

# IBI Net

## Financial Guidelines & The IBI Net Association An overview



HIGH PERFORMANCE IN CONSULTING AND BUSINESS SERVICES

# Agenda

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- IBI Net Financial Guidelines
- IBI Net Association



<b>Gross floor space (in sqm)</b>	<b>3750</b>	<b>8000</b>	<b>9000</b>
<b>Rentable space (in sqm)</b>	3000	6400	7200
<b>TOTAL income</b>	285.640	606.432	682.236
Rental income	210.600	44.9280	505.440
Additional contribution	68.040	145.152	163.296
Service	7000	12.000	13.500
<b>TOTAL costs</b>	388.870	622.156	680.488
Personnel costs (1 CEO, 1 Ass.,1 Secr., 1 Techn.)	164.00	164.000	164.000
Operating costs	75.600	161.280	181.400
Maintenance (1% of invest)	45.000	96.000	108.00
Amortization (3,03% of equity)	27.270	58.176	65.448
Interest (6%)	54.000	115.200	129.600
Marketing, Events	10.000	10.000	10.000
Consulting (Tax, Law)	8.000	10.000	12.000
Additional costs	5.000	7.500	10.000
<b>Profit / Loss</b>	<b>-103.230</b>	<b>-15.724</b>	<b>1.748</b>
See: ADT - INNOVATIONSZENTREN in Deutschland - 2010/11			

# The financial guidelines

- The technology center Vorpommern was responsible to develop financial guidelines for the project.
- The work was fullfield in cooperation with exper consult, a consulting company settled in Dortmund, Germany
- Following a short impression about the content of the guidelines.
- The whole report and a presentation will be published on project website soon



# The financial guidelines - Content

- Initial position – deducted object and goal of investigation
- Introduction – definitions and categorizations
- Statistical overview – history of incubators and innovation centres
- Economic impacts – economic benefits vs. business imperative
- Financial aspects – the way towards financial sustainability
- Hands-on – a guide for IBIs' financial survival



# General information

- There is no uniform or common model for financing of Business Incubators (BIs) in the Baltic Sea Region (BSR).
- Financing of Business Incubators (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



# Main source of income

## Public funding

National and regional public bodies which fund the core activities of the IBI (subsidies)

Funding coming from programs and projects implemented by the IBI for the public authorities

European Regional Development Fund (ERDF) / Regional Policy

Income from EU projects

## Private funding

Income from client SMEs and Entrepreneurs

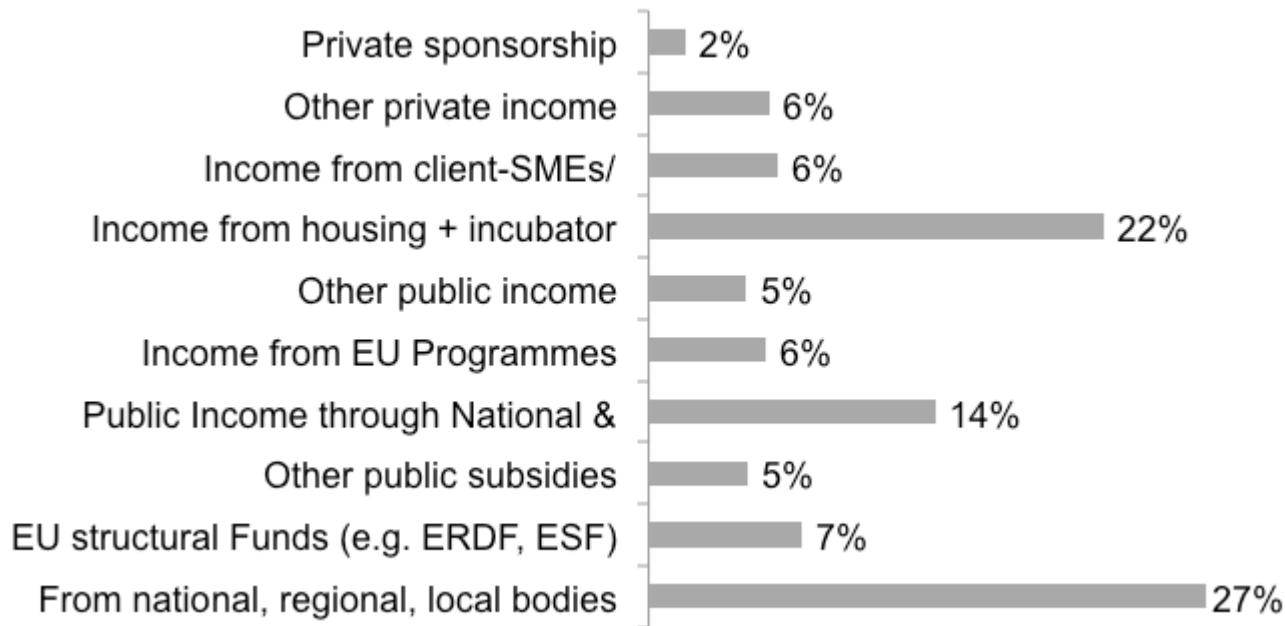
Income from housing and incubator services

Other private income (e.g. venture capitalists interested in sustaining the entrepreneurs)

Private sponsorship (e.g. large companies interested in delegating to the IBI the detection of innovation for their processes and products)

See: The Smart Guide to Innovation-Based Incubators (IBI) - 2010

- The main source of income is housing, but subsidies also cause financial risk of BIs.



EBN BIC Observatory 2011 (Data 2010, 86% of 148 BICs participating in the survey)





- **The target of the management of a BI must be to run a loss-free operation. But reality shows:**
  - no market prices of rents
  - too little space to let and / or lack of utilization
  - low capital and operating grants from public funds
  - steadily rising costs for operation and maintenance
- That means small BI needs long-life subsidies to cover the losses.



- The range of projects that help to minimize risk and compensate losses, is multilayer.
  - Projects through tenders (EU, federal and country)
  - Collaborative projects with companies in the BI
  - Collaborative projects with companies outside BI or with BIs in other regions
  - Project development for economic and technology-oriented institutions
  - Project management for third parties
- **In well-managed BIs share of sales, generated with projects and services revenues, is up to 50%.**



# The birth of the IBI Net association I

- The idea was born during the IBI Net Project
- WP3 „Establishment of IBI Net“ → The project would like to establish an international business incubator network where best practice management arrangements for running BIs can be elaborated and developed
- The general project problem: It is very difficult to finalize ambitions aims successfully during project duration because of the restricted time period

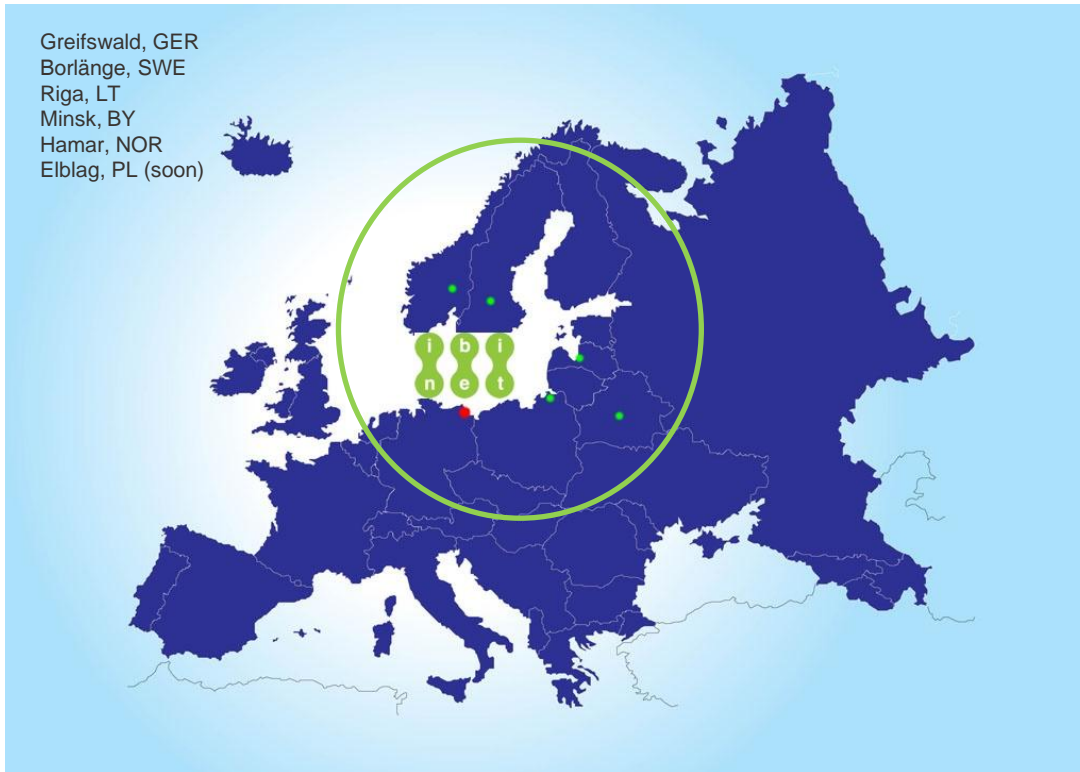


# The association IBI Net e.V.

- The association IBI Net e.V. (International Business Incubator Network) is a network for establishing and strengthening the transnational business incubator network and for technology- and knowledge transfer within Europe.
- IBI Net is focussing on business incubators but also cooperates with technology centres, small and medium-sized enterprises (SME), universities, public institutions and other important actors.
- IBI Net is a mediating and coordinating association without own authority. It implies the coordination of existing partnerships and activities as well as stimulating the creation of new ones.



# Field of operation – Focus BSR



- Branch office in Greifswald, GER
- First members in the BSR
- excellent access to BI's in Northern and Eastern Europe



# Tasks

- Offer bench-marking workshops for BI' managers/key personnel based on identified needs and member requirements.
- Use of competence partners/specialists in theme workshops
- Systematic and organized exchange of experience between BI managers and key personnel
- Develop common and tailor-made training programs based on needs



# Special offers

- A platform for collaboration between business incubators
- Marketing activities (e.g. lobbying for public financing and recognition of BI importance in society)
- The possibility of advanced trainings concerning business incubation topics by a wide range of specialist
- Service solutions (e.g. software tools, independent consulting)
- coordinate joint efforts in project development and networking



# .... there are a lot of things to do (together)

- we all have limited resources and critical shareholder, **but**
- Our customer want to growth  
→ we need the experiences and financial instruments
- Our customers have more specific challenges  
→ we have to know how to do the right
- The companies want to go international  
→ we have to provide soft-landing services
- Our shareholder want to trust our work  
→ we should have independent and powerful arguments





# Thank you for your attention

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