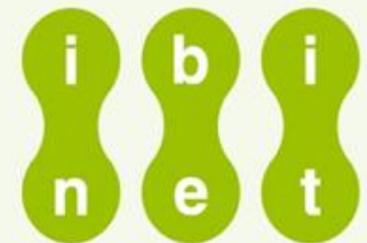




# Similarities and differences in business incubation in the Baltic Sea Region – IBI Net Perspective

Final conference  
15 May 2012, Riga, Latvia



INTERCOUNTRY BUSINESS INCUBATOR  
NETWORK



# Research concerning development of business incubators in BSR

One of the first results of IBI-NET Project is the analysis made by Teknidalen Foundation from Sweden: “**Business Incubators in the Baltic Sea Region – ways to increase quality and effectiveness**”.

In the research participated 15 incubators:

**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

# Research concerning development of business incubators in BSR

## The research covers following areas:

- **an analysis on status quo of business incubators' services and SME demands in the Baltic Sea Region:**

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

- **an 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, as well as elaborate on recommendations regarding possible development areas within BIs to strengthen their capacity to support SME's growth.

# Research concerning development of business incubators in BSR

## The research was based on:

1. the questionnaires filled in by business incubators from all partner countries
2. on-site interviews in 15 most suitable incubators in all partner countries.

The material collected from the questionnaires and from the interviews has been analysed in depth by a group of BI specialist from the Swedish partner.

## The research allows:

1. to get acquainted with experience of other Baltic Sea Region countries in development of business incubators
2. make conclusions what could be done to improve situation in level of country and business incubators, to offer wider opportunities and more qualitative services for enterprises within incubators.

## General observations – background and purpose

All interviewed business incubators want to provide support to start-ups, and thus contribute to regional growth. **The difference is a method and process.**

In almost all incubators support is offered in a 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.

Some of BIs **exist** more than 15 years, some – only few years, but none of them has any financial profit demand from their owners. **The legal status differs** – from foundations to limited companies.

Depending on regional factors (industry tradition, academic specialization, emerging markets) **incubators have different focus areas.** The open BIs are located rather outside dense populated areas.

**In general also definition of what a business incubator is differs very much between countries and region and that's why any comparisons are very difficult.**

## General observations – financing

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.

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.**

The obvious facilitator and driving force in this context could be IBI-NET Association.

# General observations – structure and processes

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 needs.**

In some of the analyzed processes BI have identified and defined programmes for:

- **Idea scouting** – programme for active scouting and searching for new ideas
- **Admission** – process and criterion for admission into incubator
- **Duration and content** – well documented
- **Monitoring and evaluation** – set up and documented only by some BIs
- **Post incubation** – only limited number of BIs has structured process or programme for post incubation stage.

## General observations – services

**In all BIs studied start-up companies offer some form of access to premises and office support.** The offer varies from BI to BI: some BIs pay much attention to attract tenants to rent space on attractive conditions and not so much to the incubation process, whereas other BIs focus more on the process itself.

The BI **mostly offer some form of expert competence to tenants** and incubation companies in following areas: 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.

The system of offering coaching or mentoring is rather not used as a method to provide services. Some BIs have a well-developed coaching system in place and uses this method systematically in the process.

All BIs have 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.

## General observations – management

The management structure varies between different BIs but they **all have in common that the capacity in terms of human resources is limited. In almost all BIs staff with expert competence offered to incubator companies is outsourced to external consultants or partners.** 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.

**None of BI managers had received any dedicated or formal incubator manager training.** Most managers had a university degree or business experience but being a BI manager was learning by doing. **BI staff training is conducted at various levels** depending on needs and capacity to perform such programs.

## General observations – follow up of results

Follow up of results **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.

**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.

# Summary of areas for development

LONG TERM	SHORT TERM
• Exchange of experience	• A „common language” for BI
• Communication	• Common marketing of results
• Lobbying	• Attracting competence partners
• Offer bench-marking workshops	• Definition of incubation process
• Access to competence partners	• Model process for bench-marking workshops
• Workshops for BI managers	• Offer possibilities for study visits to BIs of interest
• Training programme for BI staff	• Develop a monitoring tool to follow incubator's and companies' progress
• Establishment of key performance indicators	• Development of services offered
• Methods for measuring and communication	• Identify available competence
	• Develop a Q&A tool
	• Perform workshops

# Conclusions

**Even though in all IBI-NET partner countries there has been different development and history of business incubators which are hard to compare, all participants of the research faces similar problems in today's development of business incubators:**

- ✓ **insecurity about long term financing,**
- ✓ **lack of unified criterions for measuring results of company work within incubators, selection of innovative ideas**
- ✓ **limited choice of services.**

# Conclusions

**The authors of this research suggest that the business incubators should pay more attention to:**

- ✓ **offering additional services,**
- ✓ **monitor the success of the businesses more closely**
- ✓ **help to establish the businesses on the international level, which would allow them to share their experience and develop services aimed at encouraging export.**

# Complete analysis on status quo of business incubators in the Baltic Sea Region:

<http://www.ibi-net.eu/results>

# THANK YOU FOR ATTENTION!

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