is being planned for the campus of the

8

BITS, in Hyderabad. The incubator, being set up with a grant of Rs 5 crore from the Department of Science and Technology (DST), is intended to promote entrepreneurship. It will focus in the areas of ICT for healthcare, biotechnology and pharmaceuticals. The DST has also provided Rs 30 lakh under its FIST (Foundation for Innovation in Science & Technology) scheme to enhance the laboratory infrastructure in the pharmacy department. BITS Hvderabad has been able to attract research grants to the tune of Rs 20 crore from various science funding organisations in the country, said VS Rao, its Director. On the participation of corporates, he said Intel, the global chip giant, has recently set up an intelligent embedded systems laboratory at the campus. The Institute has also launched programmes for working professionals. More than 100 corporates such as Dr Reddy's, AMD, Synopsys, Xilinx, GE (Energy) and defence establishments, have enrolled. The Institute has also forged international research tie-ups. Its pharmacy department has an Indo-Swedish collaboration going on drug design for tuberculosis. There is an Indo-Brazil-South Africa collaboration on HIV/AIDS and an Indo-Ukraine project on epilepsy. In wind energy, the mechanical engineering department is collaborating with the Technical University, Denmark.



#### **INDONESIA**

#### The Entrepreneurial Ecosystem

One of the challenges GEPI (Global Entrepreneurship Program Indonesia) faces in having workshops, events, networking nights, etc, is the effort and cost involved in renting a space. Entrepreneurs also don't have a central place to gather in Jakarta and many entrepreneurs work out of cafes to avoid high office costs. GEPI is aiming to address this by launching a business incubator/ coworking space a la The Hub where entrepreneurs can rent a desk, network with other entrepreneurs, and get access to mentorship and lower cost services (legal, accounting, etc). There are some similar spaces already, but most of them take an equity investment in the businesses and as a result are smaller. This project aims to house 50100 entrepreneurs selected through an application process, hold regular workshops and events, and have a structured mentorship program to help them develop their businesses.

The goal of all this is to help bridge some of the major challenges of entrepreneurship in the city - specifically the lack of management knowledge and strong/effective networks. In the past, entrepreneurship was the bastion of well-off individuals who could afford to take large risks and had access to knowledge and networks, but startups are being pursued by a much wider group now who need this type of support and GEPI hopes to address this issue through this initiative.



#### KOSOVO

#### **Kudos for Kosovo**

A technology-focused incubator opened its doors, in June, to entrepreneurs and innovators in Kosovo. Funded by Norway's Ministry of Foreign Affairs, Innovation Center Kosovo will provide business incubation services - training, mentoring, consulting, and an innovative office environment, reports the tech and innovation blog Goal Europe. Building from its series of 'startup weekends' held last year-as well as growing local enthusiasm for the ICT sector, proponents hope that the incubator will foster entrepreneurship, innovation, and business development, which will translate into job growth. The centre has 33 tenants divided into eleven teams focusing on different ICT projects, such as administration services, mobile apps, and web hosting. The teams do not receive financial support yet, and instead the centre offers management coaching, technical support, a workspace, and guidance. Success stories so far include Sprigs, a a small ICT outfit that provides services for Western European PR firms. Kosovo is emerging as an outsourcing hub for European firms, with lower labour costs, a highly educated workforce, and close proximity to its clients. Innovation Centre Kosovo aims to connect the research development component of science with the business sector, focusing on creating new job opportunities, oriented towards future technologies.

#### SIERRA LEONE

In its business development strides, the African Foundation for Development, Sierra Leone, (AFFORD-SL) is starting the implementation of the business incubation phase of the Organization of Women Entrepreneurs (OWNERS) project. This phase follows a regional networking event for women entrepreneurs held in Kenema on the 19th and 20th of June 2012, which was attended by over thirty women in business from Kenema, Kailahun and Kono. Following the event, over 50 business women in the eastern region applied to be one of the businesses to be incubated. A panel of experienced business development-oriented female judges judged the applications and chose the two top businesses run by women, based in the eastern region, to be incubated over the next two years. AFFORD and the Cherie Blair Foundation for Women will work with the chosen businesses to assist them to strengthen their business plans, hone their business skills and grow their businesses. They will also get assistance in accessing financial support should they need it, and help in reaching new markets via a network of global partners. The long-term desired outcomes of this project are to increase the number of women in sustainable business in Sierra Leone, create employment and overall strengthening of the private sector. Over the next two years, ten businesses from across all four regions of Sierra Leone will be selected for incubation, a further 200 women will receive training in basic business skills and the network will provide advocacy and lobbying to improve the business environment for women entrepreneurs in Sierra Leone.



#### KENYA

#### Making connections

Business incubator, 4Weeks4Life, is the brainchild of Swedish businessmen Zakaria Hersi and Daniel Lundin who want to connect Kenyan startups with other entrepreneurs, mentors, investors and stakeholders from Sweden.The aim was to create a platform for entrepreneurship to stimulate local growth, which shall consist of a 'mobile' accelerator programme that can be plugged onto existing infrastructure, where multiple networks of young entrepreneurs who want to help aspiring entrepreneurs in developing countries to grow. 4Weeks4Life is an ecosystem that connects mentors, startups, investors and stakeholders. They already have two start-ups going through their programme and are connected to mentors, but in the first year they are looking for ten start-ups. So at the end of the programme it will be a four-week intensive exchange with a delegation of the foremost entrepreneurs from Sweden coming to Kenya with expertise in each field and will culminate in a demo day with both international and local investors. The Incubator is looking for startups in e-commerce, technology, mobile, business and clean technology. The first phase will be in Kenya, but they are looking to plug into other countries in Africa such as Nigeria, Ghana and Uganda.



#### **CHINA**

#### A first for Weiting

SIP Weiting Business Incubation Center opened in June to serve local unemployed and college graduates planning to start their own business, as well as SME owners wishing to get systematic training in order to boost their existing business and strategies.

Located on the fourth floor of Qingyuan Business Center, the incubator covers 1,400 square meters and houses a one-stop service hall and classrooms, providing comprehensive services to those in need.

There are 14 free rooms available for trainees to use as office space for their new business ventures. Suzhou Yongfu Accounting Service, Juhe Mechanical and Electrical Equipment, and Xinsite Technologies are among the first startups based at the Center and have already benefited from the services on offer.

According to applicable local policies, the new start-ups running for at least one month can get interest-free loans ranging from 30,000 to 50,000 yuan from the Center; those attending the training programme and getting certificates are entitled to 100,000-yuan interest-free loans.

Other preferential policies available for trainees registered as permanent residents in SIP include a 36-month social security subsidy, a lump-sum startup subsidy of 2,000 yuan, an annual rent subsidy of 5,000 yuan for a maximum of three years, and a monthly subsidy of 100 yuan for 36 months for those who are from poverty-stricken families.

The follow-up services include regular visits to help them with such issues as account opening, registration, office space, social security, contract issues, labour, cash flow, and business expansion.



#### NEW ZEALAND

#### **Power Board**

The Auckland business incubator, The Icehouse has added some heavyweights from the world of retail, manufacturing, science and innovation to its board. The Parnell-based organisation works with entrepreneurs to develop their firms. Sally Synnott, Sean Simpson, Tim Williams, Bernie Crosby and Claudia Batten have joined The Icehouse as directors. Icehouse chairman, Greg Cross said the new directors would bring a wealth of experience. "Their appointment to the board will enable The Icehouse to gain ongoing insight and advice from some of New Zealand's most successful entrepreneurs." The new board members will join current directors Chris Quin, the acting chief executive of Telecom, University of Auckland Business School dean Greg Whittred, Anthony Healy of the BNZ, and Peter Lee, the chief executive of UniServices, the commercialisation arm of the University of Auckland. Cross said the new directors replaced outgoing board members Sir Ken Stevens, Trevor Smith, Geoff Witcher and Jon Hooper added that the business incubator's directors did not get paid. "They all want to be involved because they see it as something that's important for New Zealand." The new board of The Icehouse promises to be a strong one that will offer both the Incubator and its clients the benefit of a huge range of skills and experiences to create and nurture strong, healthy businesses.



#### BAHRAIN

#### A vital platform

The first GCC Future Entrepreneurs Forum attracted more than 500 delegates, well above the expectations of the organisers. And the Bahrain Development Bank (BDB) is planning a second edition next year with the hope it will return to the Kingdom. "This has been a very important forum which will be a platform where entrepreneurs meet, hear what each other has to say and build on shared ideas," said BDB head of business incubator centres, Shaikh Hesham bin Mohammed Al Khalifa. "It will allow us to evaluate systems and integrate the entrepreneurial ecosystem to expand across the GCC. "We invited 550 entrepreneurs from across the region and hoped to attract around 400 but by the opening of the forum, we had to go out and find more seats to accommodate people," said BDB head of human resources Hassan Al Binmohamed. He added, "That shows the level of concern across the region about the need to develop entrepreneurial skills which will play a major role in building the future regional economy. We have had a very positive response and that is why we want to make this an annual event. Given the number of people who travelled to the Kingdom for the forum, it would make sense to bring it back here, at least for the second edition." He said that the BDB had a long history of supporting small and medium enterprises and start-up businesses over 20 years and had never lost money on its operations. He added that what was needed was local commercial banks to start supporting and advising start-ups."



#### JAMIACA

#### Jamiaca pushes ahead

The Jamaica Business Development Corporation (JBDC) continues to play a key role in facilitating entrepreneurial activities, with 1,009 clients accessing its business advisory services for the January to March quarter. Of the total, 685, 68 per cent were new clients, while 423, 42 per cent represented new businesses. State Minister for Industry, Investment and Commerce, Hon. Sharon Ffolkes-Abrahams revealed at the opening of the JBDC's 5th annual Small Business Exposition that in the area of business incubation, which is one of the most important tools to enhance entrepreneurship, a total of 2,586-man hours of business assistance were provided to micro, small and medium-sized enterprises (MSME) for the quarter, with some 171 clients served. The agency also provides technical support through the 13 Jamaica Business Information Centres (JAMBICS) across the island. Mrs. Ffolks-Abrahams further praised the JBDC for its assistance to small businesses through its 'Things Jamaican' brand, which provides a platform for quality products made by small manufacturers to be sold and showcased to the world. She praised the JBDC mentorship programme, which allows for small businesses to learn best practices from larger companies. "By so doing, these smaller companies benefit from the expertise and experience of the larger companies," she pointed out. The JBDC's goal is to help businesses to survive and prosper by providing them with business advice, consultancy and training of the highest professional standard on both generalist and specialist business subjects. More than 30 entities participated in the expo, which was held under the theme: 'Inside the Entrepreneurial Mind: From Ideas to Reality'.



#### **ESTONIA**

#### Game plan

GameFounders, the first gaming startup accelerator in Europe is opening its second round of applications. The accelerator is taking in solid gaming start-ups from all over the world; the first round included applications from as many as 42 countries. The teams should have a game or gamified application out and be willing to take time to develop the game. The programme requires the teams to relocate to Estonia for March-May 2013. The accelerator is offering up to 15,000 euro seed capital, access to over 70 gaming gurus as mentors, gaming seminars, partnership deals, worldwide contact network and office space. The deadline is December 7 and applications can be submitted online at gamefounders.com



#### ROMANIA

#### **Results in Romania**

The VETBA project (www.businessadvisor.eu) is now approaching its completion, after two years. The partners will meet with local Business Advisors and enterprise support organisations to present the results of the project, and the final training material will go live, enabling business advisers to test and develop their competences, and to better serve European entrepreneurs and SMEs. The website will be available in four languages - English, Polish, Romanian and Portuguese. The modules include: How to Write a Case Study; Business Coaching; Business Strategy; Marketing; Finance; and Business Planning. The aim of VETBA is to develop the skills and competences of SME teachers, trainers and tutors (business advisors) as a highly effective means of enabling the survival, growth and development of European SMEs.



#### HUNGARY

#### Hungary for incubation

Big plans are in the offing for in the incubation arena in Hungary. Real estate developer, Euro-Office Hungary is set to build a business incubator in West Hungary at the cost of HUF 352 million which has been co-financed with the help of European Union and state funding. Managing director and owner, Jaános Puskádi, stated that the new facility will be geared to provide start-ups, and small and medium-sized businesses with appropriate infrastructure and services from next summer onwards. The project company has won HUF 175 million in EU and state funding. The developer has plans to renovate a three-storey, 2,500sqm building and create offices fitted with modern technology for up to 15 companies per floor. The incubator is defintely a positive step forward in the Hungarian incubation movement.



#### **BELGIUM**

#### Space for more

ESA opened its seventh ESA Business Incubation Centre (BIC) in Geel, Belgium, together with BELSPO and the Flemish Government. The centre, ESA BIC Flanders, is managed by Innotek, the knowledge centre for innovation and technology in the Province of Antwerp.

Innotek helps knowledge-intensive start-up companies with business development by providing support, counselling and flexible offices and lab space. Innotek carries out economic development projects, offering a firm seedbed for innovative ideas and contributing to the increase of employment in Belgiun's Flemish region. As Innotek is not located close to an ESA aerospace centre, it has teamed up with renowned Flemish research institutions VITO, SCK•CEN and IMEC to act as technical partner for the ESA BIC Flanders.

The scientific expertise of these institutions complement the start-ups' technical development in the fields of electronics, nanotechnology, telecommunications, nuclear science, navigation systems, bio-engineering, radiology, life science, earth observation, etc. The Flemish government agency for Innovation by Science and Technology (IWT) and the Flemish Investment Company (PMV) are the financial partners.

The goal of ESA BIC Flanders is to start up, in a period of four years, 10 new enterprises in the region of Flanders that will use innovative technology and knowhow for commercial applications, originating from ESA space programmes. The management of ESA BIC Flanders is carried out by Innotek. With more than 20 years of experience in the fields of incubation, innovation and business development support, Innotek has created a network that connects all relevant actors in Flanders in the field of innovative entrepreneurship. This network spreads out through its current new business developments and entrepreneurship education activities in Flanders.

> Please send your news and relevant updates to: editor@theincubatormagazine.com



SPICE Group, Science Park and Innovation Center Experts, is a global network of experienced professionals in innovation and entrepreneurship support. The SPICE Group has been active since 1991 and today its members represent 25 associations in more than 40 countries from all continents. The SPICE Group works in an open, creative atmosphere to increase knowledge about entrepreneurship support, business incubation, international business cooperation, economic policies, and technology transfer.

SPICE Group runs the SPICA Directory Online – the global directory of business incubators, science parks, and their associations as well as advice, support and finance organizations for business start-up and growth and produces a regular news update about the industry. Email spice@spice-group.de for more details or contact spice@spice-group.pl.

The Business Incubator magazine has partnered with the Spice Group to bring you the following news.



#### GERMANY

#### **Shutting Shop**

Berlin was the first German city to open a business incubator, and now has the distinction of being the first to shut down a successful one. The building that houses the Big Berlin has been sold to private investors who are keen to use the space in a more profitable manner. Although successfully managed by the IZBM GmbH, that also runs three more technology incubators in Berlin, the BIG is now scheduled for closure at the end of 2012.



#### SERBIA

#### Meeting up

The Creative Industries Summer Sessions (CRINSS) took place mid-July 2012 at Novi Sad, Serbia and saw an attendance of almost 100 participants from 12 countries. CRINSS offered a high visibility platform for decision makers and leaders in innovative, creative and cultural sectors to their industry. It also offered an extraordinary opportunity to network, participate, learn and connect to local and international leading partners, creative directors and policy makers. Presentations and panels offered opportunities to learn and network with ample time and space devoted to B2B meetings. CRINSS evolved from the development strategy of Creative Industries Cluster of Vojvodina and close cooperation between its members and key stakeholders.



UK

#### **Creative events**

Basecamp3, the creative incubator in Liverpool, UK, hosted an event for Digital and Creative industries freelance designers and games developers. The event was to provide an opportunity for them to meet and network with other designers and to stay abreast of the legal aspects of operating as a sole trader. Francis McEntagart, a commercial lawyer who specializes in the creative industries, gave a presentation on copyright, intellectual property, contracts and non-disclosure agreements. Over 40 designers attended and were able to discuss working collaborations with the companies in the incubator. The event was sponsored by Baltic Creative, the development organization for the creative quarter in Liverpool, and organized by Pacificstream and Open Labs, part of John Moores University, which supports local creative technology firms in developing new products and services that capitalize on global opportunities.



#### BULGARIA

#### Summer School

The Business Incubator - Gotse Delchev, Entrepreneurship Promotion Center, BI-GD, Bulgaria was the co-organizer of a cross-border Summer school on Entrepreneurship held in July 2012 in Blagoevgrad, Bulgaria, in partnership with American University in Bulgaria, Technological Education Institution Serres, Democritus University, Komothini and the Serres Chamber of Commerce and Industry, Greece. The summer school was an interactive training and networking of 37 Bulgarian and Greek businessoriented students and young entrepreneurs and 15 trainers and experts from research/academia and business organizations. The BI-GD led workshops on self-assessment - entrepreneurial potential, business idea assessment and business idea development, and shared experiences in these areas. Participants will be able to implement the new knowledge and skills entrepreneurship and will have the opportunity to participate in followup e-trainings and receive mentoring services for further development of their ideas.



#### PALESTINE

#### Middle-eastern mission

PICTI, the Palestine Information & Communications Technology Incubator became a member of EBN, the European Business and Innovation Centre Network located in Brussels. This achievement was celebrated with a conference held at the end of June 2012, in Luxemburg, sponsored by the European Investment Bank (EIB). The event also celebrated the years of robust growth in the Information Communication Technology (ICT) sector in Palestine and the contribution of the incubator. Mr. Hasan Omar, PIC-TI CEO and member of SPICE Group, presented the new vision and mission of PICTI, the new business model of the incubator (which is now also an accelerator), and the relationship with the Palestinian Universities. The conference also included a graduation ceremony for participants of a series of training programs organized and delivered by PICTI and EBN.



#### **SENEGAL A robust gathering** In July 2012 CTIC, the Dakar ITC In-

cubator held the first West African Startup Bootcamp in Dakar, Senegal, with support from GIST (US Department of State). This international two-day event brought together investors and mentors for a conference and a pitching competition. More than 130 tech entrepreneurs from all over West Africa attended. The boot camp focused on startup funding and was organized to train and mentor tech entrepreneurs at all stages. The programme included sessions where American investors shared their expertise to the public alongside local entrepreneurs. In addition to cash awards totaling USD 5,000, the entrepreneur with the highest score will travel to the US in October 2012 for additional training and networking with potential investors.



#### SOUTH AFRICA

#### An enterprising week

Organized by Young Revolution, the first edition of the Tshwane Entrepreneurship Week (TNEW) 2012 took place at the Innovation Hub in Pretoria from August 27-31, 2012. The conference gathered 1250 entrepreneurs, managers business owners, decision-makers and business professionals for discussions on the concept and development of entrepreneurship and innovation in South Africa. The week long programme saw presentations from entrepreneurs sharing their experiences and lessons with the audience. Organizations supporting start-up entrepreneurs also contributed their expertise to the discussions.



#### USA

#### The annual event

The 23rd Global Summit of Business Incubation Associations was held May 6, 2012 at the 26th Annual International NBIA conference in Atlanta, Georgia. More than 580 business incubation practitioners and economic development professionals gathered to meet with incubation professionals from around the globe for the multi-tier programme that offered more than 60 educational sessions over three days. Additionally two-dozen exhibitors offered goods and services tailored to the needs of business incubation.

Several new features at this year's conference made a mark. They included an online tool that enabled conferencegoers to efficiently sort out the sessions they wanted to attend. Representatives from Canada, Japan, Sweden, United Kingdom, USA, the European Association, EBN, and the SPICE Group met to discuss developments, joint activities and initiatives. Tracy Kitts, acting CEO of NBIA, chaired the Summit and announced the results from the recent "State of the Industry" survey of his organisation. It was revealed that two new business incubators opened every week in the USA - testament to the dynamic nature of the American incubation industry.



#### ARMENIA

#### Tech park kick-off

Armenia marked the commencement of construction works of Gyumri Technopark in Gyumri, the second largest city in Armenia. Implemented by Enterprise Incubator Foundation of Armenia (EIF), the Technopark is part of the Gyumri Economic Development Project aimed at creating an innovation-driven business environment to foster start-up creation and incubation for economic advance of Gyumri, a city largely devastated by the earthquake of 1988 that still offers a high technological and economic potential for development. The project is also an attempt of the Armenian Government towards economic decentralization and regional development. Gyumri Technopark will house business and SME upgrading facilities and laboratories to be used for creating and supporting knowledge-based firms and enhancing formation of a highly qualified workforce in the region. The Gyumri Technopark commencement ceremony was honoured by governmental delegation headed by the President of Armenia Serzh Sargsyan. Parallel with the ceremony, a memorandum of understanding was signed between the Government of Armenia and D-Link International on the establishment of the D-Link Regional R&D Center in Gyumri - another important step towards technological and economic advancement in the region.

#### + + + +

#### GEORGIA

#### **Building ties**

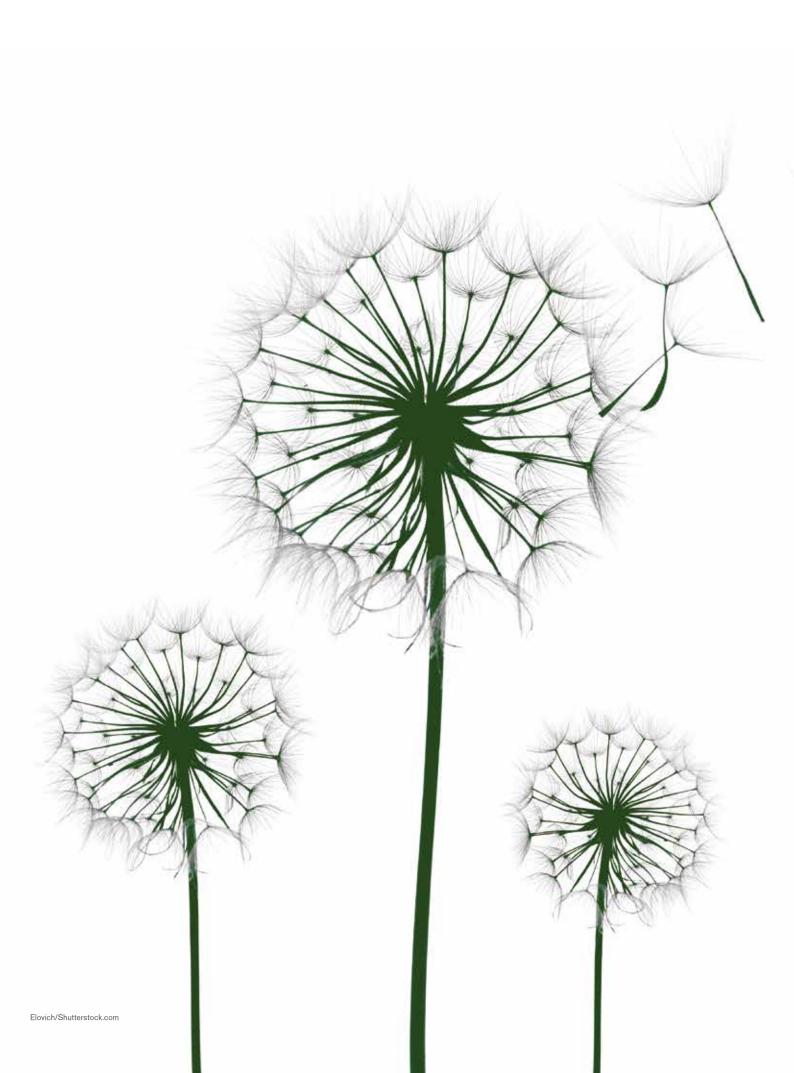
A project sponsored by the German Development Aid Organization, GIZ, is geared to develop a concept for a Technology Transfer Center. This project is related to drafting recommendations for an Innovation Policy for the country. Bringing results from research into practical use in SMEs to start new innovative enterprises is one of the key instruments for developing a future-oriented economy. Part of the project is also an initiative to establish closer working contacts between Georgian innovation professionals and their European counterparts.

The SPICA Directory has introduced a "quality standard" for being listed on the SPICA World Map". This standard does not evaluate the quality of an incubator / technopark operations, but the quality of information provided. Organizations that have provided actual data within the last two years are shown on the SPICA World Map. Profiles inserted or updated more than 24 months ago are deemed inaccessible for users.

If your organization is not yet in the SPICA Directory, select "Insert new Profile" in the main menu of the SPICA homepage - www.spica-directory.net - and follow the instructions. However, before doing this you need to register for the use of the SPICA Directory. Please use the tab "register" on the SPICA homepage.

If your organization is listed and you have not received a user name and password for accessing the information system, please contact the SPICA Directory Team at update@ spica-directory.net. To see all institutions that recently have been added or updated please visit www.spica-directory.net/recent.php.

Please send your feedback on the SPICA Directory Online at users@ spica-directory.net



## The Untapped Resource

Autumn Gorman and Dr Wissam Rabadi explore the ways in which entrepreneurial diaspora can be harnessed to enhance incubation within their home countries

Entrepreneurship among immigrants in the world's most advanced economies is on the rise. Research from the Kauffman Foundation shows that roughly 25 percent of successful high-tech start-ups over the last decade were founded or co-founded by immigrants

Jordanians abroad are best suited to provide this type of insight, for not only do they understand the culture and challenges start-ups face in Jordan, they also understand the educational system and the gaps that may exist for graduates when they enter the 'real world'. Diaspora mentors can be a highly-effective bridge between young startups and the global economy.

#### **As Mentors**

As Lynne Henkiel mentioned in her "Walk the Talk" article in the inaugural issue of The Business Incubator, "entrepreneurs speak their own language," but some incubators, including iPARK at El Hassan Business Park (EHBP) in Amman, Jordan, face the challenge of finding enough 'master speakers' to develop the capacity of young novices. Those that have been enthusiastically working with entrepreneurs for years are showing signs of fatigue. EHBP is now looking into ways to engage the Jordanian diaspora - in Silicon Valley and elsewhere - to support aspiring technology-based entrepreneurs and develop a stronger ecosystem of entrepreneurship and innovation in Jordan.

In particular, EHBP has determined Jordan's diaspora is uniquely positioned to assist startups with technological knowledge and market information, entry and navigation - especially in an international capacity. To sustain growth and create jobs, companies in smaller countries like Jordan will need to have a global presence. Mentors from the diaspora could make simple introductions, record a training session for a databank, and/or mentor a startup over many months. Such support will be of

great value to EHBP. Jordan has a very young population but little in entrepreneurial culture, so EHBP and similar organizations find that the need for mentors and business skill coaches

man Foundation shows that roughly 25 percent of successful high-tech startups over the last decade were founded or cofounded by immigrants. Their experience, insights, knowledge and networks could not only be useful to entrepreneurs in their homelands, but could even lead to new business opportunities for the diaspora. Incubators are a logical partner in these efforts.

far outweighs the supply.

he power of entrepreneurship for job creation and economic development is well established. Yet one of the main ingredients is the availability of human talent. In addition to the challenges business incubators face in terms of increasing government austerity and financial tightening across all sectors, incubators and new ventures in emerging markets face even tougher challenges due to the emmigration of the country's "best and the brightest" often leaving to pursue opportunities abroad - the so-called 'brain drain' - leaving fewer behind to serve as entrepreneurs, angel investors, mentors and role models.

However, there are new initiatives to turn the 'brain drain' into 'brain circulation' through what is referred to as "Diaspora Networks" by engaging diaspora in economic and social development in their homeland.

Diaspora groups are being recognized as important stakeholders and potentially powerful actors in socio-economic development. For example, in 2011 officially recorded remittance flows exceeded USD 350 billion worldwide. However, the influence that diaspora communities wield goes far beyond finan-

cial transfers and has the potential to extend along the whole spectrum of socio-economic development. Entrepreneurship among immigrants in the world's most advanced economies is on the rise. Research from the Kauff-



#### As Business Angels and Investors

As Antonio Sfiligoj discussed in the last issue of The Business Incubator, incubators can help connect entrepreneurs with business angel investors, who can provide early stage funding and often mentorship, as well as additional support.

Business angel networks would be remiss should they not work with successful diaspora. Because they are familiar with the culture, the language and the challenges new businesses face, diaspora are often less risk-adverse than other potential angel investors in the homelands. They may also have familial and personal networks that could be of use to entrepreneurs. Furthermore, with the rise of communications technologies and the internet, there is no reason why angels cannot be located in other countries.

Angel networks and incubators may also wish to consider creating an investment mechanism, perhaps a fund or tool to help entrepreneurs and diaspora members connect. Such instruments could be appealing to those who might otherwise just continue to send remittances.

#### As women role models

Entrepreneur role models for women are particularly important. The female labour force participation rate in MENA is just 26 percent - the lowest of any region, according to the World Bank, yet they have achieved equal or even better levels of education. In the first quarter of 2012, the unemployment rate for Jordanian men with a bachelor's degree or higher was 24.2 percent; for women with a college degree, the rate was 67.5 percent. Of the total female labour force, 55.5 percent had at least a bachelor's degree, whereas only 21.3 percent of the male labour force did.

Successful businesswomen from the diaspora can play a critical part in changing gender stereotypes around entrepreneurship in the homeland - particularly in high-growth, technology-based industries typically led by men. Connecting to other programmes may be a relatively easy way incubators can easily implement their own initiatives, but ensuring women are included as mentors and angels is vital.

In addition, incubators can help publicize the work of women entrepreneurs in the diaspora, especially at universities, to inspire young women to choose an entrepreneurial path and market the services of incubators to them – especially if they include mentorship from those featured in the publicity.

#### As clients

Members of the diaspora are usually embedded in the socioeconomic fabric of the country in which they live and work. When they become involved with business incubators in their homelands, they often find personal value from the intrinsic rewards that comes from sharing their knowledge and experience with others, as well as contributing to their home country's economic development. However, by being closely involved in start-ups, they will be among the first to know of policy and regulatory changes, and will have a first-mover advantage in new investment opportunities. This could even lead to diaspora starting their own businesses at the incubator, perhaps as a means to outsource or supply their existing companies, which could provide them with a competitive advantage during an economic downturn, while creating new jobs in the homeland.

The 'brain drain' may indeed be reversing. In a recent Kauffman Foundation survey of foreign students in the United States, only six percent of Indian, ten percent of Chinese and 15 percent of Europeans expressed a wish to stay in the US permanently. In addition, 64 percent of Indian students, 68 percent of Chinese students and 66 percent of European students indicated they wanted to start a business within the next decade - the majority wishing to do so in their home countries (53 percent of Indians and 55 percent of Chinese). Incubators everywhere may find similar sentiments in their diaspora and discover a completely new client base – and one whose international experience and networks could be shared with younger, wholly domestic clients.

#### **Engaging diaspora**

What is great about entrepreneurship is that it is self-perpetuating. A single success story will inspire others and each success builds the collective knowledge and experience necessary to foster a robust entrepreneurial ecosystem. Such a cycle can be true of the diaspora as well. The more people get involved, the more others will want to join.

The challenge is getting started. EHBP has found that many diaspora members are very interested in becoming more in-

volved in the development of their homeland, but no one has been asked. Asking is important, but it is critical that the resources, networks and follow-through are there to ensure effectiveness and sustainability.

To achieve this, EHBP utilizes its existing networks; reaching out to Jordan's embassies and consulates, professional associations, and foreign direct investment and expatriate agencies; partnering with existing organizations; and speaking to leaders of other diaspora organizations. Most countries or region of the world have existing diaspora organizations, including: The Indus Entrepreneurs (TiE, which has reach across Asia), The African Network, The Korean IT Network, Al-Mubardarah: Arab Empowerment Initiative, and many more.

By engaging diaspora, incubators can augment their critical role in reversing 'brain drain' as well as increasing 'brain circulation' and entrepreneurship, especially in emerging markets. Diaspora can serve incubators by being effective: role models - particularly for young entrepreneurs, women, mentors, angel investors and even clients.

The challenge however remains for each country to find the right mechanism and platform that can efficiently facilitate the organization and mobilization of their professional diaspora and allow the sharing information, exchange of knowledge and development of working relationships.

#### About El Hassan Business Park

The Business Park at El Hassan Science City (EHBP) is where the best ideas from the academic and research institutions at El Hassan Science City and throughout Jordan are turned into sustainable businesses - creating jobs and contributing to social, environmental and economic development.

In addition to managing larger-scale projects that foster the growth of the entrepreneurial ecosystem of Jordan, EHBP also houses four organizations:

- The Queen Rania Center for Entrepreneurship, which holds nationwide business plan competitions and outreach and training at universities and schools throughout Jordan
- iPARK, which is a value-added incubator and accelerator for technology-based companies • The Intellectual Property and Commercialization Office, which assists researchers and
- entrepreneurs with patents, licensing and copyrights nationally and globally
  The Bedaya Business Angel Network, which helps new businesses prepare for and find angel investors

#### How it works

The power of diaspora and its long-reaching benefits are best illustrated with a real-life example. In 2004, Zaid Ayoub, a successful entrepreneur in the Semiconductor Design and Verification business in the Silicon Valley in the US, established an Engineering Design Backoffice at the iPARK Technology Incubator in his home country, Jordan. Over the next two years, the office grew to over 18 engineers with world-class skills and expertise. After, successfully exiting his business, Zaid returned to Jordan to become an entrepreneur, an active angel investor, a mentor and to lead *JTronix*, Jordan's national initiative to develop a vibrant Electronics and Semiconductor ecosystem and industry.

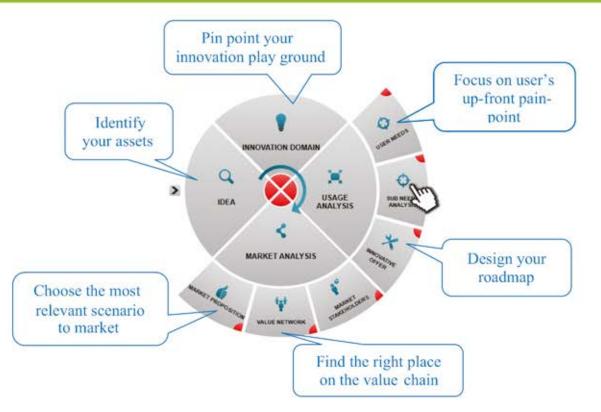


Autumn Gorman has been serving as an USAID-sponsored Emerging Markets Development Advisers Program Fellow at El Hassan Business Park in Amman, Jordan for much of the past year. In addition to advising entrepreneurs at the incubator and in the angel network, she is co-founding a new organization to engage Jordan's diaspora in development. She holds an International MBA in Sustainable Development and a Master of Arts in Intercultural Communication from the University of Denver, CO.



Dr. Wissam Rabadi, is the Executive Director at El Hassan Business Park in Amman, Jordan responsible for the Incubation and Investment programmes through the iPARK Technology Incubator and the BEDAYA Business Angel Network. He has over 15-years experience in the Commercialization of Technology, Management of Innovation and New Venture Creation. He was the New Business Development Manager at Texas Instruments and a Professor of Engineering at the American University in Dubai among others. He holds a PhD in Computer Engineering and an MBA from the University of Texas in Austin.

### Your very own desktop tool box to design your innovation strategy and access the market



"All in one" web-based collaborative platform built around ISMA360® → Develop more relevant strategies around market reality → Update strategies in real-time according to market changes → Don't miss any relevant data

Trial the new 2013 suite at www.vianoveo.com

or contact us at contact@vianoveo.com

ISMA360® (Innovation Systemic Marketing Analysis) © Skema Business School – Author D. Vian



## The Hunt

Aarie C Fields/Shutterstock.com

**Olivier Tomat** examines new and reinvented ways of finding promising incubatees in increasingly tough markets

s Nicolas Rouhana rightly pointed out in his article, Unnatural Selection, in the launch issue of this magazine, it is absolutely essential for the nurturing of successful businesses that incubators design and stick to a very robust screening and selection process that is aligned with their core mission, goals and raison d'être.

However, it takes some courage, particularly if you run a relatively young incubator, or are located in an area filled with fellow and competing incubators, to resist the urge to play from time to time, what Nicolas calls, the numbers game. Typically, one can be rather unsure whether or not that all one's stakeholders (in particular the less-involved local public funders) prioritize the missions of the incubator; hence filling the tenancy gaps can be seen as a prime measure of success, even though, as part of this industry we may, and will, disagree on this bricks-and-mortar-first approach.

The logical answer to the dilemma is rather simple on paper: focus a significant part of your activities on customer acquisition. At the end of the day, the more inquiries you get, the more free you find yourself to pick up the projects/ companies that will be a perfect fit for your incubation process and objectives – and that are likely to grow into mature, successful businesses.

Structural differences aside, most of us can, in that regard, only cast an envious glance at what accelerators do. Even though we are different species hunting in the same valley, one might be tempted to advocate the fact that a rate of enrolment in the region of 1 per cent is something we, as incubators, should aim for as well. That said, this is not even an argument for The Valley vs. the rest of the world, since this kind of figure is also representative of what TechStars reach in Boulder, Colorado; a region most of us would think of as being on par or even less entrepreneurial than our own backyards.

So, it would appear that better quantitative and qualitative sourcing of projects is becoming increasingly key to the legitimacy of our incubators. The question remains however, on how to operationally proceed in this area. This is an area, that we at BIC Provence have put a lot of thought, energy and design into recently. The earlier trend was to believe that financial crises precipitated change and enhanced the entrepreneurial spirit. But in fact we have seen the numbers of inquiries decreasing significantly over the past five years, and we would like to share some solutions and answers that have evolved from our research and experience.

#### The territorial supremacy bias

Notwithstanding the indisputable success of business incubation as an industry, towards its funders and the entrepreneurial public, there is a payoff. Because the incubation model has proven relevant, in large part owing to the efforts of its national and international advocacy networks, it has often been considered in recent years as a particularly successful tool for economic development and successful venture nurturing. Eventually, the model at stake would be the one-stop-shop for entrepreneurial adventures in a given territory (particularly considering the overwhelmingly local nature of incubators' funding in most cases).

The consequence of this positioning would be that most sourcing efforts for the incubator would be primarily targeted towards the alleged or actual pool of local (wannabee) entrepreneurs.



This is fine for some of us - be it the ones with a high recognition and legitimacy factor built over the years, or the ones located in an already largely entrepreneurial or innovating area. However, this direct kind of strategy does not fit all environments. This is a growing issue we have, for instance, encountered at BIC Provence over the past two years, considering that Provence is not a particularly entrepreneurial area, especially if you focus on innovation for which resources are scarce. For example, we used to focus primarily on a sector (environment) which has since proven to be, at best, a bubble carried out by a strong policy mystique, non-perennial fiscal incentives and wishful thinking on the ability to overcome technological barriers.

As a result, our annual enquiries have dropped significantly and worryingly since 2009. Diversification has been an answer to that, but completely redesigning our customer acquisition process, mainly based on waiting for the thousands of entrepreneurs rising out of the aforementioned bubble, quickly became our obsession.

#### Think global, act global

This is not to say that part of the path

has not already been paved. Incubators have a longstanding tradition of triggering entrepreneurship in their broad local area. The point here is that we have to probably reinvent the way we do this, considering the current shift in and growing awareness of entrepreneurial culture. Let's put it this way - putting up the usual outreach lecture workshops in business and engineering schools, and universities might not be sufficient drivers of this aspect of the incubation business anymore. As far as BIC Provence is concerned, we have found out that entrepreneur empowering events and features, such as Start-Up Weekends<sup>™</sup>, hackathons, coworking spaces or others that we have (re)invented, have so far proven to be more successful in bringing in more robust projects to the pipeline.

Nevertheless, their primarily local dimension most likely precludes the incubator from being drowned by vast numbers of worthy applications. It may seem somewhat paradoxical that, whereas we are increasingly encouraging our startups to go as global as they can, and we design support strategy to enable this, our basic territorial nature prevents us from translating the same strategy into our own operations. After all, we can all claim to have built over the years a rather unique value proposition in our support process (all the more that we increasingly tend to bring expertise and resources to market niches), partly built on internal process and partly due to the specific resources of our (local) environment.

The rationale here lies in the capacity of the incubator to track projects emerging in geographically targeted markets and, in the case of knowledge-based incubators, the ability to spot promising innovation carried out by viable founders. That would normally imply business developers and business intelligence specialists at work, but considering the growing scarcity of resources of incubators, coming up with decentralized alternatives remains high on our agenda. Networks are key here. Fellow incubators, through mutual agreements and multipartite programmes can easily be part of the solution (the EBN's Soft Landing Club is a rather good example of shared resources and mindsets in this regard). Targeted networks through subsectorial industrial niche institutions or inward investment organisations have also proven to be rather efficient.

The rationale here lies in the capacity of the incubator to track projects emerging in geographically targeted markets and, in the case of knowledgebased incubators, the ability to spot promising innovation carried out by viable founders.

#### The rise of the buccaneers

There is another playground which rather surprisingly has not been widely touched upon by incubation programmes as an industry, particularly in Europe, even though models have recently started to emerge there.

Relationships between incubators and large corporations have been at best ambiguous and historically based, either on a supplier by substitution/buyer model (think aerospace) or on a trading-entrepreneurship-for-layoffs scenario. Again, this is a general trend most likely describing non-US situations, and also non-digital companies. Yet, it turns out that these corporations are, beyond doubt, in very privileged locations where one could find potentially very promising innovation. To make a long story short, this is owed to outstanding HR, IP, infrastructural and other existing resources.

The issue here has long been a cultural one, determined by the tension between the market pressure and internal politics - more so in technology-based corporations, built on the separation of powers between engineers and marketers. However, a paradigm shift has recently started to operate here, based on the growing need for companies to get closer to the market, in order to be able to constantly regenerate themselves, in a fast-changing quick-paced environment.

Given their credentials in nurturing emerging ventures, incubators would be the perfect ally to trigger faster and more efficient business innovation, sourced in the corporation's assets. From experience it can be, from the incubator's point of view, a long and sometimes painful process inferring a slight change in our functioning. The intrapreneurs – or, even better, the extrapreneurs - we have so far supported, due to their dual position neither completely in nor out of the company, are constantly facing unusual challenges in their relation with their mother organisation, being, to use a largely adopted metaphor, more innovation buccaneers than plain start-up pirates. Conversely, granted by exceptional internal resources due to their affiliation, they are also perfect candidates for success, and therefore excellent prospects for incubation. Also it is no surprise that overwhelmingly seductive models of integration between large corporations and incubation activities start to emerge in the market. A brilliant example of such integration is to be found at Stevenage BioScience Catalyst in the UK, which is backed by a pharmaceutical behemoth and run by one of the most famous incubation veterans.

Community empowerment, activity globalisation, extrapreneurial trends are some of the routes towards better sourcing options for incubators. The experience at BIC Provence indicates that focusing on reinventing these preliminary processes proves essential in targeting the (likely) winning business ideas on which our support proposition makes some sense. At the end of the day, this is what matters to legitimise ourselves as useful instruments for economic development. If, as we believe, our job is not about nurturing surviving companies, but on supporting the growth of promising ones at a rather early stage, then it is clear that we have to resist the temptation of not being selective anymore. In any case, this job is no longer about waiting for the opportunities to come knocking at our doors. As hunters, we have to constantly reinvent our weapons.



Olivier Tomat is an innovation and incubation expert, and the former Managing Director of BIC Provence, a small business incubator located in the south of France that primarily works with life sciences, clean-tech and digital startups. He has been involved with managing various incubation programs in France and the UK for over 12 years and has been recently accredited as an EC-BIC expert by EBN. He holds two post-graduate degrees in Policy Science (focused on innovation) from the University of Montpellier and the Institute for Political Studies of Aix en Provence, France.



Africa Studio/Shutterstock.com

## The BIG Picture

*David Tee* looks at a powerful tool that helps incubator professionals assess the money-making potential of any business idea

Business Plan competitions have been around for years. Run by a range of institutions from universities to incubators to angel investors to venture capitalists. The purpose was to find those potential high-growth companies that were worth investing significant time and effort to help achieve their potential. However, the amount of time and effort required to generate a business plan often far outweighs the value of the completed document. And, one might say, creating a business plan at this very early stage is often putting the cart before the horse.

A business plan is a document that tells the reader "how" you are going ex-

ecute the business. It describes all the operational details of resourcing, sales, marketing, production etc. As a result, the most important "why" are you doing this business gets relegated. And the "why" is what the reader should understand as to where the value is being created and where the money is being generated. As incubation practitioners, who regularly evaluate new business ideas, focusing on the "why" can make the process of assessment more effective. As Steve Blank says "No business plan survives first contact with a customer", so perhaps the time has come to rethink how we look at new business propositions.

#### The Business Model

A business model is all about the "why". Why do you think you have a value proposition that will make these customers part with their hard-earned cash? Why do you have an edge in the market compared to your competitors? Why will your communications strategy get through to prospects better than the competition? A good business model will address these issues and allow you to assess the potential of the business very rapidly.

Googling "business model" brings up 156 million results. How do you find a process of modelling that can really help start-ups and early stage companies? Luckily a concept that builds on multiple

Key Partners Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?	Key Activities	<ul> <li>titles do our Value uire?</li> <li>Channels?</li> <li>Orships?</li> <li>Channels?</li> <li>What value do we deliver to the customer?</li> <li>Which one of our customer's problems are we deliver to the customer?</li> <li>Which one of our customer's problems are we deliver to the customer?</li> <li>Which one of our customer is problems are we offering to cach Customer Segment?</li> <li>Which customer needs are we satisfying?</li> <li>TCCS</li> <li>TCCS</li> <li>Channels?</li> <li>Channels?</li> <li>Channels?</li> </ul>		Customer Relationships	Customer Segments
	Key Resources			Channels Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost- efficient? How are we integrating them with customer routines?	rough which Channels do our stomer Segments want to be iched? w nite we reaching them now? w are our Channels integrated? hich ones work best? hich ones are most cost- licient? w ure we integrating them with
Cost Structure What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?			Revenue Streams For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?		

existing approaches and condenses them into a single accessible and powerful tool is already available. Published in 2010, "Business Model Generation" was written by Alexander Osterwalder and Yves Pigneur but "co-created by an amazing crowd of 470 practitioners from 45 countries". According to the book, "a business model describes the rationale of how an organisation creates, delivers and captures value". And the important point is that the value captured is greater than the cost of creating and delivering.

There are hundreds of business model types in operation around the world (see box) but each one can be presented and understood using a simple tool – the Business Model Canvas.

#### The Business Model Canvas

Think of the Business Model Canvas as a single page description of the inputs and outputs, the pluses and minuses, the income and expenditure of your business. On the right hand side of the canvas is everything to do with your customers, and on the left hand side is everything to do with your suppliers and internal resources. The costs of the left hand side should be lower than the income from the right hand side. Then you have a business! Let's break it down.

#### **Customer Segmentation**

The first and most important starting point for any business model is a real understanding of your customers. This is not as simple as it seems. Take, for example, this magazine. As a subscriber you are clearly a customer of ours and we need to ensure that you continue to believe the value you receive from the payment you make is worthwhile. But we have other customers too. Our advertisers are customers, our sponsors are customers. And each customer segment has a different set of expectations in terms of the return on investment they make with us. So the first step is to really understand the different customer segments you have, and as importantly, quantify them. If you plan to sell in many geographical locations, understanding this spread is also important.

#### Value Proposition

Once you know who you are selling to, you need to really know what you are selling to them. And each segment will have a different value proposition. Our subscribers value the content of the magazine. They value learning about the experiences of other practitioners, picking up ideas that can be used in their day-to-day working. They value being part of a global profession that is recognised as a powerful force for economic development. The Business Incubator magazine makes them feel part of this group.

But our advertisers value something completely different. They want "eyeballs" on their ads. They want readers to see the ads and take some action that ultimately leads to a sale of their product or service. The only reason advertisers care about the content is that it brings eyeballs to their advertisement.

Sponsors take a higher level view. They are looking to make a connection between their brand and the business of incubation worldwide. They are not necessarily looking for shortterm financial gains, but to establish long-term relationships with the readers of the magazine.

So, it is clear that each customer segment requires a different value proposition from the business. In business model evaluations, just using these initial two steps, it becomes rapidly clear that many businesses confuse their customer segments and value propositions. And therefore do not get the clarity required for a strong business model.

#### Channels

Once the customers and value propositions are defined, the next step is to identify the best way of communicating the VP to each customer segment. Again, it is likely that each segment will require a different approach. Channels fall into three types: own-direct, own-indirect and partner-indirect. Own-direct includes a personal sales force and a company website. Own-indirect includes company owned retail outlets (indirect because there is a distribution network in place before the product reaches the customer). Partner-indirect includes partner retail outlets and wholesalers. The choice of channel fundamentally depends on the expectations of the customer segment.

The fashion industry still maintains many own-branded retail outlets as most customers want to try on clothes before buying. Music and books are now delivered increasingly via website downloads. Business-to-business relationships are often direct with a sales force being required to close the business. With the magazine, subscription sales are driven by internet marketing and the direct purchase via the website. Advertising sales are made by personal connections to each company by our sales team. Each channel must fit the value proposition and customer segment.

> The focus here is on "key". What are the key activities the business does? The important decision is to focus on what the core business is, keep these activities in-house, and consider how to outsource the rest.

#### **Customer Relationships**

Once customers are acquired, maintaining the relationship is also crucial (as the old adage states, your best next customer is your existing customer). The customer relationship should be driven and guided by the customer – what type of relationship do they want to have with us? Not vice-versa! Some customers want a highly personalised relationship that builds over time; for example if you are selling aeroplane jet engines to an airline. At the other extreme, some customers value a web-based self-service system that allows them to interact with your service whenever, wherever: internet banking for example. Some business can build communities of customers who engage with each other around the product or service, leading to self-help and increased loyalty. A further type of relationship is oriented around the co-creation on content for distribution back to the entire customer base.

The Business Model Canvas is a very flexible tool and can be applied to many types of organisation other than pure businesses. For example, applying it to a incubator might throw up some new opportunities for incubator directors when looking for new revenues. Let's work the model.

Firstly, what are the Customer Segments an incubator must deal with? At first glance, it could be thought that the incubator has just one set of customers: the incubates. However, an exercise conducted recently with a real incubator identified following customer segments: incubatees, share/stakeholders, investors, governments (of all sizes), diaspora, staff...to name a few very diverse ones.

Now consider the Value Proposition to each of these segments... the incubator will most likely want something from each group (often financial, but also in terms of other support) and therefore must offer something of relevance in return. For example, investors want good, qualified deal flow. Governmental stakeholders want jobs to be created. Corporate stakeholders want to be seen as good corporate citizens. The diaspora want to "put something back". Satisfying all these segments is a big job and incubator directors clearly need a range of skills over and above the support of start-ups when establishing the right Channels and Customer Relationships. The transaction here will often not be financial, but a transfer of other value, so the "revenue" element of the canvas should perhaps be altered to "Value Returned".

As hopefully can be seen, the business model canvas is a great tool in many situations. It helps expose those entities with which an organisation has a relationship, and helps define the best way of building win-win value transfer relationships with each one. Such an exercise can help identify where effort should be made, or where opportunities are not being optimised.

Links

http://goo.gl/2IM1R - buy the book from Amazon http://www.businessmodelgeneration.com/ - see the website and download the iPad App https://strategyzer.com/ - build canvases online and test out business ideas



#### Revenue

So what may you ask has all this to do with revenues? Well, getting these four customer-based steps right should optimise the revenue potential of the business. Each customer segment, when properly quantified, should produce a revenue stream that can be clearly monitored and managed. The costs of building and maintaining each customer segment can also be monitored as the channels and relationship types are clearly defined. From this data the various contributions to the business can understood and analysed.

#### Costs!

So what about the costs of running these customer focused activities? Understanding costs is usually easier and done with more confidence than revenue projections. Overheads are well defined and marketing budgets can be set against clear targets. In the business model canvas there are three areas that must be understood – key resources, key activities and key partnerships. Also some fundamental decisions about what to do in-house and what to outsource need to be taken.

#### **Key Resources**

The first thing to understand are the resources required to deliver the value propositions, channels and relationships. Resources are physical, intellectual, human and financial. For each of the value propositions, channels and customer relationships, the required resources need to be defined and quantified. Resources can be owned by the business, or acquired from key partners via outsourcing agreements. In the magazine's case, the key human resources are the editorial and design function. The intellectual resources are the brand of the magazine. Physical resources are a minimum.

#### **Key Activities**

The focus here is on "key". What are the key activities the business does? The important decision is to focus on what the core business is, keep these activities in-house, and consider how to outsource the rest. This magazine's key activities are the editorial and design process, subscription management, and advertising and sponsorship sales. These activities are kept very close inside the business. Other activities include printing, distribution, website development, and social media marketing / PR. These activities are outsourced to key partners.

#### **Key Partnerships**

There are many types of partnership a business can engage with depending on how close and how important the partnership is to the business. The simplest partnership is a buyersupplier relationship created to ensure supply of the product or service is available when required. For example, the magazine has a publication deadline that must be met by the printer and distributor. At the other end of the scale, some business engage in joint ventures where two or more partners create a third party entity and take a shareholding. Strategic partnerships between non-competitors can add value to each party. The magazine has such relationships with many incubation and other networks around the world. There must be value to each side for such partnerships to operate.

#### Costs

Once the key resources, activities and partnerships are identified for each of the customer segments a full costing of running the business can be developed. The profit and loss for each segment can be understood as can the various contributions to the total P/L for the business. Even if a segment loses money, it may be strategically important to keep it part of the whole.

> For each of the value propositions, channels and customer relationships, the required resources need to be defined and quantified.

#### Putting it all together

Hopefully, as can be seen from this birds-eye view the Business Model Canvas allows business owners and advisors to pull apart a business idea and reconstruct it methodically, logically and simply. By ensuring that each element of the canvas is quantified, an early rough understanding of the profit or loss of the business can be gained. This initial view can help save significant time by eliminating the need to create a full financial model should the business look less than interesting. However, if the initial view shows profit, then the building blocks for the financial model are in place, and just require fleshing out with further research. Similarly, the bullet points created on the canvas form the basis for writing a high-level business plan.

What has been presented here is a superficial look at the power of the canvas. The "Business Model Generation" book contains a huge set of resources to help modellers to create their own canvases. And there is an iPad app, and an online version of the canvas that supports full numerical quantification, as well as textual descriptions.

This approach is highly recommended for incubators for both, initial assessment of ideas, and helping later stage companies evaluate their progress. As a starting point, it is a highly effective resource for incubator managers and the entrepreneurs they support.

Certainly, the Canvas offers a most effective palette with which to paint a working picture of any business idea.



#### **BUSINESS MODEL TYPES**

- Auction
- Bricks and clicks
- Collective / Cooperative
- Component
- Cutting out the middleman
- Direct sales
- Distribution
- Fee in, free out
- Franchise
- Freemium
- Industrialization of services
- Low-cost carrier
- Loyalty
- Monopolistic
  Multi-level marketing
- Wulti-level market
- Network effectsOnline auction
- Online content
- Premium
- Professional open-source
- Pyramid scheme
- Razor and blades
- Servitization of products
- Subscription



David Tee is the Publisher of The Business Incubator magazine and a 25-year veteran of start-ups, consulting and incubation. He has worked all over the world setting up incubators, developing, evaluating and monitoring incubation networks and running small enterprises; he is the co-founder of three companies, to date. He recently delivered a training programme on Business Model Generation at the Palestine ICT Incubator (PICTI), as part of an EBN project, to build capacity within the incubator. This training module – which focuses on start-ups and helps with the evaluation of new business ideas – is an ideal additional tool for business incubators everywhere.



## New Horizons

Ana Greif presents the changes underway in Mexico and how they will impact the incubation industry in that country 012 marks a new chapter in Mexico's history with a change in the political party in power resulting from this year's presidential election. For the 500 business incubators that make up Mexico's National Business Incubation System, born of a Federal government initiative in 2004, it means a real possibility of losing the funding that, for many programmes, is a sole source of revenue.
Until now...

Incubators in Mexico enjoy a resource that programmes in other countries desire but rarely have: government funds for start-ups. Although the amounts are small, between 25,000 and 50,000 Mexican pesos (approximately USD 1,900 to USD 3800), the funds are enough for an incubator to cover programme costs and the company to cover initial expenses. A change in government policy could mean these start-up funds would no longer be available; a loss for both the incubator and the companies it serves.

Advantageous as these funds might seem, the requirements that necessarily come with government monies have been a burden to the incubators that access them. Conditions such as the creation of a specific number of jobs, the length of time it takes to receive the funds and the complexity of the process for reporting expenditures have lead some programmes to forgo, or at least limit, their reliance on these funds and the time and resources it takes to manage them.

Instead, these incubators need to rely on bootstrapping, corporate sponsorships, and university backing to support their operations and start-up funding. Programme fees paid by the entrepreneur are often also a part of the business model, but universities are often prohibited from incurring financial gain, limiting an incubator's ability to generate revenue through client fees. To avoid this pitfall, incubator proponents have found new ways to incorporate 32 percent of them through less rigid entities such as social organizations and NGOs, and a few others have chosen the for-profit route. These programmes will be well-positioned to deal with any policies set forth by the new administration.

Regime changes are common, and political power struggles lead to a change in political actors, priorities and areas of focus. Additionally, the need felt by a new administration to differentiate itself from the dethroned regime requires a marked shift in policy. This is the situation incubator managers in Mexico are expecting in the coming months, as the new administration sets forth its own agenda and appoints its own officials to the offices that regulate and fund incubation programmes.

#### **Strong legacies**

Programmes that have demonstrated value to the university, NGO, state or local government that sponsors it will be better positioned to seek support to face government changes. The private university system, Instituto Tecnologico y de Estudios Superiores de Monterey (ITESM), has 33 incubators at campuses around the country. This school, founded by successful business people on the premise of offering a strong education for future entrepreneurs, has created an incubation system that is now an integral part of the school's offering to its businessminded students. The director of the incubation system, Karla Giordano, explains, everyone from the guard at the parking lot entrance to the President of the University knows what the business incubator does, and their role in serving the entrepreneurs who are a part of it. This attitude has evolved through trial and error since ITESM's first incubator was created in 2001, but is now the premise of a successful and respected national programme that the university would not allow to expire.

Incubators that have adopted the practice of diversifying their revenue stream will find the transition challenging, but not insurmountable. For one, they will have other institutions' skin in the game. Sponsor or partner institutions that have invested in a programme will be inclined to save their investment either by replacing the lost revenue source or finding a new one. Additionally, the process a manager undertakes in gaining the financial support of a partner institution ultimately leads to the development of personal relationships, which can prove valuable when the incubator is in need of institutional support.

#### **Future scenarios**

For those programmes that have depended solely on government funding however, the scenario they face is much more bleak. By not adding financial support from their sponsoring institution, they will find themselves alone, facing a difficult battle. A study sponsored by the Ministry of the Economy in 2010 showed that 16 percent of the incubators evaluated required strengthening and only 6 percent were fully mature. The rest were somewhere in-between, with 60 percent deemed too new to evaluate. Programmes that have fared poorly or with no real track record to illustrate success will struggle to find new partners and new sources of revenue.

There are other outcomes besides total elimination of the funding programme, and Mexican incubator managers would welcome certain changes. The possibility of having an official at the head of the agency that regulates business incubators, who has had experience as an incubator manager would be an important first step to improve some of the problems. The head of the Business Incubator at the Jesuit University of Guadalajara (ITESO), Oscar Fernandez, would welcome this scenario. He believes that if programme requirements are created according the real needs of entrepreneurs, and allow for enough time and flexibility, entrepreneurs would benefit and be able to take full advantage of their incubation programme. Sponsor or partner institutions that have invested in a programme will be inclined to save their investment either by replacing the lost revenue source or finding a new one





#### In conversation with Oscar Fernandez Larios, Manager of the ITESO Incubator for Technology Companies

What are you expecting to see this year after the presidential election? There are a couple of scenarios we could face in 2013 and one of those is the loss of funding and having to operate without government support. What worries me most are our incubatees. Many of them, I would say the majority, are waiting to receive this assistance. We could move to having a large part of each project funded by incubatees' own funds, but the reality is that many of our clients, and anyone who seeks the incubator's support, come with few resources, which makes this situation so complicated.

#### Mexico's Ministry of the Economy has programmes that support business incubators. What would you like to see change in these programmes?

The difference I would like to see going forwards is that the government think of realistic scenarios. When you are in this industry you see that, in reality, incubation is not a quick process; you cannot support a company for three months and be done. What I would like to see in terms of government funding is to have someone running the programmes, who actually understands and knows incubation. Because when they set objectives and documentation requirements, you can tell they think it's a very short process. I'd like to see, a person who is knowledgeable about support for incubators, who knows how to do business, someone that has, at least, had experience in an incubator and knows how the things work within that set-up.

> What we did here to give ourselves that time is to go outside of Guadalajara, outside of the environment of the incubator and we had a planning and analysis session for two days in a small town nearby

What are you doing to prepare for the change in government and the uncertainty that currently exists?

What we are doing is analysing the possible scenarios. I believe

that any incubator has to at least think about what will happen if we stop receiving funds. What would happen if we don't get any funding until the end of the year? What would happen if they change the procedures we work under?

We are working with two primary scenarios: one optimistic and one pessimistic. In the optimistic scenario everything remains more or less the same; they might change a few procedures but we would continue to work in more or less the same way. That is the positive scenario. In the pessimistic scenario everything changes. We went as far as considering the elimination of the Ministry of Small and Medium Enterprises and the creation of a new ministry. Or the new government begins to support other agencies and they leave incubators poor. And then we began to see how we could continue to work in that scenario. Because we have the university's support the scenario is not so adverse. It is now the university that carries a significant part of the staff expenses for the incubator, so the change would be in terms of the number of companies we could support in a year. We would be serving them more or less with the university's own funds and the projects that are selected would have to come in with a higher level of funds than what are needed now. We would also look to get service providers willing to work pro bono, companies that have previously received our assistance to help with mentoring, and negotiating with service providers that have been working with us to lower their rates. In essence we would see a reduction in the number of projects we can assist and we would have to urge the university to rapidly find ways to take equity or charge a fee for a given period of time.

> In the optimistic scenario everything remains more or less the same; they might change a few procedures but we would continue to work in more or less the same way.

# What advice would you give other incubators going through this scenario?

The most important recommendation is to leave time for thinking. Sometimes there isn't much time because operations ruthlessly require you to be constantly on the move, you have to keep up with the day-to-day, and if you don't pay attention you don't have time to think. What we did here to give ourselves that time is to go outside of Guadalajara, outside of the environment of the incubator and we had a planning and analysis session for two days in a small town nearby. Regardless of whether you leave town or not for this work, the time to think and analyse the "what ifs" is very important. Until now we have not heard any news about the funding future and we may not hear anything until December, but in the mean time the entrepreneurs that need our support continue to come and we have to provide answers. That's why it is important to think and be prepared so you are not caught off guard.

#### REFERENCES

Adkins, Dinah. (2008) Incubator Sponsors, board members play important role. Available at: http://www.nbia.org/resource\_library/review\_archive/1008\_04.php . Accessed July 2012. Erlewine, Meredith and Gerl, Ellen. (2004) A Comprehensive Guide to Business Incubation, Revised 2nd Edition. Athens, OH, National Business Incubation Association.

"ENTREGA EL PRESIDENTE 30 MDP PARA INCUBADORAS DE EMPRESAS"

(2004). Available at:

http://www.economia.gob.mx/eventos-noticias/sala-de-prensa/ comunicados/5564-entrega-el-presidente-30-mdp-para-incubadoras-de-empresas. Accessed August 2012.

"EN MARCHA EL SISTEMA ESTATAL DE INCUBACIÓN DE EMPRESAS DE NUEVO LEON" (2005). Available at: http://www.economia.gob.mx/eventos-noticias/sala-de-prensa/ comunicados/5404-en-marcha-el-sistema-estatal-de-incubacion-de-empresas-de-nuevo-leon Accessed August 2012.

Perez, Pilar and Marquez Alejandro, (2006) Analisis del Sistema de Incubación de Empresas de Base Tecnologica de Mexico. I Congreso Iberoamericano de Ciencia, Tecnologia, Sociedad e Innovacion CTS+I. Available at:

http://www.slideshare.net/ardyanita10/incubadoras-de-empresas-bt-mxico. Accessed August 2012.

Sistema Nacional de Incubacion de Empresas. Avaliable at: http://siem.gob.mx/snie/CoberturaSNIE.asp Accessed August 2012.

"Red de Empresas e Incubacion de Negocios". Available at: http://www.talento.org.mx/blog/item/red-de-empresas-e-incubacion-de-negocios.html . Accessed August 2012.

Probrama Nacional de Emprendedores: Monitoreo y Evaluacion de Incubadoras de Empresas, Resumen de los Resultados Obtenidos. (2009). Available at http://siem.gob.mx/snie/CoberturaSNIE.asp Accessed August 2012.

Programa Nacional de Emprendedores: Programa de Incubadoras (2010), Available at http://siem.gob.mx/snie/CoberturaS-NIE.asp Accessed August 2012.

ACUERDO mediante el cual se dan a conocer las Reglas de Operación del Fondo de Apoyo para la Micro, Pequeña y Mediana Empresa (Fondo PYME) para el ejercicio fiscal 2012. (2011). Available at http://www.fondopyme.gob.mx/2012/pdfs/ RO\_FPYME\_2012\_DOF\_23122011.pdf Accessed August 2012.



Ana Greif holds a Master's in Public Policy and Management Degree from Carnegie Mellon University and is the President of Varela Consulting LLC. Ana specializes is business incubation as an economic development tool, providing consulting services, leading trainings and performing studies on Business Incubation in the US, Mexico, Uruguay, Australia, Africa, Singapore and Russia. She is also the National Business Incubation Association's (NBIA) main point of contact for Latin America. (www.varelaconsulting.com)



# Empowering España

*Philippe Vanrie* in conversation with Álvaro Simón de Blas, gives us an overview of innovation-based incubation in Spain

#### Could you provide a quick profile of ANCES?

ANCES is the Spanish national association of Business and Innovation Centers (BICs). It was born in 1994 to ensure the representation of all EC-BICs in Spain and to promote good practices amongst them. Since its time of inception, more than thirty events have been organised that promote cooperation and benchmarking within this community, including the annual Congress, that allows us to embrace and discuss topics of common interest to all members. Today we have a significant presence in the country and the association has a head count of 29 members that includes both full and associate members. We are geographically comprehensive and have widespread representation in almost all of the seventeen autonomous regions of Spain.

> We try to be the specialized network in the creation and consolidation of innovative enterprises, but of course, we are always open to collaborating with other networks, as long as our nurtured companies can benefit from the association in some way.

#### BICs, all over the EU, are certified innovation-based incubators. Can you please provide us some insights on why do you feel quality monitoring of incubators is important and some practical examples how this has affected Spanish incubators?

We believe that quality control is a key issue for our network to measure the services delivered and the output results. Besides that it is also a tool that differentiates EC-BICs from other organizations that claim to deliver the same type of services that we do. For that purpose, the European BIC Network (EBN) devotes a team of professionals, with the additional support of some board members, to monitor the offerings and has put in place a comprehensive system to evaluate and accredit organizations that wish to hold the European EC-BIC label. As far as the Spanish network is concerned, several evaluation missions have been carried out in the last few months - some for existing BICs, and some for newcomers, to ensure the compliance of the organizations to the EC-BIC quality mark criteria.

In every single case, these audits have had the endorsement of the incubator owners and the stakeholders, and has served to underline and acknowledge the mission and performance of the evaluated organizations. In the case of BIC Lleida, a new organization, GlobalCEEI, has emerged from an existing BIC and is now rapidly taking shape. It will help to direct and streamline all the actors in the field of innovation and entrepre-



Ålvaro Simón de Blas is a Doctor of Economics from the University of Malaga and has a Bachelor of Economics from the University of Deusto. He has been the General Manager of BIC Euronova, European Business and Innovation Centre of Malaga, since 1993 and has also held the position of President of ANCES (National Association of Spanish BICs) since April 2009 and current President of EBN (European BICs Network). He previously worked in the Commercial Office of Spain in Japan, Lloyds Bank, Caja Postal Group and has been in involved with the auditing operations within his own company. He is Associate Professor at the University of Malaga, in the department of Economics and Business Organization (Faculty of Economics). neurship and it is vital that the EC-BIC label endorsed the new organizational goals.

#### Can you give us some insights on EIBT, another trademark managed by ANCES? How does it reflect on new start-ups or companies?

EIBT stands for Empresa Innovadora de Base Tecnológica or Technology Based Innovative Companies. It is a trademark of ANCES, managed on behalf of the Spanish Industry department, to ensure that a select committee identifies related BIC companies that use or create products or services based on new technologies. Until now, there have been two categories of EIBT; start-ups and consolidated companies. We are currently in the process of redefining the trademark in order to allow companies that have been granted the label certain advantages as compared to companies that do not make the effort to similarly invest in R&D

For that purpose, ANCES is in regular talks with ministry officials to try to put in place a regulatory system to support EIBTs in Spain, as is the case in France for instance, with the young innovative company model. In the ANCES database. we currently have more than 300 companies with this trademark.

#### What connections does ANCES have with other incubator networks, and how do these benefit innovative Spanish entrepreneurs?

ANCES is in close contact with all networks that have some stake within the innovation and entrepreneurship arena. We have a close relationship with the Portuguese association of BICs and participate in their respective annual congresses. We are in dialogue with RETIS in France, and we have opened a new forum of discussion with ANPROTEC (the Brazilian incubator network), just to mention a few international connections. At the Spanish level, we have close ties with the national association of science parks, APTE, where several incubation units are located. We work with business schools and also with the Spanish Chamber of Commerce that leads an incubator network in Spain called Incyde. We try to be the specialized network in the creation and consolidation of innovative enterprises, but of course, we are always open to collaborating with other networks, as long as our nurtured companies can benefit from the association in some way.

It is important for the Spanish autonomous regions to continue to give support to their BICs, because it is the only way to help develop the type of companies the Spanish economic fabric needs, especially now



#### At the end it is all about supporting new start-ups and SMEs. Why should an incubator be part of ANCES and how does this affect the end-users of a Spanish incubator?

To become a member of ANCES is a positive step for innovative businesses and consolidates the support network for them. It is important for the Spanish autonomous regions to continue to give support to their BICs, because it is the only way to help develop the type of companies the Spanish economic fabric needs, especially now. It is also a wise way to get return on investments from the excellent R&D system linked to universities that have not been fully exploited in Spain. Research has shown that public ROI is also excellent when invested in organisations such as the BICs. ANCES is well-positioned to deliver value-added services to its members and that eventually benefits the end user - which are the innovative SMEs based in BICs.

#### What is the future of ANCES?

ANCES is not just the association of



Philippe Vanrie has been the CEO of EBN, a pan-European Network bringing together over 200 accredited Business & Innovation Centres (BICs), Innovation-based Incubators, and Entrepreneurship Centres across Europe and beyond. He is an internationally recognized expert and experienced speaker in innovation and incubation and has developed strong relationships and several collaborative projects with the European Commission (EC), the European Space Agency (ESA), and a series of national and regional governmental agencies. He graduated from the Gembloux (Belgium) Agronomic Engineering University, and from the University of Louvain (Belgium) in Innovation Management, Development. Philippe has also served as an Advisory Board Member of the H-P Micro-Enterprise Acceleration Institute (MEA-I), the European Centre for Innovation in Geo-spatial and Location-Based Service, the European Region Research and Innovation Network (ERRIN), the International Network for SMEs (INSME), the Europa InterCluster Network, and in 2010 was on the Jury of the "Young European hopes of innovation".

Spanish EC-BICs, but it has also received widespread recognition by the central authorities to become a consultancy body to influence strategic governmental thinking, that will be of assistance in decisions that are made about the future of entrepreneurship and technology-based companies in Spain. We have been steadily growing member strength over the last few years, which in itself shows the rising interest in the ANCES project, and that of course, validates both the need and the existence of this organisation.



# The Business of Incubation

*Marcelo Diaz Bowen* offers us an up-close and personal look at how an accelerator in Chile has done it differently

ntrepreneurship is not something one gets into by accident - it happens by design and is normally part of the mental and emotional make-up of a person. It involves finding the best possible opportunities that exist and then making those work to your advantage. Today, what started as a small enterprise in Batavia, New York, has grown into a global network of incubators, accelerators and hubs that offer a world (quite literally) of opportunity to the enterprising innovator. Today business dreams can become business realities because the world is waking up to the economic and social benefits this area of enterprise offers.

I have started over 12 companies and it was not always a success story. In Latin America, failure means paying with personal assets and entrepreneurial mistakes can be costly and the road to recovery, tough.

Getting involved with business incubation and accelerators was a natural progression from being an entrepreneur and one of the first questions I asked myself was why incubators and accelerators did not consider themselves as actual businesses or companies.

In Chile, despite strong government support, one does not see a steady stream of successes and it's easy enough to see why this is the case. The rules are not well defined, and the goals are unclear - and those that exist are not particularly well-defined or well-communicated.

And so with our accelerator, IncubaUC, we tried a different approach. Rather than relying on funding, we decided to think of ourselves as an 'enterprise' and our entrepreneurs as 'clients'. We studied the 'personas' we were aiming to bring into the fold and then we created a strategy that would help us attract these high-level entrepreneurs. Research showed us that there were three kinds of entrepreneurs that we wanted to identify:

- university students
- · professionals with experience in the market
- high- level researchers with an entrepreneurial spirit

The three types are very different from each other, with a different set of goals and motivations and consequently it might well be assumed they would require different kinds of support and services. We were surprised however, when we found out that they needed the same spectrum of resources from an institution such as ours.

Research got fairly serious at this point and after some commercial validation, we visited different incubators in Spain, USA, China and spoke to hundreds of people from around the world to arrive at our final set of conclusions. Once again these were the results from the three different entrepreneur types:



• space is not as important as we thought it was

• good entrepreneurs don't look for financial support as their primary priority

· good entrepreneurs look for networks

• good mentors are the most important asset that an incubator / accelerator will have

• Chile is a small market, so to succeed one must 'grab the world'

Based on this, we realised, that in order to attract the best entrepreneurs that were out there being 'sexy' was more important than having access to funds. People pick accelerators / incubators not because of the monetary opportunities, but because they come across as the place where standards are set and goals are achieved.

The result of all this soul-searching was the creation of a new model, one that attracted the best entrepreneurs from all over the country and they came to us based on our mentors, network capabilities and financial support. Our programmes are based on the assumption (read that as fact) that with a small amount of money (USD 20,000 to USD 40,000) and in a short period of time (three to four months) we can help our entrepreneurs get to a point of commercial and technical validation that is strong enough to understand the various factors at play; if there's an opportunity in the global market, how big it is and how to build on it as soon as possible.

Our programmes are global, since our start-ups are encouraged to think globally from the very beginning. Our companies only spend up to three months working inside Chile and while they are there the work is fast-paced and intensive involving a 24/7 interaction with their assigned mentors from IncubaUC. After that, depending of the kind of company it is, we spend a month in other countries like the Silicon Valley / San Francisco, USA; Madrid, Spain; Israel or China, validating the commercial and technical hypothesis the entrepreneurs have with local mentors and investors there, and that are part of our international network. At the end of the first phase of the programme the entrepreneur has a better understanding of the market pain, how big a "pain killer" he has access to or that is needed, and of course, if the opportunity is big enough to devote the next 20 years of his life to. On the surface, this sounds simplistic, but getting from the point of finding the right entrepreneur to testing a new international market - the road is long and arduous and requires a commitment and passion from everyone involved.

Some come back home disappointed (but with new ideas!), some with clients and some with an investment. Of the latter two, the Chilean government, through CORFO, (Corporación



**Production Development Corporation (CORFO)** (full name in Spanish: *Corporación de Fomento de la Producción de Chile)* is a Chilean governmental organization that was founded in 1939, by President Pedro Aguirre Cerda, to promote economic growth in Chile. Since its inception CORFO has played a significant role in expanding the country's economic development by promoting investment, innovation, business and cluster development, coupled with a focus on quality and productivity.

Originally, CORFO was responsible for the creation of basic industries during the Presidential Republic Era, namely oil, power, steel, sugar, transportation among many others.

CORFO oversees a variety of programs aimed at generating the economic development of Chile, through the promotion of inward investment and the advocacy of competitiveness for domestic companies. CORFO's main areas are Quality and Productivity, Innovation and Investment Promotion. Information ref: http://en.wikipedia.org/wiki/CORFO

> Our programmes are global, since our start-ups are encouraged to think globally from the very beginning. Our companies only spend up to three months working inside Chile and while they are there the work is fast-paced and intensive involving a 24/7 interaction with their assigned mentors from IncubaUC

de Fomento de la Producción de Chile) provides further grants from USD 100,000 to USD 320,000 in order to ensure that the business grow and thrive.

So far we have been pleased with our methodologies and the results they have borne. We have raised eight times the money given by the government to the companies we support, from local angel investors, family offices and venture capitals. To put a number to the claim, in a year and half we have raised more than USD 10 million – no minor feat.

The programmes that we are currently running (from IT start-ups to hi-tech businesses) are attracting entrepreneurs from all over the region, with an increasing amount of interest coming in from outside Chilean borders. Our strategies have proven themselves to be sound and therefore IncubaUC model is an interesting model, well worth emulating, it would seem, as the strategies can be applied both nationally and internationally. Certainly our presumption that the best mentors or investors are the ones that have seen it all from the ground up and those that realize that in helping others, they help themselves.

We have been the first incubator in Latin America to tie up with the European BIC network and it is a privilege to be part of this club. The accreditation is certainly in keeping with our mission to be a point of reference for this industry, in our part of the world and beyond. We are happy to share our knowledge with others in the field as we have realised that continual exchange of knowledge, methodologies, models and systems is the way forward for a healthy global incubation environment that benefits all of us.



Chilean Agronomist specialized in engineering with a global knowledge in international trading and leadership. Marcelo Diaz Bowen has developed and implemented segmentation of global, corporate, public and education sector sales teams, resulting in 12 times the revenue and unit growth of the overall market. He has had extensive experience directing and growing profit organizations. He has supported more than 150 start-ups and small companies with innovative technologies to raise funds in the excess of USD 25 million, and helped internationalize their businesses and license their IPs. He has also designed and implemented international soft landing programs with top accelerators in the SiliconValley USA, Madrid Spain and Changzhou China.

# **The Human Factor**



*Alexia Hengl* gives us a brief glance at some of the human issues that come into play when a company goes global

orldwide, the discussion about national and supranational employment policies, along with the flexibility of labour markets have always been crucial whenever economic growth is discussed. During these years of slow economic growth (and in some countries, recession) and severe financial crisis, many policy-makers focused on the fallout from the stringent Employment Protection Level (EPL) in labour market performances and productivity growth; it turned in to one of the hottest issues on the political agenda.

In the last decade many countries adopted and/or proposed new employment legislation in an attempt to stimulate recovery and thus help national businesses gain global competitiveness. Germany, Italy, Spain, Belgium, Australia and the UK, to mention a few, were persuaded that an over-regulated labour market hinders freedom and confidence in enterprises (especially small and micro ones) and deters them from hiring workers and participating in social and economic growth. They have started to simplify cumbersome employment laws, sometimes by weakening workers' protection, sometimes by lowering dismissal costs and reducing legal liability risks for dismissing employees.

Any incubatee following the development of an entrepreneurial project, sooner or later will have to hire people to help grow the business. Therefore, accurate information about the specifics and risks associated with local employment laws is a critical service incubators need to provide to their tenants and client companies. This is even more true in the case of the entrepreneur who wants to go international, or participate in a softlanding project where he or she will have to deal with a totally new and unknown labour market. At such a time, failure to recognize fundamental differences in foreign legal frameworks could be a significant disadvantage leading to serious economic loss.

A broad overview has been laid out here, and will possibly provide a route map for incubator managers to guide incubatees who are thinking of branching out beyond their native shores.

Most business-minded people probably already know that labour regulations differ greatly between the United States and Europe. Indeed, when hiring someone in the US it is common to simply submit the candidate an offer letter. But in Europe, as a rule, a comprehensive and clearly drawn-up employment contract is required. In some countries like Turkey, Brazil, Cyprus, Slovak Republic and Italy a written employment contract is not always mandatory, whereas in Croatia, Denmark, Estonia, Greece, Russia, Slovenia and Spain a written contract must be signed. Finland, Germany, Sweden, UK and the Netherlands do not set any statutory provision with regards to employment contracts' formalities: nevertheless the employer has to provide the employee at least the main terms of the employment agreements such as the type of work to be performed, working hours, remuneration and dismissal notice period - in writing.

Entrepreneurs should, in any case, be aware that even if not forbidden, the conclusion of a solely oral employment agreement can imply legal consequences



as a result of the country's legal framework. In Belgium, for example, the absence of a written contract implies the employee is considered to be hired for an indefinite period; in Romania the employer can be sanctioned with a fine; and in Hungary the employee who has not received a written employment agreement is entitled to claim it as invalid within the set deadline - i.e. thirty days from the starting date.

Whether or not the legislation of your country requires a written contract, it is always preferable to sign a written employment contract drawn up by a local employment lawyer or an international specialized professional, keeping in mind that in countries where codification is the rule (i.e. France, Italy, Germany and Belgium) non-defined, misclassified or missing contractual terms and clauses will be, under certain conditions, automatically be replaced by current laws and statutes. In these countries, moreover, statutes and collective bargaining agreements could also replace unlawful clauses and terms included in the signed employment contract. On the contrary, countries with a common-law legal system, such as the United Kingdom, require a much more detailed employment contract, where the terms of the agreement are scrupulously listed.

> Entrepreneurs should, in any case, be aware that even if not forbidden, the conclusion of a solely oral employment agreement can imply legal consequences as a result of the country's legal framework.

In the US, with the exception of Montana, the at-will-presumption applies to all employment relationships, while in Europe (with some differences among member countries) the employment-atwill does not exist. Employment relationships are more regulated and, generally, more stringent employment protection level (EPL) and pro-employee labour laws are in force. The US employmentat-will, in its unamended form, allows the employer to dismiss the employee and the employee to leave a job at any time for any reason (or with no reason) without incurring in any legal sanction or liability. The employer will be legally liable only in cases where the dismissal is deemed to be discriminatory or retaliatory. On the contrary, in the EU and in most countries worldwide, the law allows employers to dismiss an employee only if there is substantial ground and remedies are provided against unfair dismissal.

Generally when dismissal is deemed possible without just cause, the payment of (a very diversified) severance pay-out is laid out. In Argentina, for example, a statutory severance is provided for in the case of dismissal without just cause. In Brazil, an indefinite employment contract could terminate both at the will of the employee or the employer, but the discharged employee will receive a severance payment: in case the employee is arbitrarily dismissed without cause, the employer will be fined as per the rule of law. Under the Austrian law, severance



kentoh/Shutterstock.com

payments ranging from two to twelve months' salary are established in favour of employees, depending on the years of service (between three and 25 years) and whose employment date commenced prior to 1 January, 2003. Employees with less than 3 years' tenure and claiming summary dismissal are not entitled to any severance pay-out. For employees hired as of 1st January 2003 statutory severance compensation is possible only via a dedicated state-run fund.

Outside the US, a minimum statutory notice periods or payments in lieu of notice are the norm. In France the notice period varies between one and three months depending on the employee's status. In Australia, minimum notice periods are defined by law and range from one week to five weeks, based on the length of tenure and the age of the employee. In Germany, statutory notice periods are anything between four weeks and seven months.

In countries such as the Netherlands, government approval is required for termination and employers (in this case, the entrepreneur) can be subject to unfair or wrongful dismissal claims. Austria and Germany require employers to notify the works council (if present) of the intended termination.

Specific exceptions to the general rule, requiring a just cause for dismissal, are commonly provided by national statutes during the probationary period, allowing companies to dismiss employees at any time, for any reason. In some countries (Germany, Australia, United Kingdom and Italy being a few) longer probationary periods are recognized in favour of small and micro enterprises in order to avoid the economic loss and uncertainty, in case an unfair dismissal claim is lodged.

Apart from specific cases, employers have to be aware that, in Europe, any changes of the employment contract generally requires employee consent, and that under certain circumstances, for example, in cases of vested rights or acquired rights, it is not possible to modify the terms of the contract even with the consent of the employee. For this reason it is crucial a comprehensive compliant employment contract is signed at the start of the employment relationship.

It also is of utmost importance for en-

trepreneurs and incubator consultants to identify the correct applicable form of agreement under national legislation, for each employment and/or professional collaboration. Indeed, in case of misclassification, the validity of the contract could be impugned in courts and cause severe financial losses to the entrepreneur.

> Apart from specific cases, employers have to be aware that, in Europe, any changes of the employment contract generally requires employee consent, and that under certain circumstances, for example, in cases of vested rights or acquired rights, it is not possible to modify the terms of the contract even with the consent of the employee.

# the**Practice**



However formality is not everything; substance matters as well. The formal definition of a collaborator, as a self-employed or independent contractor does not automatically hinder the relevant agreement to be defined as an employment relationship after judicial scrutiny. For example, the newly adopted reform of the labour market in Italy (Law n. 92 of 28 June 2012) establishes that independent collaborators (meaning professionals or selfemployed persons with a VAT number) are considered, under certain conditions unless proven otherwise, as indefinite contract employees of the company, in case two out of the following conditions apply:

• The contract lasts more than eight months per solar year

• More than 80 percent of the worker's income derives from this contract (so called monocommittenza)

• The collaborator has a permanent working station at the company's premises.

It is crucial to understand that the Directive has a set of minimum requirements to be transposed by Member States, and that including only the bare essentials in an employment contract could be viewed as drafting a non-compliant employment agreement under the applicable national law; thus implying severe consequences for concerned employers. National legislation, collective agreements and every regulatory provision in force in the country where the employment relationship has to be, or is established, must be taken into consideration. Employers should seek legal advice from an employment lawyer before handing out contracts to potential employees.

The bottom line - by all means grow your business, branch out, and create employment... but always seek professional advice before asking someone to work for you!! Especially if you're planning on operating outside home turf.

#### THE BASICS

The process of acquiring and divesting oneself of manpower is a vital business activity. With such a variety and complexity of legal frameworks and provisions it is crucial to get the mix right. A general outline of an employment contract's elements within the European Union can be found in Directive 91/533/EEC that requires employers to provide employees with, at least, the following information:

(a) the identities of the parties;

(b) the place of work; where there is no fixed or main place of work, the principle that the employee is employed at various places and the registered place of business or, where appropriate, the domicile of the employer;

 (c) (i) the title, grade, nature or category of the work for which the employee is employed; or (ii) a brief specification or description of the work;

(d) the date of commencement of the contract or employment relationship;

(e) in the case of a temporary contract or employment relationship, the expected duration thereof;

(f) the amount of paid leave to which the employee is entitled or, where this cannot be indicated when the information is given, the procedures for allocating and determining such leave;

(g) the length of the periods of notice to be observed by the employer and the employee should their contract or employment relationship be terminated or, where this cannot be indicated when the information is given, the method for determining such periods of notice;

 (h) the initial basic amount, the other component elements and the frequency of payment of the remuneration to which the employee is entitled;

(i) the length of the employee's normal working day or week;

(j) where appropriate;

(i) the collective agreements governing the employee's conditions of work; or

(ii) in the case of collective agreements concluded outside the business by special joint bodies or institutions, the name of the competent body or joint institution within which the agreements were concluded."

The Directive also establishes that the aforementioned may be given "in the form of a reference to the laws, regulations and administrative or statutory provisions or collective agreements governing those particular points".

*Alexia Hengl* is a lawyer with over ten years experience advising public and private clients on industrial relations and commercial and public contracts.

The Business Incubator presents an overview of news from its partner networks around the world

The European Business & Innovation Centre Network (EBN) is the leading non-governmental pan-European network bringing together 200+ Business & Innovation Centres (BICs), and similar organisations such as incubators, innovation and entrepreneurship centres across the enlarged Europe. www.ebn.eu

#### **NEW PROJECTS**

#### Tesla

The TESLA project focuses on innovative supports to early stage technology-based enterprises. The project is co-financed by the European Regional Development Fund under the IN-TERREG IV B North West Europe programme.

The aim of the project is to design and deliver a suite of tools for the successful development of knowledge intensive firms with high potential to export through transnational cooperation. It aims to enhance the partners' regional innovation ecosystems to support such firms (including SMEs and Micro Enterprises), to secure export markets through collaborative analysis and pilot actions.

The project comprises 10 project actions that will help supported firms to access innovation and product development supports and internationalise faster. Two of these are led by EBN, specific to supporting high potential start-up firms in the sector of creative industries, and to provide soft-landing and co-incubation services.

Overall, 612 firms will access supports and 45 new high potential start-up enterprises are expected to be established.

For further information, please contact Robert Sanders at rsa@ebn.eu or visit http://nweurope.eu/index.php?act=project\_detail&id=4284

#### WIM - Women in International Markets

The Women into International Markets (WIM) project's primary aim is to address the lack of tailored and targeted provision to stimulate the growth of women-led SMEs through internationalisation. This two-year project is led by the Centre of Excellence for Women's Entrepreneurship (CEWE) at the University of East London (UEL). As partner in this project, EBN will bring their extensive international business networks and expertise to the WIM project to support London SMEs on their internationalisation journey, notably through the EBN Soft Landings Club, facilitating access to a global incubation network, and providing a trusted point of contact for beneficiaries in their chosen international market or venture.

For further information, please contact: Vera Egreja Barracho, vba@ebn.eu

#### The Brazil Connection

Snapshots

The EBN/ANPROTEC collaboration was formally agreed at the XXII National Seminar of Technology Parks and Incubators "Revealing and integrating new routes development", in September at Foz do Iguaçu in Brazil.

EBN signed a MoU with the Brazilian National Association of Entities Promoting Innovative Enterprises (ANPROTEC) whose main mission is to aggregate, represent and protect the interests of Brazilian innovative enterprises. ANPROTEC is the leading institution on creation, development and consolidation of innovative projects that are aimed at economic, social and cultural transformation and sustainable development.

The signed MoU will provide a framework of cooperation and facilitate collaboration between both EBN and ANPRO-TEC members in areas of common interest. The agreed areas of activity include support to the internationalization of businesses; exchange of knowledge, good practices and staff; identification of ad-hoc project collaboration (R&D, joint testing of new methodologies),co-incubation of selected new ventures, networking and joint events including technical study tours within Europe. This collaboration has an initial term of two years, with the scope of renewal after that period.

EBN is committed to enhance the networking capacity and scale up the interchange of business opportunities between BICs and entrepreneurship and innovation agents in Brazil.





The National Business Incubation Association (NBIA) is the world's leading organization advancing business incubation and entrepreneurship. Each year, it provides thousands of professionals with information, education, advocacy and networking resources to bring excellence to the process of assisting early-stage companies. www.nbia.org

#### A rousing success

Held at the Sheraton Atlanta Hotel and attended by 580 people, the NBIA 2012 International Conference on Business Incubation was a rousing success. It featured more than 60 educational sessions, multiple plenary sessions and much time for attendees to interact with one another and the nearly twodozen exhibitors who offered goods and services tailored to the needs of business incubation. Several new features at this year's conference were big hits, including an online tool that enabled conference-goers to efficiently sort out the sessions they most wanted to attend. One of the most popular new features this year was the New Member/Nonmember Reception, where those who recently joined NBIA and those in attendance who were not NBIA members got to spend time meeting each other and having small-group discussions with NBIA staff and board members.

Plans are already under way for NBIA's 27th International Conference on Business Incubation in Boston, April 7-10, 2013. Visit www.nbiaconference.org for more details about this event.

#### Put It in Writing II:

Incubator documents address all aspects of working with clients, from how to use the photocopier to the acceptable amount of time a client may remain in the program. Some documents are commonly used among incubators of all types, while others are more closely tied to an incubator's specific mission and needs.

Earlier this year, NBIA released Put It in Writing II: A Guide

to Incubator Policies, Procedures, and Agreements, which explains why written policies and procedures are paramount for efficient incubator operations and provides many sample documents to help guide your efforts. As an added feature, the book includes a CD containing copies of all sample documents in both PDF and Microsoft Word formats.

This publication is available through the NBIA Bookstore online at www.nbia.org/store .

#### New and renewed

Over the summer, a panel of experienced business incubator managers selected the most recent recipients of the NBIA Soft Landings International Incubator designation for 2012-14, while another round of applications is slated for review this fall.

In July, Automation Alley of Troy, Mich., and Innovation Depot of Birmingham, Ala., earned the Soft Landings designation for the first time. The Enterprise Development Center at the New Jersey Institute of Technology of Newark, N.J., and RiDO Business Centres of Rotherham, U.K., earned their first renewal, while Montpellier Agglomeration BIC of Montpellier, France, received its second, and ATP Innovations of Eveleigh, Australia, and the Center for Innovation at the University of North Dakota in Grand Forks, N.D., earned their third renewals.

Now in its eighth year, the Soft Landings program recognizes NBIA member incubators with proven ability to help nondomestic companies enter the incubator's domestic market. NBIA's Soft Landings designations are effective for two years; programs must reapply biennially for continuing designation.

Soft Landings designees are authorized to use the NBIA Soft Landings logo on their websites and in their promotional materials to tout their unique capabilities to potential clients. To date, 25 incubations programs have received NBIA's Soft Landings designation.

To learn more about NBIA's Soft Landings program, visit www. nbia.org/member\_services/soft\_landings.



UK Business Incubation (UKBI) has been the UK's and increasingly the international principal and successful authority on business incubation, business incubation development and best practice since 1998. www.ukbi.co.uk

#### New developments

An Outline Assessment and Development Tool for Business Incubators

Earlier this year, UKBI and Aston Business School embarked on a joint ESRC funded project with the aim to obtain an online assessment and development tool for business incubators. The purpose of the tool is to offer an appropriate set of measures against which:

• The skills and competencies of business incubator managers and their team can be assessed and benchmarked for their own and their stakeholders' use, within the auspices of a community of practice.

• The performance and impact of a business incubator can be assessed.

Ultimately the project has the following objectives:

• Make the enhanced tool available to incubator managers widely;

• Through this process, identify development needs for business incubation managers and nurture a community of business incubation management practice, so that an effective peer support system is established.

Receiving support from IBCS - a software development company with experience in office/ business space management - the online assessment tool will crucially lend itself to longitudinal data collection on the performance and impact of business incubators. The proposed project aims to contribute to improved practice, rigorous research and evidence-based policy in this domain at local, regional, national and international levels. A set of papers will be produced during the course of the study and a dissemination workshop will also take place at UKBI's Annual Conference in Lincoln in November 2012. The project is due to end in December 2012.

#### The awards

Each year, UK Business Incubation awards its members who have shown excellence in providing the right environment for start-up businesses and entrepreneurs to flourish. Open to members only, the awards give UKBI, the body for the advancement of best practice, the opportunity to reward those who strive to support world class businesses and entrepreneurs, impacting on local, regional and national economies whilst at the same time creating a sustainable environment for the future. This years Award Categories are Business Incubation Champion, International Business Incubation Champion, Achievement In Business Incubation and Outstanding Contribution to Business Incubation. Deadline for entries was October 5 2012. For further information about the awards , please contact Keiron Broadbent, k.broadbent@ukbi.co.uk

#### Annual Conference 2012

With interactive workshops, incubator tours, plenary sessions, roundtable discussions, networking reception and a prestig-



ious International Gala Dinner there are lots of opportunities for learning and networking at the UKBI Annual Conference. Spread over three days the conference will cover a variety of topics across the business support spectrum. In a departure from previous year's Annual conferences the conference will be hosted by the University of Lincoln. The University of Lincoln has enjoyed a meteoric rise up the university league tables for good reason: it puts students at the heart of everything it does. Added to that, it is a research-based university with quality teaching, offering excellent career prospects for its graduates. The conference programme will look at how the University supports its student entrepreneurs, sharing best practice and giving the students themselves a platform to get involved.

Up-to-date details can be found at www.ukbi.co.uk



The European Space Agency (ESA)s Europe's gateway to space. Its mission is to shape the development of Europe's space capability and ensure that investment in space continues to deliver benefits to the citizens of Europe and the world. ESA is an international organisation with 19 member states. Each year they produce an impressive number of incubatees through a set competitions that promote innovation and entrepreneurship creating high-knowledge jobs and transfer of technologies. www.esa.int

#### 160 and going strong

Space technologies and infrastructure offer countless possibilities for commercialisation in various branches of industry and thus, play an increasingly important role in the European startup scene. The European Space Agency (ESA) has supported 160 start-up ventures at its seven ESA Business Incubation Centres; there have been 50 new ventures each year and the numbers are on a steady rise. The starting point for more than a third of the ESA BIC incubatees were two well-established ideas competitions - namely the European Satellite Navigation Competition (ESNC) in the field of satellite navigation and the GMES Masters in the area of Earth monitoring. The number of companies that have spun out from these contests indicate the potential in such initiatives to generate and acquire promising business cases and qualified start-up teams. "The ESA BIC programme in combination with these innovation competitions have demonstrated the power of this European approach to boost entrepreneurship in the space-based downstream business" said Frank Salzgeber, Head of ESA's Technology Transfer Programme Office (TTPO).

#### **Rising numbers**

Since 2004, more than 2,200 business ideas have been submitted for the annual competitions, one third of which have been put into business action, or are currently under development. Certainly this success rate indicates the potential of the com-



petitions to boost entrepreneurship in the field of space-based downstream applications. Each year, the winning ideas in each category of the two competitions are presented at the Awards Ceremony in the famous Munich Residenz in October. "We look forward to award the most innovative ideas for commercial space applications and are excited to see the areas in which ideas have been submitted this year," said Thorsten Rudoph, Managing Director of AZO. Frank Salzgeber adds: "We encourage all winners and participants to apply for business incubation at one of the seven ESA BIC locations in Europe to turn their ideas into reality."

For more information on the ESA BIC programme please visit: www.esa.int/ttp & www.esa.int/bic

For more information on the ideas competitions please visit: www. gmes-masters.com & www.galileo-masters.eu

#### Inroads everywhere

TTPO coordinates the ESA BIC network at its seven locations in Germany, Italy, the Netherlands, Great Britain, and Belgium. The ESA BIC programme provides start-up financing and technical support to promising new ventures that make commercial use of space technologies and infrastructure. Of the products and services of the currently 160 ESA BIC companies, 44 percent are derived from space technologies, 38 percent use satellite navigation, 10 percent Earth observation, and 8 percent satellite communications. They carry out their businesses in a wide range of business areas such as aviation, automotive, energy, finance & assurance, robotics, sports & leisure, telecommunications... to name just a few sectors. ESA BIC companies demonstrate success in cooperating with industry leaders in their industries of operation This is impressively demonstrated by the expanding list of well-known industry partners such as Airbus, BMW, Bosch, Inmarsat, Lufthansa, Thales, or T-Systems, and many more. The success formula for the cooperation with leading companies is the benefit that the companies gain from the incubation programme and the network of the ESA BIC branding on the one hand, and the technical support of local partners, as well as mutual support of other incubatees on the other. To launch a successful start-up, a promising business case is needed. Idea competitions provide a great way to get business concepts evaluated by professionals. They also offer a platform for publicity and networking – two important steps in establishing a new venture. Since their business cases have already been approved by experts, winners of the ESNC and GMES Masters have excellent chances of being accepted into the ESA BIC programme. The two innovation competitions are organised by Anwendungszentrum GmbH Oberpfaffenhofen (AZO) – which also manages the ESA BIC Bavaria – with the aim to encourage innovative products, services, and business concepts.



The Dutch Incubator Association (DIA) has been established to provide the Dutch incubators with a common platform for professionalization and positioning on a national, European, and international level. The goals of this association are: professionalization of the incubator industry, and; reinforcement of the incubator infrastructure and relations (synergy) on both national and European level; and optimizing the information about incubation towards start-ups. www.dutchincubator.nl

# Inqubator Friesland helps raise 3 million revenue in three years

Inqubator Leeuwarden recently celebrated its third birthday, and launched a new incubatee 'Juiced Boards' which was selected for the incubation programme. With this innovative student company that creates 'Longboard type' skateboards, the total number of associated entrepreneurs has now reached fifty. With this young initiative in the upper north-Frisian part of The Netherlands, the founding organisation, Business Development Friesland (BDF) has proved there is a lot innovative and entrepreneurial potential in the region. Lennard Drogendijk, owner of BDF said, "he was always confident about the need for an incubator which would be well connected to research and education, but also to business in the region." Although it took him many years to convince sponsors and government, as a seasoned entrepreneur he knew what aspiring entrepreneurs needed; focus on clients and revenue and he knew that incubators were the answer with their know-how, lower operational costs and financial and sales support.

#### **Rotterdam Science Tower rises to the cause**

October 4th, 2012, saw the launch of Rotterdam Science Tower (RST). The Science Tower is geared to be the new home of the Business Incubators of Erasmus University and Erasmus Medical Centre. Comprising15,000 m<sup>2</sup>, the RST will not only facilitate start-ups and spinoffs, but it will also host ML2 and ML3 laboratories and space for health & life science companies. Besides this, three Educational institutes have planned to house their laboratory training in the Tower. With this investment, the City of Rotterdam, Fortress and Erasmus University and Medical Centre aim to boost new products, services and entrepreneurship in the 'cure & care' sectors.



#### Three decades of BTC Twente

The Business Technology Centre Twente is the oldest University Incubator in the Netherlands. Since 1982 it has supported over seven hundred companies, many of which were started by the University Twente alumni. Based on the research done for the 30th anniversary, is showed that 80 percent of these companies are still going strong, 16 percent of the companies ceased operation because of personal choices by the entrepreneur(s) and only 5 percent went bankrupt. Quite a performance for a hi-technology incubator. In The Netherlands, it is testament to the unique impact of such a programme over a long term. With this incubator, based on the Business & Science Park Enschede, the Twente University can quite aptly position itself as entrepreneurial university.



The University Industry Innovation Network (UIIN) is a professional resource and networking platform aiming to create a self-sustaining resource and networking platform providing academics and practitioners in the field of technology transfer, intellectual property and university-industry relationships with the knowledge and information to effectively and efficiently conduct their work. With close to 130 members the platform and more than 3,500 resources listed, UIIN has become an important player in university-industry interaction. www.uiin.org

#### Finished projects in the past period:

#### July

Submission of joint tender: UIIN submitted a joint tender in cooperation with TII and several other partners. Please contact office@uiin.org if you are interested in participating in projects with UIIN. New features of UIIN: In order to support our users in using the opportunities offered on UIIN and increase the network functionality of UIIN, users can now indicate their interest for the calls for proposals and tenders that are listed on UIIN. As such the users are supported in their attempts to find the right partners for the right projects.

#### August

Launch of University Industry Innovation Award: Sponsored by several partners and supported by a highly prestigious set of committee members (coming from organisations such as the Triple Helix Association, the EC's Enterprise Europe Network, EBN, PraxisUnico, AURIL and TII) UIIN offers an award to recognize both practical as well as theoretical contributions in the area of university-industry interaction. http:// award.uiin.org

#### **Ongoing projects**

University-Business Cooperation Study Platform: UIIN, in cooperation with ub-cooperation.eu, is developing an online tool which enables visitors to run individual analyses on the results of the largest study on University-Business Cooperation in Europe (more than 6,200 responses from 33 countries). The platform will also enable users to benchmark their own institution against the data. *Technology and Competency Platform (TCP):* UIIN is currently developing a website aggregating technologies and competence profiles from various organisations and platforms worldwide. Integrating a powerful search and filter functionality, the website will enable users to get those technologies and potential partners which fit with their interest right in their email inbox. *To get updates on TCP, please subscribe to our TCP newsletter on http://tcp.uiin.org* 

**UIIN Magazine:** In order to provide a greater insight in university-industry innovation, UIIN is preparing the first issue of its own magazine. Amongst others, the magazine will feature news, best practices, interviews, research results and event outlooks.



The Taiwan Globalization Network is managed by The Taiwan Desk Foundation which seeks to explore the potential for Taiwanese companies to expand in Europe, and help European businesses find opprtunity in the dynamic Taiwan market. Through TGN, Taiwan and Europe continue to cultivate their bilateral business incubation networks, and look for new and better ways to support start-up companies interested in expanding their business abroad. www.taiwandesk.org

#### **Building bridges**

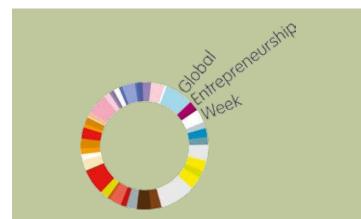
In June 2012, a high level delegation of Directors from some of Taiwan's top incubators visited the Netherlands to participate in the first ever Taiwan Business Day held at the Rotterdam Chamber of Commerce. Taiwanese incubators and Dutch companies were matched with each other and explored the possibility of doing business together. The delegation then headed to Finland to participate in the 21st European Business and Innovation Centre Network (EBN) Annual congress: "Challenging the future: Faster / Further / Together. With 13 participants, the Taiwanese delegation was one of the largest international groups at the conference.

#### **Eastward Bound**

Europe is also making plans to go to Taiwan in November 2012. A delegation of European incubator managers led by EBN officials will participate in Taiwan's Global Entrepreneurship Week program in Taipei. They will renew a Memorandum of Understanding between Europe and Taiwan signed in 2011 for an expected additional three years, to include opportunities for bilateral staff exchanges. Visits to incubators and a commercialization service centre will be included in the program.

#### Just Launched

The Taiwan Globalization Network (TGN), based in The Netherlands, has just announced the opening of their office in Taiwan. In collaboration with the Chao Yang University of Technology incubator, located in Taichung County, TGN can now directly support European entrepreneurs interested in exploring the possibilities of expanding in Southeast Asia, with a base in Taiwan. The bureau includes individual offices and office resources; workstations, desks and computers; cloud computing, including e-commerce applications; meeting and conference facilities; and access to an excellent business network. The package is now available and free of charge for a start-up period to qualified European companies.



A Shot of Adrenaline from Global Startup Communities by Jonathan Ortmans, President of Global Entrepreneurship Week

Traditional business incubators have not only faced financial challenges in recent years but also criticism that they are more like executive office suites rather than hubs of creative entrepreneurs churning out new firms or helping them fail fast. Change has come not from top-down redesign, but from the bottom up as a huge new generation of open, creative and socially motivated entrepreneurs have formed startup communities in cities across the globe and are reinventing accelerators and incubators.

These communities are acting as breeding grounds for new firms and helping them graduate to the next level. A quick look at one program, Startup Weekend, shows that 16 percent of its companies or alumni have subsequently gone through an incubator or accelerator.

Entrepreneurship has become democratized—driven by the new power of communications technology, informal networks and the popularity of a creative class—helping the idea of 'making a job instead of 'taking a job' take root in all corners of the world. This has been most evident in Global Entrepreneurship Week (GEW) each November where millions of people in 125 countries participate in nearly 40,000 competitions, activities and events to test their own aptitude and appetite for joining a startup team. Last year, winners of the largest GEW events touched almost every continent with entrepreneurs and startups from the US, Hong Kong, South Africa, Germany and Chile.

In November 2012, GEW will again show how various startup communities breed ever more innovative companies. For example, Startup Weekend will create more than 1,000 startup teams in 120 cities on the two weekends book-ending GEW. Examples such as these and tens of thousands of other GEW activities feed the rapidly expanding and evolving global incubator and accelerator movement and lead to a new generation of creative hubs that know no national boundaries.

Five Ways to Get Involved



Host your own event during GEW: Hundreds of incubators host activities, events and competitions to reach out to their communities during GEW—startup showcases, pitch contests, networking receptions, drop-ins, meet and greets and more. Visit www.unleashingideas.org.

*Scout for talented entrepreneurs at local GEW competitions:* With approximately 40,000 activities happening in 125 countries, there is likely to be something happening near you—and competitions always need judges.

**Engage & Educate Policymakers:** Reach out to elected officials and other public sector leaders to explain the policy priorities that grow startups that create jobs and generate wealth.

*Connect with Media:* Announce a new class of startups, share successes of your current group, launch new programs or announce new hires.

Serve as a delegate to the Global Entrepreneurship Congress in Brazil: The Global Entrepreneurship Congress is an inter-disciplinary gathering of startup champions from around the world. Visit Rio de Janiero in March and join the leaders from each of the 125 national GEW campaigns as official delegates. Learn more at www.gec2013.com

# Raison d'être

Business incubators have a single purpose – we take a look at the end results and what they have to say

Incubation is the current buzz, and without doubt, over the last few decades it has grown into a massive industry globally that has inspired, encouraged and grown whole areas of business turning the business of aspiring entrepreneurs into commercial realities. Today incubators have their own networks, powerful forces in their countries, that serve communnities, create jobs and promote commerce from the grass roots up. The end result is a global phenomenon that is united in the cause they ultimately serve. The Business Incubator magazine is proud to present the successes that have spawned from the industry and present a pat on the back for the fine work that is being done around the world - from those that have benefited the most.



## **DERMANDAR** Lebanon

#### ADDRESS LebanonPrincess Bldg, Jounieh Highway, Lebanon www.dermandar.com

#### THE INCUBATOR

Berytech PO Box 11-7503 Riad el Solh, Beirut 1107 2240 Lebanon www.berytech.org

#### **About Dermandar**

Dermandar is an innovative technology company that specialises in mobile apps in the field of image processing. Their application enables photography enthusiasts to shoot and share pictures without resorting to expensive photographic equipment, and create panoramas quickly to share easily with friends and family. With the interest in photography growing at a phenomenal rate around the world, Dermandar has captured the interest of a booming industry sector.

#### The challenges

Not many technology companies using the internet would have had the problems faced by Dermandar, as internet connectivity in Lebanon was not the best until as recently as 2011. There were frequent power shortages and often electricity would be available for a mere six hours a day - a real

### the**Showcase**

disadvantage if your entire business relies on the avialability of power. Added to this were the regional and political problems that affected daily life, both personal and professional, which made it very hard for start-ups of any sort to find a firm footing in the country. Funding, always an issue, was a huge problem as well, as Dermandar was personally funded by its founder, who had to dip into personal savings and family finances to keep the company running. Needless to say, things were not easy and Berytech's involvement certainly went a long way in keeping the company on track and helped them past the initial hurdles that they faced.

#### The incubator advantage

Things were very tight for this little entrepreneurial enterprise, until Berytech stepped in, having assessed the potential in the struggling venture. The incubator provided the much-needed assist, funding which enabled the company to keep it's eyes on the final goal, which was building a successful business. The Berytech Fund helped shift focus from cash flow to business development, and without them, Dermandar is quite certain, they would not be where we are today. They are convinced that incubators are vital to nurturing new business get up and off the ground and on to the road to success.

#### And more...

Despite terrible infrastructure within the country, Dermandar was ranked at the very top in the Appstore - quite a significant achievment. Since the company started out, things have improved, and the infrastructure has been put into place within the country to support new businesses. In recent years Lebanon is making a name for itself on the international circuit as a place that encourages and sustains technology and innovation led businesses. The Berytech Incubation Centre is playing a central role in enabling these much-needed changes and as a company, Dermandar say they have greatly benefited from their association with this progressive incubator and its team.



## LatitudeN GmbH <u>Germany</u>

#### ADDRESS

Robert-Bosch-Str. 7 64293 Darmstadt, Germany www.latituden.com www.facebook.com/latituden

#### THE INCUBATOR

ESA BIC Darmstadt (cesah) Robert-Bosch-Str. 764293 Darmstad www.cesah.de

#### About LatitudeN

LatitudeN is a technology company providing innovative location-based solutions with a focus on tourism. Using modern mobile technologies, whether outdoor or indoor, LatitudeN develops value-added mobile products and services to municipalities, companies and other tourism players willing to reinvent the users' travel experience. LatitudeN has been part of the Technology Transfer Programme of the European Space Agency (ESA) since its inception in 2009.

#### The challenges

There were three major hurdles faced during the start-up phase of the company.

The first big challenge was the ability to make the transition from a concept (many times not completely matured yet) to a working prototype. During this process, it was necessary to adjust features and the model to accommodate the real market feedback. A permanent contact with potential clients was crucial in order to create a "wanted" product.

The second big hurdle was, without doubt, funding - a problem faced by almost every start-up. A good idea without financial resources to bring it to the market and pass the market entry proof always carries the risks of failure. Getting access to funding is often a vicious circle, with investors requesting a prototype and clients, while the company needs financial backing to achieve those milestones in order to become a viable proposition to its audience.

Finally, the ability to question the first business model and test alternative approaches during the startup phase was crucial, but difficult to accept from the entrepreneurial perspective

#### The Incubator advantage

Like a child who enters school for the first time every entrepreneurs needs support and guidance during the first (uncertain) steps. Starting a business is very hard and it is vital to have a guiding hand at the initial stages to help one see a dream turn into reality. The incubation at the European Space Agency Technology Transfer Programme brought much needed guidance and support to LatitudeN. Firstly, networking with other entrepreneurs, already in the programme, helped to avoid some common mistakes made by the beginner entrepreneur. This saved time and avoided potential problems. Secondly, it brought technical and administrative support. As Bruno Fernandes of LatitudeN feels, "Our incubator helped us achieve a more robust prototype and helped to simplify and save time on bureaucratic procedures. Finally, and quite importantly, the incubator brought the financial resources precious to a successful implementation of the beta product."

#### And more...

Bruno is of the opinion that the incubation process is an excellent opportunity to establish contact and to stimulate collaboration between entrepreneurs, generating synergies which may make all the the difference between success and failure. It also offers the possibility of funding for projects, which is so important, and yet can be so hard to come by, especially in the IT sector.



# PRECISION SPORTS TECHNOLOGIES

United Kingdom

#### ADDRESS

Knowledge Dock, University Way, London. E16 2RD. www.precisionsportstech.com

#### THE INCUBATOR

Knowledge Dock University of East London, London, E16 2RD, UK *www.uel.ac.uk/knowledgedock* 

#### **About Precision Sports**

Precision Sports Technologies Ltd is a UK-based Sports-Science technology company, specialising in the development of elite sports training and medical systems which aid in the monitoring, rehabilitation and enhancement of performance for individual athletes and sports teams. The goal of Precision Sports Technologies is two-fold; to develop innovative and "advanced-affordable" systems that allows for the mining and analysis of large "sportsspecific" data sets to enhance performance, and to open the world of sports technology to the wider sporting world.

At Precision Sports Technology, three main areas of sports science are emphasised

1. Performance Enhancement: Improving sporting performance with the use of technology.

2. Coaching (Technical/Tactical) Enhancement: Improving coachingability; to aid in the instruction/ coaching and development of athletes with the aid of technology.

3. Sports Medicine (Rehabilitation/ Injury Prevention): Using technology to reduce the likelihood of sporting injury, and aid in the rehabilitation of athletes.

#### The Challenges

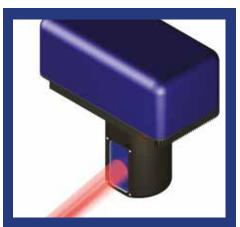
There were numerous challenges whilst starting a new business, but there were two that really stood out. One was finding the right people. Funded companies always attract people, but it is hard to assess who is right for the company and shares its values and vision? Without funding things are that much harder. It was difficult to find the right people, and the resulting frustration can end in the wrong HR decisions, which may have had short-term benefits, but were not positive long-term choices. The other biggest challenge was/is especially one with a global appeal, involves a lot of bureaucracy - everything from patent applications (in And of course there was always the wonderful world of taxation to make the journey even more complicated.

#### The Incubator Advantage

Alex doubts if he would be where he is now without UEL's Incubator programme. Starting anything new is daunting and in his own words, "starting a business was like being dropped in the middle of a rain forest... at night... without a compass or a phone. The programme was my compass and my phone. I always had access to every sort of help and challenge I would face as a new business, from patent advice to financial guidance. They say we learn from our mistakes, which is true. But the fewer mistakes we make, the better. Incubator Programmes diminish the number of mistakes (and their impact) a new business can make."

#### And more

The guidance received from incubator teams is invaluable and is a much-needed helping hand in the complicated world of start-ups. Precision Sports Technologies has made its mark in its industry and has won prestigious awards, all of which have assisted in consolidating its position as a leader in the field. Being incubated and mentored has been a definite plus and Alex Oviawe, the founder firmly believes that the start-up world is a better place for incubation support.



# ViaLight Communications Germany

#### ADDRESS

Friedrichshafenerstr.1 82205 Gilching, Germany Tel: +49 8105 77705-0 *info@vialight.de www.vialight.de* 

#### THE INCUBATOR

Project Management ESA BIC Anwendungszentrum GmbH Oberpfaffenhofen Friedrichshafener Strase 1 D-82205 Gilching *bindl@anwendungszentrum.de* 

#### About ViaLight

ViaLight Communications (VLC) develops and produces high-rate laser communication systems for airborne applications. The company is a spin-off from the German Aerospace Center, DLR, and was founded in 2009.VLC's target markets consist of customers who need to transmit large amounts of data (data rates above 1Gbps) in real time from flight platforms – a feat impossible with conventional radio communication systems (typ. <10Mbps).

VLC has long-standing experience in diverse fields as high-rate commu-

## the**Showcase**

nication, high-precision beam stabilization, optics, mechanics, atmospheric channel modelling, and the performance of international flight campaigns including certification. Currently, VLC markets two flight terminal lines, the MLT-20 for links up 50km and the larger MLT-100 for up to 600km. The MLT-20 is a miniaturized laser communication terminal for the application on small flight platforms as UAVs or helicopters. The MLT-100 is a miniaturized laser communication terminal for high-performance backbone networks.

#### The challenges

There were three founders of VLC, all of whom had researched laser communication about 10-15 years ago at DLR. They had a huge number of problems, like finding the counter terminal and building up the link, atmospheric turbulence, and thermal problems preventing stable communication. Since then the technology has evolved considerably and they have had many successful trials proving that large amounts of data can be transmitted over long distances on a laser link. This inspired them to found VLC and to take this technology to a commercial, operational level. Today, the challenges are more on the business side - convincing customers that a small, but very effective and innovative team like theirs can develop and build complex systems with a high degree of reliability. But their success speaks for itself and VLC's team has grown within three years to include ten highly qualified engineers.

#### The incubator advantage

Dr Knapek, one of the three founders says, "Our time in the ESA Business Incubation Center close to Munich has given us the right environment to grow our company during the first two years and to take our first steps in the commercialization of laser communication. This included infrastructure like office space and telecommunications, but even more it meant the opportunity to build up a network of partners, customers, specialists, and supporting consultants. Particular import for VLC was, and still is, the proximity to DLR, as the research institute stays an important partner in developing great solutions, which we can use for our future laser communication systems.

#### And more...

VLC's vision is to bring laser communication to the global market. This will mean a radical change in communication technology for many applications. While they have begun in the area of remote sensing and monitoring applications on flight platforms, they are certain that they will find many more application areas for this powerful technology. And their incubator has been and will be an integral part of the journey.



### 2Fold20 Play (Product Name:Enjoy! Karaoke) United Kingdom

#### ADDRESS

Faraday Wharf, Holt Street, Birmingham, B7 4BB, UK http://2fold20play.com/ http://enjoykaraoke.com/

#### THE INCUBATOR

e4f Faraday, Wharf, Holt Street, Birmingham, B7 4BB, UK www.e4f.bsp-a.com

#### About 2Fold20 Play

2Fold20 Play is a gaming company designed to capitalise on the next stage of the casual, social gaming market and rapidly evolving convergence. The company launched its first game, Enjoy! Karaoke into the public BETA at the end of April 2012 and has grown rapidly to over 40,000 monthly users. Still at the BETA, stage the game has been reviewed by the BBC and has already received multiple celebrity tweets, and international interest from major partner companies. Gamezebo said; "Facebook is huge. Karaoke is huge. Put 'em together, and you get Enjoy! Karaoke—potentially the biggest game to hit Facebook in a long time. 2Fold20 Play was founded through a collaboration between TwoFold Twenty and CreativeAdvantage Fund, receiving incubation support from e4f (Birmingham Science Park). The 50th e4f company to join the e4f program and marked by a visit to Birmingham Science Park by the UK Prime Minister, David Cameron, in November 2011, 2Fold20 Play's management team includes expertise in film, TV, gaming, marketing, digital, media, music and venture capital. They have a track record of building successful teams, projects, and new business es in the digital entertainment space.

#### The Challenges

2Fold20 Play faced many of the same challenges that face any business - from finding great people, to managing costs, time and planning, but in particular the cost of developing the launch game required considerable finance. In addition, in a busy marketplace it's always difficult for a new game or app to break through and grow an audience. Finding the right incubation partner and seed funding, as well as angel funding, were the biggest challenges to get the project started. A great deal of persistence and prototype development (on a shoe string) was required to find the funds and progress to full scale development and launch. No easy task!

#### The Incubator Advantage

2Fold20 Play benefited significantly from the support of e4f (Birmingham Science Park). As well as good advice/mentoring, the e4f understood the challenges of starting up and helped to minimize costs, find PR opportunities and showcase the product to a wide range of businesses, partners, and investors. They found the much-needed start-up support which was invaluable in getting them from idea to a place of business strength.

#### And More

Neill Watson, CEO, said that, "Starting any business is challenging and finding the right support is essential to maximise the chance of success. Having the support of e4f, Creative Advantage Fund and TwoFoldTwenty really helped us to progress the business effectively in the early days from finance, to advice and product exposure". Philip Bulley, Creative & Development Director of the company was similarly positive about the incubator's input. He said, "Developing a new game for a busy market is tough, but the support of the e4f incubator was great in helping us gain a platform to showcase Enjoy! Karaoke."



# **Cerberus Gaming** *Netherlands*

#### ADDRESS

Administration: BlackShore - creative Diamantlaan 132 2332 GR Leiden The Netherlands *www.cerberusgame.com* 

#### THE INCUBATOR

ESA BIC Noordwijk European Space Innovation Centre ESIC Kapteynstraat, 12201 BB Noordwijk The Netherlands http://www.esa.int

#### **About Cerberus**

Cerberus is a fun game with a big educational component. The game

takes satellite images or aerial photography to players who are then asked what it is they can see in the image. These could be sediments on Mars or damaged roads after an earthquake or the effects of climate change on the poles. Research has shown that when enough players make an assumption about a spot in the satellite image it is actually to correct definition. The 'crowdsourcing' results are achieved via an online portal similar to Google Earth and maps can be generated quickly and effectively by players from the age of ten and upwards. The game is not just a map-making tool; it is fun and informative, and enables players to directly impact the outcome of a variety of activities... from space exploration to management of natural disasters around the globe. Cerberus is the main product being developed by BlackShore-Creative which was launched some years ago as multimedia concept and design company.

#### The challenges

Cerberus, like most companies, started with a plan that unfortunately made no allowances for setbacks., as is common with many new ventures. The programming of the actual game was outsourced and went through four rounds of negotiations and discussions with various companies, none of which worked out particularly well. Finances were tight as well, and finding a company with the right resources proved to be a very difficult task. Finally, after much searching, it was eventually outsourced to a company in Egypt. In 2011, at a conference in the US, however, the director of Streaming Creativity, a games studio, saw the project and evinced an interest in Cerberus Gaming. It would seem that both sides found in each other a good fit, both professionally and creatively. Early stage finance has been a concern, but on the plus side the ESA (European Space Agency) Incubator has been immensely helpful with product development, a huge boost at the start-up phase.

#### The incubator advantage

Cerberus was Hans van 't Woud's master's degree research at the

university of Amsterdam. After a successful graduation (and thus validation) of the Cerberus crowdsourcing method, it was the time to start looking for a job. At that time, however, the entrepreneur had no idea about the existence of incubators at all. It was a chance meeting with someone from the University of Leiden that resulted in an introduction to Niels Eldering from ESA's technology transfer office which changed everything. This meeting provided Hans with the inspiration to apply, and scout, for other business opportunities that went beyond just the mapping of Mars. Besides the product development angle and legal cost benefits, there were other practical benefits as ESA enabled access to knowledge that has increased the scientific performance of the game in relation to space domain. Also as an incubatee Hans feels there exists within the ESA framework, the possibility to network and build connections that might be beneficial at a later, postincubator stage - a valuable offering for future commercial growth. The ESA business incubator offers "great and affordable office facilities", interesting events involving space-related companies and so much more. He feels there is a distinct plus in being with other startups, and sharing similar aspirations and obstacles, as it makes the entrepreneur feel like they are part of a collective with a common goal, which is to build successful and interesting businesses.

#### And more...

"I am still in my incubatee period and I am not certain Cerberus is going to be a success, but with the help of the ESA incubator I am much further than I ever could have imagined," says Hans van 't Woud. According to him, going into an incubator puts you into the 'entrepreneur mindset' and puts you in touch with a network that can be beneficial to one's business needs. ESA has provided him valuable access to media contacts, for example. This does not mean complete dependency on the incubator, however, and for the most part it is business as usual.

## the**Showcase**



## MiiS (Medimaging Integrated Solution, Inc.) Taiwan

#### ADDRESS

1F, No.7, R&D Rd. II, Hsinchu Science Park, Hsinchu, Taiwan 30076, R.O.C. http://www.miis.com.tw/

#### THE INCUBATOR

Innovation Incubation Center of National Chiao Tung University (NCTU IIC)1A2, No. 1 Lising 1st Road, Hsinchu City, Taiwan, R.O.C.

#### About MiiS

Medimaging Integrated Solution, Inc. (MiiS) is a start-up company that gathers high technologies and intelligence that commits cutting edge products to design. They design and manufacture digital handheld medical imaging devices, in particular diagnostic scope sets that includes digital eye-fundus cameras, otoscopes, dermatoscopes and endoscopes. The products cater to hospitals, clinics, health examination units and telemedicine and their product development and technology research is carried out in close cooperation with hospital centres, research institutes and contract research organisations.

The MiiS business model follows an own-brand sales and original design manufacturer (ODM) service for different sales territories and segmented markets and has its own GMP and ISO factory in Taiwan. They are focussed on R&D, manufacturing, and total quality control and are continually on the look out for contract agents and wholesalers who can extend their product platform in both global or domestic markets. Their business model includes providing a service to ODM customers who have an established brand presence in their sales territories.

#### The Challenges

MiiS had its own share of problems starting out and being in the hi-tech medical space they faced a few additional hurdles. The first was creating a working and innovative business model that leveraged their core technological capabilities. The startup was faced with getting medical device certification and then getting clinics to test their products for which they had to find inroads into the national resource from the hospital research centre. And of course, the push that was needed on the global marketing and branding front was a huge challenge.

#### The Incubator Advantage

The incubator provided the young company with the best test-bed for new technologies and helped integrate local business resources with academic capabilities - thus providing a comprehensive set of services for this fledgling venture. The Innovation Incubation Center of National Chiao Tung University (NCTU IIC), is well known for being the premier institution in science and technology and as a result it has an outstanding alumni in the high-tech space. It has a well-established culture of entrepreneurship that offers enormous support entrepreneurs who make the grade to the incubator. Additionally, in recent years, the NCTU incubator has recruited a highly experienced management team that has build up the valueadded services and activities related to business development - a bonus to any new business trying to get off its feet.

#### And More

The idea and concepts that launched the companies innovative products dates back to 2008, when a research project was developed in the laboratory of the National Chiao Tung University in Taiwan. The team consisted of engineers and sales personnel from the IT industry, and doctors and researchers in the medical field. The mission was to provide a total solution integrated with clinical, optical, mechanical and electronic engineering for the digital medical imaging device. Since then their factory has been approved by GMP and ISO quality systems and the product certificated by the American FDA and European CE. Currently they are looking at new product development and sales promotion. And the incubator continues to play a part in their success.



We're always looking for interesting projects to feature in this section of our magazine. Please write to us and let us know who your star incubatees are.

#### Contact:

editor@theincubatormagazine.com

# Helping Hand

From organisation to motivation, incubator teams are called upon to be many things to many people. The following resources can be used either by incubator teams or the companies under their care to provide a helping hand

#### **PASS IT AROUND**

Most of us know of *www.ted.com* - a website of lectures and talks and shows that inspire, educate and enlighten. Here are a few we found that might be of use to incubation practitioners. Share them with your incubatees and colleagues, enjoy them and learn from them. this is why we all love TED.

#### http://www.ted.com/talks/cameron\_herold\_let\_s\_raise\_kids\_ to\_be\_entrepreneurs.html

Wordsworth said that 'Child is father of the man,' Should we be raising our children to think like entrepreneurs... and if so how and why? An international entrepreneurship coach and motivator tells us how to create a new generation of business people.

#### http://www.ted.com/talks/nirmalya\_kumar\_india\_s\_invisible\_ entrepreneurs.html

All the buzz about innovation around the world seems to have left India out of the loop. Is there a different sort of innovation happening within the country...? Nirmalya Kumar, Professor of Marketing at the London Business School offers his view.

#### http://www.ted.com/talks/majora\_carter\_3\_stories\_of\_local\_ ecoactivism.html

Is the future meant to be high-rise buildings and shopping malls. Marjora Carter, a pioneer in local economic development inspires with three stories of entrepreneurs who decided to build not just businesses, but better communities with their ideas.

#### THE EFFICIENT GATEWAY

It was April 2011 that Avnon Consulting rolled out its Skills Development Portal and the team have been updating the site ever since with one development after another to achieve their mission of continuingly improving and enhancing the portal.

In response to the growing need for incubators to oversee their charges, the new release of the 2013 Incubator Portal will see the biggest step forward in Incubator management monitoring. It is fully customisable so that each client has their own bespoke gateway to all the information they require. It also embraces all the social networking tools that are so important to business growth in today's economy.

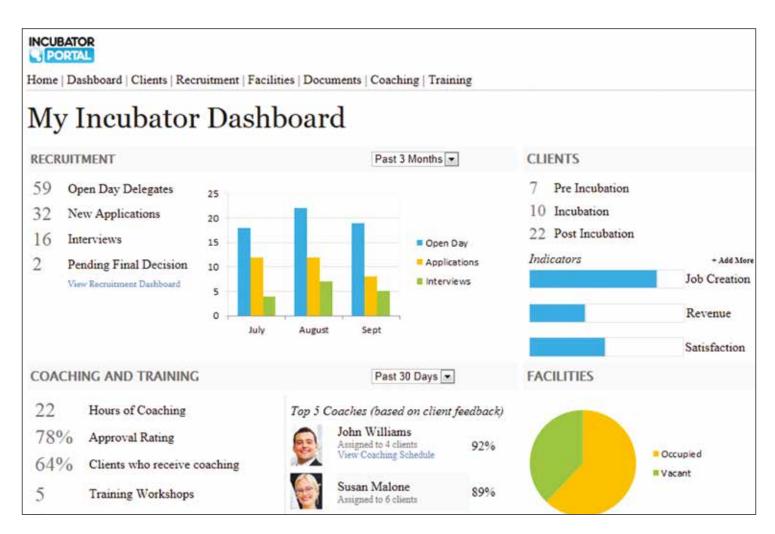
The portal has been designed to present everything you need from wherever you are in the world and it makes use of The Cloud to maximum effect. Whether your area of the business is Learning and Development, Incubation and Enterprise Development, Small Business Management or Project & Programme Management; the Incubator Portal offers solutions in all four areas.

# Here are what some of The Incubator Portal's clients have to say:

"Anyone who sees your system will be flabbergasted! There isn't another product on the market that can do what it does, in such an easy, User-friendly manner!" – Corrie Hiepner, Team Leader: Human Capital Development, Toyota Tsusho Africa.

"We spent 2 years searching a software system that would effectively manage our wide range of learning and development programmes. We found everything we were looking for, and more, in Avnon Consulting's Skills Development Portal - it's user-friendly, comprehensive and completely customisable. After successfully piloting the system across two of our

## the**Review**



Divisions we subsequently implemented the product across all 14 Divisions in the Nampak Group. Even though the project is in its early stages, we are very satisfied with the progress made thus far as we're now able to accurately monitor the skills development programmes taking place at any of our plants through customised dashboards, and all our reporting is completely automated" – *Fezekile Tshiqi, Executive Director, Human Resources, Nampak Group* 

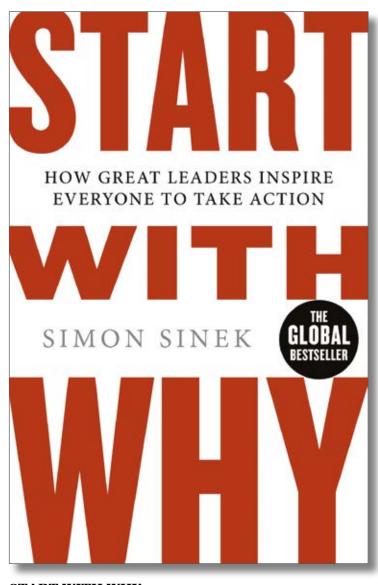
"The Incubator Portal is a fantastic product - it's comprehensive enough to cover all the monitoring and evaluation areas associated with business incubation, yet user-friendly enough so that everyone can enjoy the functionality it provides. We've successfully rolled out the portal across all seven of our incubators. Now we're able to accurately monitor and report on the performance of each site using KPI dashboards and reports that have been customised to meet our specific requirements. The portal also provides us with an early detection system for problems within our client's businesses through the use of a company health monitor. All our business coaching sessions, progress review meetings, staff meetings, events and training sessions are scheduled and tracked through the portal. Additionally the Incubator Portal provides each of our SMEs with an easy-to-use platform from which they can update the progress they're making against the tasks we've assigned them, generate quotations (using an integrated costing model to help guide item pricing) and generate invoices. They can also submit feedback after attending a coaching session or training event, improving our quality assurance processes. If you're looking for a system to assist with client administration, monitoring,

evaluation and reporting requirements then we can definitely recommend the Incubator Portal - it's a product that every incubator and incubation program manager can derive value from. Please contact me if you require any further information regarding the Incubator Portal." - *Michael Reddy, African Incubator Network Chairman & Furntech CEO* 

"The Skills Development Portal is the most comprehensive and user friendly training database I have seen anywhere, and has totally revolutionized our ability to provide meaningful information to managers, and the support staff are just wonderful" – Alexis Azzarito, Deputy Head, Skills Development Unit, Thekwini Municipality.

"I really appreciate all you have done for the (SA) Post Office ... it is an absolute pleasure working with you ... the eLearning platform, Report Studio, learnerships, training and events – mind blowing stuff!" – *Stuart Gordon, (National) Manager: Training Technology & Methodology, SA Post Office.* 

"Avnon Consulting is simply brilliant... their tenacity resulted in a better product than we could have envisioned... I admire their desire to only give the best and their ability to adapt to the most intricate and demanding requests. If you need a major project done, and done very well, Avnon Consulting is your company ... they were able to deliver all we needed and more ...the World Bank InfoDev program, and every business incubator in Africa will be forever beholden and infinitely grateful for their incredible work." – Brian Brown, Southern African Business and Technology Incubation Association.



START WITH WHY Simon Sinek

"People don't buy what you do, they buy why you do it!". This is the phrase repeated by Simon Sinek throughout his TED talk and book. It summarises a theory he developed, based on the biology of the brain, that people's decision making is driven by emotions rather than rationale. This is not a new theory, but he does have a new spin on how it is presented.

Great communicators, both individual and corporate, always present their ideas differently to the rest of us. Most people start with 'what' they do, transition through 'how' they do it, and end up at 'why'. Sinek's view is that the most successful communicators work the opposite way round. Start with why.

Take Apple as an example. If they communicated they same way as any other computer company they would say. "We make computers. They are beautiful to look at, easy to use, and user friendly. Wanna buy one?" Hardly inspiring. However, Apple communicate in exactly the opposite way. They say "Everything we do challenges the status quo. We believe in thinking differently. They way we challenge the status quo is by making products that are beautiful to look at, easy to use, and user friendly. We just happen to make great computers. Want to buy one?" Much more inspiring!

Not only this, by defocusing the products (the 'what') Apple can easily move into phones, MP3 players, TV etc etc. Apple is

no longer just another computer company. It is a company that develops great products by thinking differently. Other computer companies have tried to do other products without success because they focus on the 'what', and not they 'why'.

Sinek describes why this approach works based on the way the human brain works. The outer part of the brain – the neocortex – is all about logic, rationale and language. It can understand the 'what' very easily. It can interpret features and benefits, analyse comparison data etc etc. But it doesn't drive decision-making. This is left to the older limbic brain. This part of the brain has no language but is concerned with emotions. It links to our values and what we believe. And it does drive our decision-making. So communication that focuses on this part of the brain is going to be far more effective. How often have you analysed the facts when making a decision but still thought "this doesn't feel right".

Therefore, the goal of marketing is to sell to people who believe what you believe. In order to reach the early and late majorities of buyers, you must first convince the innovators and early adopters to buy. And they buy based on belief, not logic. They buy because what they do proves (shows to others) what they believe. People who stand for five hours waiting for the new iPhone are proving to those around them that they also think differently and want to be seen as challengers to the status quo.

And this strategy is not just for products and marketing, but works for anyone who is trying to lead an organisation. 'Leaders' are simply those in positions of power or authority. 'Those who lead', inspire others to follow them. And they follow not because they must, but because they want to. Martin Luther King said "I have a dream" not "I have a plan". People don't buy what you do, they buy why you do it.

Given that incubtion practitioners are continually assessing business plans and ideas and the people behind them, this book offers a new facet to the decision-making process. A must-read for anyone involved in the incubation/innovation/ entrepreneurship space.

Simon Sinek is best known for making a mark with his concept of The Golden Circle. He has worked for the Rand Corporation where he advised on military innovation. His first TEDx talk - How great leaders inspire - is the 7th most popular video on TED. He has commented for several well-known publications, including The New York Times and The Wall Street Journal and he is known for being active in the non-profit space. He works with Count Me In, an organisation that is helps one-million women-owned businesses make a million dollars by 2012.



cristovao/Shutterstock.com



#### COWORKING

#### Challenges and opportunities for the Business and Innovation Centres

There is a lot of talk in town about the power of coworking and coworking spaces being the places where new ideas lead to new start-ups. The European BIC Network(EBN) having recognised the strength and potential of this trend launched the first issue of its paper series (EBN Technical Notes) analyzing the complementarities between incubators and coworking spaces.

The Technical Note surmises that the environment created by well-defined coworking spaces can actually help incubators generate higher and qualified deal-flow, while providing the existing incubatees with more opportunities to find talent and, even diversify.

Using experiences from all over the world, the authors question how coworking spaces can actually be integrated in to existing structures like incubators. Hybrid coworking seems to be the model of choice, and the BICs in Europe, are now starting to employ this strategy. Three interesting examples have been proposed, and while these are not exhaustive, they are certainly indicative. The consensus is that it is all about collaboration. The BIC Gategarching in Munich, Germany, has defined coworking as the ability to share knowledge and collaborate with other companies, and as the means to lower barriers to enable sound internal animation activity. In Sunderland, UK, the North-East of England BIC, coworking is fostered by providing a new layer of business support service as a BIC. As David Howell, director of operations states, "It is no different from any business we support, and we need to move with the needs of the market place and engage with clients on their terms and requirements." La Cantine network of co-working spaces has been collaborating with Toulon Var Technologies from 2010, the year in which the BIC decided to open a coworking space, and as a result has leveraged on new opportunities brought about by the more informal, chance connections.

The paper concludes that coworking and incubation are not competitive, but complimentary forms of start-up support, where the former can become a powerful force that helps generate new ideas and ventures, while the latter provides structured professional support and services. The community effect that a coworking space can help achieve makes it a valuable addition to an incubator's architecture as the range of integrated SME support service on offer. Philippe Vanrie, CEO of EBN sums it up by stating that the need to embrace coworking (as any innovation finding its way in the incubation industry), comes from the need to "break with dogmas and reinvent the way we manage innovation. Past models delivered greatly in the past and often still do. However, times, technologies, management approaches and values are changing. So are we."

A must read for anyone interested in the field of incubation, as it highlights the evolution of the incubation industry using real-life examples.

Go to http://www.ebn.eu/DisplayPage.aspx?pid=143



# Awareness and Accountability

s Ana Grief pointed out earlier in The Spotlight, Mexican incubators are now at a critical moment. Not surprisingly the new political elections are putting a strain on the incubation industry where the worst case scenario may involve some incubators shutting shop altogether. The only solution lies in reinventing themselves to apply different approaches to better address their sustainability issues.

Mexico is not alone! Elections, in many countries, are potentially dangerous to the incubation industry. And the reasons for this are possibly endemic to the incubation industry itself. Business incubation is of a systemic, long-term nature, while the democratic processes governing most of the world's nations have a short/mid-term perspective. Certainly, politicians and local administrations are keen to be associated with private sector development as a driver for local job creation and thus as an aid to overall regional economic development. But the endemic longer-term impact of business incubation probably leads them to allocate resources to alternative solutions that have the power to create more jobs over a shorter period (possibly within the electoral term). This, however, may not produce efficient equilibriums.

This mindset probably cannot be changed - it is human nature after all - but it can certainly be challenged through awareness-raising activities, combined with good practices, sound statistics and, last but not least, the possibility of engaging Governmental accountability.

Best practices on business incubation can be found fairly easily. It is worth mentioning the comprehensive news updates from the Spice Group, or Infodev's iDisc website or the examples set forward by the National Business Incubation Association (NBIA) and the European BIC Network (EBN). Statistics, however, are harder to find. Some relevant studies have been carried out by the NBIA and EBN undertakes an annual survey of its Business and Innovation Centers producing useful figures and trends. The Swedish governmental organization, Innovationsbron carries out surveys at the national level, as does the government of New Zealand. These examples, besides providing useful and effective benchmarking tools, also generate interesting figures that can impact the industry. This, however, is far from being enough, as there needs to be a concerted effort from the international incubation community to gather increased and relevant data, building on what is already being done.

Both NBIA and EBN, in different surveys, analyzing different regions of the world, have assessed that the survival rate of companies supported through incubation programs was around 87 percent, indicating that jobs created through incubation processes are highly sustainable and do not easily dissolve. But, are politicians aware of this number? Can their alternative choices of job creation policies show comparable figures? If government procedures and choices were made more transparent (perhaps making use of tools such as the Freedom of Information Acts), maybe political leaders could be held accountable for their investment levels in the incubation industry.

No... Indeed Mexico is not alone...

Gordeno Delter

Giordano Dichter

**Giordano Dichter** is Head of Quality and Technical Assistance at the European BIC Network. He is passionate about incubation and innovation and always seeks ways to introduce the latter in to the former.

Innovation with Vision Incubation with Action Networking by Passion



EBN is the home of innovative entrepreneurship and incubation across Europe and beyond, networking together 250 champions, a vibrant community of Business & Innovation Centres (BICs), Incubators, entrepreneurship and Innovation Centres as well as Associate Members and Partners.

# www.ebn.eu

EBN is a network of excellence managing the BIC trademark on behalf of the EC, and the ESINET label for the ESA











# Subscribe...



# ...to the incubator professional's first global magazine.



Ask your network for your discount code today



More information at www.theIncubatorMagazine.com