

Business Incubators in the Baltic Sea Region

- ways to increase quality and effectiveness

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INTERCOUNTRY BUSINESS INCUBATOR
NETWORK

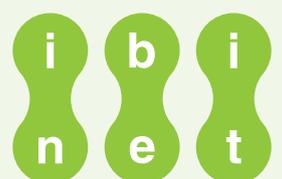


TABLE OF CONTENT

List of abbreviations.....	3
1 Introduction	4
1.1 IBI Net Project	4
1.2 Work Package 3 "Establishment of IBI Net"	4
1.3 Work Package 3.1 and 3.2	4
2 Methodology.....	5
2.1 Preparation.....	5
2.2 On-site interviews.....	5
3 Recommendation.....	6
3.1 Background and purpose.....	6
3.1.1 General observations	6
3.1.2 Possible areas of development.....	7
3.1.3 Expected outcome	8
3.2 Financing.....	8
3.2.1 General observations	8
3.2.2 Possible areas of development.....	9
3.2.3 Expected output	9
3.3 Structure and processes	10
3.3.1 General observations	10
3.3.2 Possible areas for development	11
3.3.3 Expected output	12
3.4 Services	12
3.4.1 General observations	12
3.4.2 Possible areas for development	13
3.4.3 Expected output	14
3.5 Management.....	14
3.5.1 General observations	14
3.5.2 Possible areas for development	15
3.5.3 Expected output	15
3.6 Follow up of results.....	15
3.6.1 General observations	15
3.6.2 Possible areas for development	16
3.6.3 Expected output	16
4 Summary of areas for development.....	17

List of abbreviations

IBI Net	acronym of the project, title of the business incubators' network
BSR	Baltic Sea Region
BI	business incubator
SME	small and medium sized enterprise
WP	work package
IPR	intellectual property rights

1 Introduction

1.1 IBI Net Project

Business Incubator's (BIs) are essential agents in nurturing and supporting development of new and innovative Small and Medium size Enterprises (SME). To deliver professional and specialized services to SME's BI need to have an up to date management capacity and technologies. The IBI Net project aim is to establish and strengthen the transnational business incubators' network – IBI Net. This network shall be a forum for sharing knowledge and technologies among participating partners. By increasing the quality of services and efficiency BIs shall have a better position to address common challenges in developing innovative and export oriented SMEs.

1.2 Work Package 3 "Establishment of IBI Net"

The overall aim of Work Package 3 is to establish an international business incubators' network where best practice management arrangements for running BIs can be elaborated and developed in order to provide best possible business support services to innovative and export oriented SME's. Each BI provides different services to SMEs, applies different management practices and use different tools. To increase the ability of BIs to serve its clients it is necessary to establish transnational cooperation structures

In order to implement capacity building measures that would allow such development it is necessary to analyze different models of management that exists among the partners. Best practice, management capacity and specific development needs are some of the areas that need to be assessed.

The established incubator network shall serve as a platform for benchmarking services, ensuring exchange of information, creating a pool of experts for management of BIs and transnational business projects.

The WP will address 10 BIs from 6 partner countries.

1.3 Work Package 3.1 and 3.2

Work Package 3 has been broken down in four different activities for the efficient project implementation. This report covers two of the activities:

- An analysis on status quo of BI services and SME demands in the Baltic Sea Region (BSR). Existing and future services of participating BIs has been identified with specific focus on how BIs can act in the best possible way to help entrepreneurs overcome hindering factors and cooperate to employ the opportunities the entrepreneurship environment offers. This to enable BIs to deliver state of the art business support services fostering development of viable, innovative and export oriented SMEs.
- Assessment of capacity and management practices of BIs in partner countries. This assessment shall help to identify the current management practices of BIs, applied methods and technologies for providing business support services. The assessment shall elaborate on recommendations regarding possible development areas within BIs to strengthen their capacity to support SME's growth. Those recommendations will highlight topical fields of activities at various levels to best meet the identified needs for business support service providers at various levels. The recommended areas for development shall contribute to the creation of an open and innovation driven business support environment in the BSR.

By implementing activities identified in WP 3 it is envisaged that a common "language" can be established among the BIs where tools and methods used basically are the same. This common language will form one of the cornerstones in a successful establishment of a transnational Business Incubators' Network around the BSR.

2 Methodology

2.1 Preparation

In order to have a manageable number of BIs to work with each Project Partner selected two suitable BIs to be included in analysis. A basic questionnaire was developed where the experience of the Swedish partner and the project objectives was used as a platform. The questionnaire was distributed to IBI Net partners for dissemination to the selected BIs. As a result from the questionnaire a snapshot of the current situation was compiled and used as a platform during the preparation of the on-site interviews.

The questionnaire covered the following areas:

- Background and purpose
- Financing
- Structure and processes
- Services
- Management capacity
- Follow up of results
- Key factors for success

2.2 On-site interviews

Following the preparation phase on-site interviews have been conducted with a total of 15 BIs:

Latvia:

- Riga Region Business Development Incubator
- Riga Hub
- Ogre Business and Innovation Incubator
- Valmiera Business and Innovation Incubator
- Ventspils High Technology Park

Poland:

- Incubator for new technologies IN-Tech – Mielec
- Foundation Kalisz Business Incubator

Germany:

- Technologiezentrum Warnemünde
- Technologie- und Gewerbezentrum Schwerin/Wismar

Belarus:

- National Academy of Sciences Innovation Center
- Mogilev Machine-building Institute Incubator

Norway:

- Gjøvik Kunnskapspark
- Hedmark Kunnskapspark

Sweden:

- Stiftelsen Teknikdalens Företagsinkubator
- Uppsala Innovation Center

Since the overall objective of the project is to enhance the management capacity and performance of respective BIs, during the analysis the focus was on quality related matters in the process and/or services with less attention given to actual throughput figures.

The material collected from the questionnaire and from the interviews has been analysed in depth by a group of BI specialist from the Swedish partner. This analysis has been limited to identifying areas for possible improvement which are of a generic nature and common for all BIs in the project. Criterion which has been used in this process has been:

- Areas selected should be addressable;
- Areas selected should be relevant;
- Areas selected should be of common interest.

Furthermore, basic principles during the entire work with WP 3.1 and 3.2 have been:

- Nothing is right or wrong;
- All recommendations must be of generic nature;
- The development of (export oriented) SME is supported by business incubators;
- By incubators for incubators ;
- Identification of areas for possible exchange of knowledge and learning.

In this report the identified areas for possible development are being elaborated on an overall level and with the structure used in the questionnaire. The intention is not to solve or address those matters within the project but to point to a number of important areas that should be subject to further work.

Since the areas identified should be of a common interest to BIs in the BSR it is envisaged that the proposed IBI Net Association initiative should have ownership and be the obvious driving force for development and implementation of relevant activities. This Association will become the natural hub for a structured approach to the development issues high-lighted in the IBI Net project. Without established organizational structure and commitment from a critical mass of participating BIs most of the suggested recommendations will fall through. Therefore most of the proposed recommendations in this report require that such structure is in place before implementation can start.

3 Recommendation

3.1 Background and purpose

3.1.1 General observations

All interviewed BIs has the ambition and purpose to provide support to start-ups and contribute to regional growth. The difference between BIs is mainly the method and process used to create the desired outcome. This varies from focusing on providing suitable and subsidized premises for start-ups to detailed supporting processes where company progress is closely monitored. In almost all BIs support is offered in form of office services such as telephone, book-keeping, copying, etc. but varies to a certain extent in terms of cost and availability for the incubator companies. In this context it is important to understand that there are substantial differences with regard to both mission and purpose between different BIs as well as there is a substantial local, regional and national difference.

Initiators of BI have come from both the public sector and from private initiatives either only from one of the two or a mix of both. Some BIs have been existent for more than 15 years while others only have been operational for only a few years. None of the BIs has any financial profit demand from their owners and the legal status of BIs differs substantially from Foundations to Limited companies. With regard to BI organization there is a common aspect in the fact that only a small number of people are employed as a nucleus in the BIs and use of external resources for different purposes is widely used.

Depending on regional factors such as industry tradition, academic specialization, emerging markets etc. BIs have different focus areas. A few BIs are of a generic nature and do not focus on any specific area. In general, the so called, "open" BIs are located outside dense populated areas.

An important observation in this context is that the definition of what a Business Incubator is differs widely between countries and regions. In some cases there exists a national definition while in other countries such definition is lacking. This leads to a situation where bench-marking and comparison between different BIs becomes difficult. There is a clear need to establish a common "language" among the BIs where processes, tools and methods used is understood in the same way by different BIs. Such a common language can be one of the cornerstones in a successful establishment of a transnational Business Incubators' Network around the BSR.

3.1.2 Possible areas of development

3.1.2.1 Exchange of experience

As a generic area of development a system for exchange of experience between BIs on international, national and regional level seems to be of common interest. In this respect it is recognized that some systems already exists especially on a national level. There are also some international arenas where exchange of experience is on the agenda. However, such international arenas are mostly conducted as seminars with general presentations from different lecturers leaving no or little room for detailed exchange of operational experience. The initiatives that already exist in this respect is found to be more isolated short-term activities such as study visits or participating in events or seminars.

The analysis has showed a need to develop a structured long-term system where in-depth exchange of experience between BIs can take place. This exchange should allow for discussions regarding detailed operational issues as well as more generic BI matters. Being a platform for exchange of experience the system should be based on the principle "by incubators – for incubators". This gives a clear indication of the purpose and expected outcome of such initiative.

3.1.2.2 A "common language" for BI

It seems as many BIs have their own interpretation regarding definition and vocabulary when incubation is discussed. In some cases a national definition of incubation exists but limited to an overall level. To develop a "common language" will enhance the possibility to exchange experience and to compare different methods used in the BIs. The lack of a common language can lead to a situation where two issues or groups of issues are compared that cannot be validly compared. A common language is first and foremost a prerequisite for the understanding of certain terms used in the incubator environment. The intention is not to develop a structure or process which fits all since local, regional and national differences needs to be taken into consideration.

3.1.2.3 Communication

A number of the interviewed BIs indicated a need for better information regarding the work and importance of incubation. Today most BIs perform their information in a non-flexible way addressing all recipients in the

same manner. Since information is a critical factor for most BIs there is a need to have better knowledge and understanding of information mechanisms. Today most information is designed depending on recipient and desired outcome. The incubation work is by nature complex and not easy to understand if you are not involved in the process. By enhancing the ability to design information BI' will become better to get their message across to the different stakeholders.

3.1.3 Expected outcome

- A continuous learning process initiated where timely and structured activities are implemented among members of the proposed Association. Within the frame of the Association BIs can exchange experience and share knowledge focusing on the operational work in the incubator.
- A developed and accepted "common language" with definitions and a vocabulary will form the base for all development and learning among BIs
- With relevant and high quality communication BIs will be in a better position to promote themselves as attractive partners and establish better recognition among various stakeholders. By enhancing information capacity BIs can attract both more ideas and financing to the incubator.

3.2 Financing

3.2.1 General observations

In general terms there is no uniform or common model for financing of BIs in the BSR. Each interviewed BI have their own financial solution often as a mix between national, regional, private and revenue financing. Regional/local financing is an important financing source for many BIs in the region. Financing from revenues mostly comes from renting of office space to incubator companies. Only a small portion comes from service fees from incubator companies.

Those countries having a national innovation strategy provide financing to certain selected BIs for parts of their costs. The mechanism for this model varies between the countries and is normally not on a long-term basis and BIs have to apply for funding on regular intervals.

Although financing of BIs differs between countries and regions all interviewed BIs confirm that securing long-term operational financing is both crucial and a continuous challenge. BIs which own premises and operate mostly on revenue from tenants are less dependent on public or private financing whereas BIs with more focus on the progress of the incubation companies are more dependent. The consequence of the financing solutions for BIs, whether it comes from revenue or public /private sources, is that much focus and energy is devoted to securing operational financing for the BI activities instead of the incubation process.

In general the interviewed BIs did not apply any financial return from the alumni companies as a source for financing. Some of the BIs confirmed that such discussions were on-going or had taken place. Possible ways forward mentioned was BIs taking equity in alumni companies, BIs taking royalties on company profit, BIs taking percentage of the company turn over. The main arguments for not applying any of those methods were that it was considered difficult to find a manageable and fair solution. It was also considered as an uncertain method for long-term financing since it is difficult to predict company profit or turn-over from one year to another. Equity is also considered difficult since it requires risk capital from the BI and being a shareholder requires deep involvement in the company development. Involvement in more than a limited number of companies will reduce the BI capacity.

- Common "marketing" of incubator concept excellence (through successful companies) to attract BI financing.
- Lobbying for public financing and recognition of BI importance in society.
- Concept to attract private partners to the BIs.

3.2.2 Possible areas of development

3.2.2.1 Common marketing of results

Attracting finance to the operation of BIs is much depending on the BI ability to deliver results. Since most BIs are financed from regional or local public sources it is important to justify the cost connected to the operation of an incubator. To facilitate the justification process marketing and communication of incubator results are vital. Showing excellent performance with concrete economic results to the respective decision makers will alleviate the argumentation for financing.

In order to achieve best possible result it is important to put each single BI in a larger context of BIs. This will only be possible if a common strategy with agreed common result indicators can be produced among a larger number of BIs. Example of such result indicator which can be of utmost importance to communicate is Return on Investment (ROI) where financial input in the BI is compared with the financial output to society in form of company taxes, VAT etc. from incubator companies. Another key factor which can be communicated is number of jobs created or amount invested in the incubator companies.

3.2.2.2 Lobbying

Recognition of BI importance for sustainable growth and business development is imperative to attract financing but also to enhance the public awareness of the excellent work being done by the BI. To make impact there is a need to make "the voice of the BIs" heard at various international, national and regional levels. By organizing BIs from different countries and regions in the BSR a critical mass can be established which can speak on behalf of the BI community. Establishment of such professional organization will be a pre-requisite if communication of BI issues at highest European level as well as national and regional level should be done with highest possible credibility.

Even though the suggested IBI Net association can develop a common communication and argumentation platform which can be used by the association to lobby for different incubation issues it will also be up to the individual BIs to make use of the material to promote the ideas on a regional/local.

3.2.2.3 Attracting competence partners

An identified area of development which has been implemented in some BIs is the establishment of a competence partner concept. This concept is based on the assumption that private companies can find future customers among the incubator companies and by joining the partner concept they will get direct access to those companies. The concept also includes a Corporate Social Responsibility part since the companies are contracted to deliver services to incubator companies. Therefore inclusion in the competence partner network is limited to companies who have a direct connection to incubator companies needs. To be part of the competence partner network companies pays a yearly fee to the BI. Example of companies eligible for the competence network are insurance companies, patent bureaus, auditing companies, banks, law firms etc.

3.2.3 Expected output

Expected outputs within this area are to be seen in the more long-term perspective and needs to be an ongoing process over time. The suggested IBI Net association is the obvious facilitator and driving force in

this context. Co-operation with other similar networks (EBN, NBIA, SPICE etc.) should be an essential part when designing the work plan to achieve the desired output.

Development activities within this area would lead to:

- Increased interest and attractiveness to finance BIs
- Increased awareness of the importance and results of incubation work
- Increased use of competence partners as an important resource in the incubation process

3.3 Structure and processes

3.3.1 General observations

A general observation from the analysis is that there is no uniform and common definition or understanding of the BI process and programs. Most BIs have developed a unique model suitable for the individual BI needs. In some of the analyzed processes BI have identified and defined programs for:

- Idea scouting

Idea scouting is a defined program for active scouting and searching for new ideas to be evaluated for its business potential. Such program consists of partnership agreements with relevant organizations and universities whereby ideas are channeled to the BI for evaluation. A dedicated resource is responsible for developing and implementing activities (events, marketing etc.) that stimulates new ideas. The program also contains a broking process in order to match an idea with an entrepreneur in case the person who generated the idea do not wish to start a business or vice versa.

- Admission

Process and criterion for admission into the incubator program has been clearly defined and is communicated to possible companies. Also clear time schedules are set for the application process and when a decision should be communicated. Specific application forms have been developed for applying to the incubator and the internal incubator decision process is well documented.

- Duration and content

In the BIs with the most developed incubator processes the duration and content is well documented. A detailed descriptions exist regarding cost for participation and what services are included in the process. The services offered are divided in mandatory and optional. Specific modules have been developed for a number of specific purposes and can easily be implemented in the process. Example of such modules is: financing module, marketing module, selling module, business culture module etc.

- Monitoring and evaluation

A monitoring system and evaluation system has been set up and documented by some BIs. This system is based on the established admission criterions and incubator companies' progress is being monitored against those. Evaluation of progress is done at regular intervals based on the agreed business plan objectives. This evaluation is then used as a tool whether the company is allowed to continue in the incubation process or forced to do an exit.

The established criterions and demands for progress are clearly communicated to the companies when allowed into the incubator process.

- Post incubation

Only a limited number of BIs showed any structured process or program for post incubation (alumni). The existing programs mostly covered items such possibility for alumni companies to participate in events or

seminars arranged by the BIs. Also newsletters and other information material from the BIs are distributed to alumni companies. In some cases access to premises at subsidized cost is part of the post incubation package.

3.3.2 Possible areas for development

3.3.2.1 Definition of incubation process

This area for development is closely linked to the area described in 3.1.2.2 "A common language for BI" and is an important issue for the transfer of knowledge between BIs. A common definition of the different incubation phases will serve as a framework for the individual BI to develop a suitable process for the BI. It is recognized that the process might be different between individual BIs but having a common definition will assist in understanding other BIs processes and be a platform for training and development. A possible high level division of the incubation processes could be:

- Idea scouting
- Pre incubation
- Incubation
- Post incubation

These areas need to be further broken down in sub-processes but should on an overall level cover the entire incubation cycle.

3.3.2.2 Model process for bench-marking workshops

A model process for how bench-marking workshops could be organized and structured should be developed in order to ensure best possible output. Further, a structured process will allow for predictability of the content and thereby attract BIs to attend. If such a model process is established areas for bench-marking will be elaborated on a regular basis. The regular elaboration of pre-defined areas will contribute to a step-wise enhancement of competence since the coming workshop can continue where the previous left off. Needs and requirements of BIs have to be taken into account when developing the model for bench-marking workshops. The model process should be developed for Business Incubators by Business Incubators.

3.3.2.3 Offer bench-marking workshops

Using the developed model process and focusing on identified needs bench-marking workshops can be offered to a number of BI on a regular basis. It will be possible to use competent partners/specialists identified by the IBI Net project in the workshops. The benchmarking workshops can be developed into a powerful and well recognized platform for the development of BI in the BSR. By accumulating competence and experience available within BI in the region the workshops will initiate new developments, implementing new services and improve already existing service offers. As a matter of principle all parties involved in the workshops shall benefit from participating in the program.

3.3.2.4 Offer possibilities for study-visits to BIs of interest.

Almost every BI has something of specific interest to other BIs. It could be the incubation process, interesting focus areas, special competence or an access to a national network etc. An area which can be developed is the establishment of an organized structure where BI can ask for an in-depth study visit to a particular BI of interest. This study visit structure will provide an opportunity to easily identify and contact BIs in the region which is of interest to study further. By participating in the program BIs acknowledge their willingness to accept study visits and share knowledge. The possibility to experience other BIs will promote the sustainable technology- and knowledge transfer in BSR.

3.3.2.5 Develop a monitoring tool to follow incubator and companies' progress.

The relatively high number of BIs which do not monitor company progress during the incubation process could benefit from a monitoring tool being developed. This tool should be designed to have the possibility to be used at various levels in order to allow for a step-wise and dynamic implementation. By implementing such monitoring tool in the BI process a better follow-up of the companies' progress will be achieved and deviation from business plans early detected. The monitoring will also provide a solid source of information when decision needs to be taken whether a company should be allowed to continue in the incubator process.

Likewise a structured monitoring of company progress by using a pre-defined tool will give valuable information to the BI management how the incubation process is working. This information can be used in order to identify bottle necks and weak areas which then can be subject to improvement.

3.3.3 Expected output

By implementing all or parts of the above outlined areas it is expected that the following results will be possible to achieve:

- A common process baseline established and used for further development of bench-marking workshops, training, information etc.;
- Bench-marking workshops conducted regularly in accordance with a defined model and identified needs. The workshops are of high quality and attract interest from BIs;
- Start-up companies are monitored in a proactive way which will decrease the rate of failure of start-ups and shorten time to market. The results from the monitoring process are used internally by BIs to improve their own incubation process.

3.4 Services

3.4.1 General observations

In all BIs studied start-up companies are offered some form of access to premises and office support. The offer varies from BI to BI where some BI pay much attention to attract tenants to rent space on attractive conditions and not so much to the incubation process whereas other BI focus more on the process itself. Where much focus is on attracting tenants an observation is that having a high level of occupancy tends to be more important than finding entrepreneurs which have business ideas with growth potential. This is closely linked with how the BI is financed and what the assignment is. However, an increased focus on the incubation process could be of benefit for a number of BI.

The BI mostly offer some form of expert competence to tenants and incubation companies. Areas covered are mostly of a generic nature such as patent, IPR, legal, accounting etc. The most common method is to use external experts and only a limited number of BIs has own expertise within those areas. Use of these experts is in most cases depending on requests from the companies and not a result from the incubation process.

The system of offering coaching or mentoring is to a large extent not used as a method to provide services. Some BIs had a well-developed coaching system in place and uses this method systematically in the process. A business coach follow a company closely with the aim of ensuring that progress are being made according to agreed business plan and focus on targets maintained. Whenever possible the business coach assists the company and report to the BI management of any deviation. In some BIs business coaches follow the company as long as 36 months or more although the individual coach is shifted at

regular intervals. Where the method is used the experience is positive and there is a potential to transfer this knowledge to other BIs.

Without exception all BIs have established a well developed regional network around the incubator which also is offered to incubator companies or otherwise used for different purposes. The extent and range of the network varies depending on factors such as years of operation, local/regional exposure, ability to communicate etc. but a common view is that the BI network is the most important and valuable asset of the BI.

Expert services within "soft" business issues such as organizational development, sales, marketing, team composition, company management etc. are not widely offered. Since most BIs operate after a philosophy where action normally only is taken upon a request from the incubator company services within the "soft" issues are rarely asked for. A few BIs have established well developed services offer within those areas and made the most important issues compulsory for the company. Reason for making some compulsory is that a newly established company trying to grow is not always in a position to identify the importance of those areas for the company progress. The experience from those BIs shows good results with higher success rates and shorter time to market for the companies. Also within this area there is a potential to transfer this knowledge to other BIs.

Only a limited number of BIs offer any kind of services with regard to internationalization. Where the services exist it is not very well developed and not much focus is given to this area. Reason for this varies but seems to be issues like lack of network, lack of established methods, financial constraints, limited demand from incubator companies etc.

3.4.2 Possible areas for development

3.4.2.1 Development of service offers

Existing offers from BIs with a well-developed service structure could be adapted and documented for international purposes in order to inspire BIs to explore possibilities to expand their own service offers. Where similar service offers from different BIs exists an evaluation of best practice can be done in order to develop new offers or further enhance existing offers. A comprehensive document outlining different service offers could be used as a "menu" by the BIs to identify interesting areas for further evaluation.

3.4.2.2 Access to competence partners

Around the BIs in the BSR there are gathered a number of partners and specialist with a wide variety of in-depth knowledge and competence. This competence could be used for a broader audience by organizing theme workshops within respective area of competence. By using specialist competence within the same thematic areas but from different BIs a "cross-pollination" might be established to the benefit of both specialists and BIs.

3.4.2.3 Identify available competence

In order to pursue the above described possibility it will be necessary to identify and document qualified specialists. Furthermore, should the inventory list of specialist be enlarged with the competence available in-house BIs, a comprehensive document will be created over what the BSR can offer in terms of business competence.

3.4.2.4 Develop a Q&A tool

In order for BIs to use the identified competence and service offers it is necessary to create a structure where BIs and specialist can get contact in an easy way. A possible area of development could be the creation of a user-friendly IT based Question & Answer tool. Through this tool BIs should have the

possibility to contact a specific BI or specialist directly or to spread a question in the IT structure looking for a suitable BI or specialist to respond.

3.4.2.5 Perform work-shops

Following the inventory phase it will be possible to organize and perform workshops with a suggested initially focus on:

- Team and management development;
- Financing;
- Internationalization;
- Sale skills;
- Coaching/mentorship.

3.4.3 Expected output

Implementing all or parts of the above outlined areas should make it possible to achieve the following results:

- A documented and well established system is created where competence from different BIs can be found and used depending on needs;
- Competent partners and specialists are used regularly as lecturer in order to achieve excellence;
- A user-friendly and frequently used tool is established where information and requests can be exchanged between BIs;
- Attractive and high-quality workshops are regularly performed with different focus areas.

3.5 Management

3.5.1 General observations

The management structure varies between different BIs but they all have in common that the capacity in terms of human resources is limited. Almost all BIs build their operations around a relatively small nucleus of staff with expert competence offered to incubator companies is outsourced to external consultants or partners. In some cases this is seen as a weakness since the BI become heavily dependent on external resources and the competence gained through experience is left with those resources. This situation is mainly due to the fact that it is difficult to maintain a broad competence covering all incubator areas within the BI itself. Another reason is the financial aspect of employing resources instead of using external experts when needed.

Not any BI manager had received any dedicated or formal incubator manager training. Most managers had a university degree or business experience but the being a BI manager was learning by doing. In some regions a systematic exchange of experience occur although only a limited time is devoted to explicit BI management issues. BI staff training is conducted at various levels and intervals depending on need and capacity to perform such programs.

Support and understanding from political and regional level for the BI varies. In order to ensure financing and necessary support for the BI a substantial amount of time need to be devoted from BI managers to those issues. In many cases this includes explaining the incubator process, the BI role and the results achieved.

3.5.2 Possible areas for development

3.5.2.1 Workshop for BI managers

The possibility to develop and offer dedicated workshops for BI key personnel such as BI managers or alike could be explored. This would create a forum where dedicated BI management issues could be elaborated and exchange of management experience done. Depending on need and interest certain areas could be developed further and specific topics addressed.

3.5.2.2 Training program for BI staff

In addition to the more explicit workshops for BI managers there is a possibility to develop common and tailor-made training programs for BI staff based on needs. This could be developed into a structured training program where training occasions are made public and performed at regular intervals. Areas where such training could be developed are i.e. business planning, business coaching, financial planning, team management etc. By organizing this training program a platform will be created where a systematic and organized exchange of experience between BI personnel can be offered to the BI community.

3.5.3 Expected output

The expected results after establishment of the above outlined suggestions could be:

- A dedicated forum for BI managers is created with specific focus on BI management issues. This will promote the establishment of a BI manager network and provide an opportunity for new BI managers to be introduced to the job;
- BI managers and key personnel will have a formal and structured possibility to enhance skills and competence;
- New BI personnel can receive training with focus on BI specific issues;
- The services offered to companies can be improved through constant exchange of experience between BI managers and key staff.

3.6 Follow up of results

3.6.1 General observations

How incubator results are followed up differs widely between BIs and countries. In some countries a structured reporting system is established where BI results are closely monitored and results regularly reported to authorities. In other countries there are almost no national reporting requirements although reporting is generally made to financiers or owners at local level. The will to report results are in some cases hampered in BIs which applies the philosophy of not interfering in incubator companies' internal business. Issues like turn over, profit, venture capital, no of employees are not considered to be of interest for the BI.

There is no defined uniform and common method or tool for follow up of BI results in BSR. The countries where a reporting system exists have also developed a tool for collecting data from the BIs. Use of this tool is mandatory when reporting results.

Since reporting of results varies even between different BIs in a region there is no common definition of any key-figures for a successful BI. The most common key-figure is degree of occupancy in available premises and number of incubator companies either in the process or who has been in the process. Other examples use a key-figure for measuring Return on Investment where amount of public money used in the BI is compared how much public money incubator companies generates to society in form of taxes, VAT etc.

There is no official publication or other source of information in the BSR where information regarding BI results can be found. Lack of such information makes a comparison between BIs difficult and communication of results more difficult.

3.6.2 Possible areas for development

3.6.2.1 Establishment of key performance indicators

A possible area for development could be the establishment and definition of critical key performance indicators to follow-up BI operations and results. Should a more in-depth benchmarking be possible between different BIs it is important that common key performance indicators are used and that the interpretation of those indicators is the same in all involved BIs. The number of such key performance indicators should initially be kept relatively low in order to focus on the most important issues and not put too much workload on the BIs. As the benefit of using key performance indicators in the development process becomes obvious more sophisticated indicators can be developed. Already identified key performance indicators in existing national reporting systems can serve as platform for this development.

3.6.2.2 Methods for measuring and communication

Based on the common definition of key performance indicators it will be necessary to establish a method to collect relevant indicators from the BIs. In order to have credible data the collecting method must be validated and used the same way by all involved BIs. The decision of method to be used is depending on which key performance indicators are selected for evaluation. In conjunction with the development of suitable method areas such as collecting intervals, dissemination of results etc. must be determined. An area that also needs to be considered in this context is how collected data should be analyzed in terms of cause and effect relationship, trends, cost, benefit etc. For analyzing the collected data an ICT tool might appropriate to develop.

Another area of suggested development is the possibility to communicate results to relevant stakeholders. This could be on national, regional and local level and vary from the public to internally in the BI. The receiver of information will have great impact on the communication method and different methods needs to be used for different receivers. A possibility to consider in this context is to publish gathered data in one common publication where key performance indicators for all involved BIs can be found. This requires an agreement between concerned parties regarding what data can be made public.

Some identified key performance indicators will most probably only be considered appropriate for internal use among the involved BI. This will also require an agreement among the parties where use of data is regulated.

3.6.3 Expected output

A fully developed and implemented system for collecting and communication of key performance indicators will have the following positive output:

- A common set of key performance indicators for internal bench-marking purposes is established;
- A set of public key performance indicators are regularly compiled and communicated at international, national and regional level to relevant stakeholders;
- Communicated results showing achieved key performance indicators will prove BIs efficiency and importance as a tool for sustainable growth.

4 Summary of areas for development

Below is listed a summary of the identified possible areas for development outlined in this report. The areas have also been identified either as "long term" activities or "short term" activities depending on their nature. "Long term" activities requires an established and functioning structure as driving force and "owner" in order to be implemented. These activities have been considered to have a relatively long time span to implementation. "Short term" activities are areas which might be possible to implement in the shorter time perspective but still requires an established and functioning structure in order to be possible to implement.

Possible area for development	Long term	Short term
Exchange of experience	✓	
A "common language" for BI		✓
Communication	✓	
Common marketing of results		✓
Lobbying	✓	
Attracting competence partners		✓
Definition of incubation process		✓
Model process for bench-marking workshops		✓
Offer bench-marking workshops	✓	
Offer possibilities for study-visits to BIs of interest		✓
Develop a monitoring tool to follow incubator's and companies' progress		✓
Development of service offers		✓
Access to competence partners	✓	
Identify available competence		✓
Develop a Q&A tool		✓
Perform work-shops		✓
Workshop for BI managers	✓	
Training program for BI staff	✓	
Establishment of key performance indicators	✓	
Methods for measuring and communication	✓	

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