

# IBI Net

The IBI Net Association  
An overview



HIGH PERFORMANCE IN CONSULTING AND BUSINESS SERVICES

# Problems

- The conclusion is, that BIs have a great impact on the regional economy, but this is often not recognized, especially by stakeholders of the BIs.
- Mostly the shareholder structure of BIs is dominated by public authorities. They often pretend to have just economic development purposes in mind, but at least they treat the BI as any other activity in their community.
- This means that they often do not understand the BI business model and the impact on the region. If budget in the community is short, they begin to cut the subsidies for that BI and jeopardize the BI.



- Although the BI has a great economical impact on the region, politics has no patience.
- At some point, the politicians of the community no longer tolerate recurrent losses and cut the subsidies. Deficits must be covered by other revenue or the BI will be closed.
- Costs have to be covered. The only answer is to generate income through other sources.
- The only solution for increased cost recovery is generating revenue from services and projects.
- But projects are not just a source for income, rather they help to achieve the main target of BIs



# Background

- There is no uniform or common model for financing of Business Incubators (BIs) in the Baltic Sea Region (BSR).
- Although 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
- 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 secure operational financing for the BI activities instead of the incubation process



# Tasks of BI's management

- **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
- The biggest problem is that the rent is under the usual local average, which makes operation without losses impossible.
- BIs with an average floor space of 3,500 sqm and a staff of 4 people (1 CEO, 1 Ass., 1 Sec., 1 Techn.) has no chance to live without subsidies, due to the fact, that the income through housing can't cover running cost beside the building.
- That means this 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 birth of the IBI Net association II

- The association should become the driving force for development and implementation of all relevant activities
- IBI Net association will become the natural HUB for a structured approach to the development issues high-lighted in the IBI Net Project





# The association IBI Net e.V.

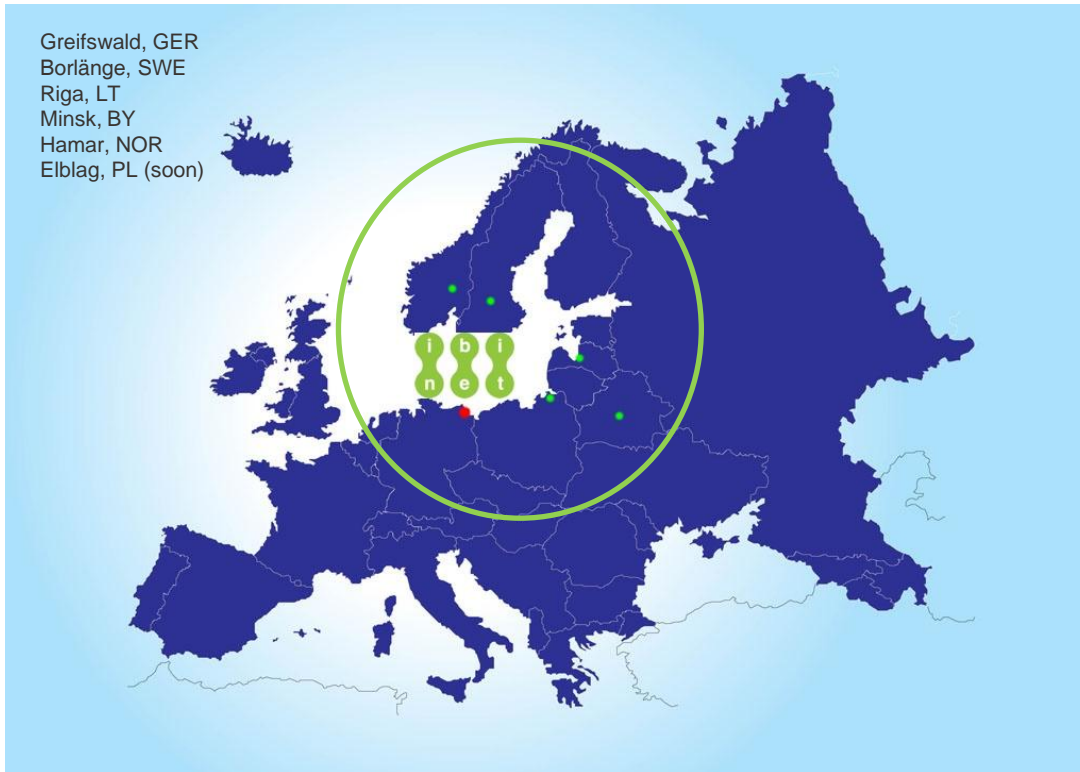
- The association IBI Net e.V. (International Business Incubator Network) is a network for establishing and strengthening the transnational business incubator network and for technology- and knowledge transfer within Europe.
- Incubation processes are playing an important role to develop knowledge, capital and human resources. With visionary management and bundling of economic, social and legislative resources, IBI Net intends to become a sustainable network for technology- and knowledge transfer in the field of business incubators in 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. Its strength depends on the strength of the individual members. It implies the coordination of existing partnerships and activities as well as stimulating the creation of new ones.



# Field of operation – Focus BSR



- Located in Greifswald, GER
- First members in the BSR
- excellent access to markets in Northern and Eastern Europe
- guarantor for trend setting networks
- well educated employees with baltic-background



# Tasks

- Offer bench-marking workshops based on identified needs and member requirements.
- Offer fixed benchmarking workshops for BI' managers/key personnel.
- 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
- Improve their own business (e.g. optimize process through benchmarking)
- Marketing activities (e.g. lobbying for public financing and recognition of BI importance in society)
- A platform for dialog with academia, public institutions, private businesses, individuals and supranational institutions
- A wide range of specialist
- The possibility of advanced trainings concerning business incubation topics
- Service solutions (e.g. software tools, independent consulting)
- Attraction of capital and human resources
- coordinate joint efforts in research, education and technology transfer



# Organization & Membership

- **Organization**

IBI Net is a membership-based non-profit network association.

- **Domicile**

IBI Net is located in Europe.

IBI Net is located in and will be registered with the Register of Associations in Greifswald, Germany.

- **Constituents of organization**

IBI Net has the following constituents of organization:

- General Assembly (GA)
- Executive Board (EB)
- Branch office (BO) with branch manager / network manager (Branch office depends on decision of the General Assembly)



# Organization

- **General Assembly**

The General Assembly is a forum for dialogue and exchange of information for all members of IBI Net.

The General Assembly will be convened annually

- The general assembly is deciding about the strategy of IBI Net.



# Membership

- **Application for Membership**

Applications of a new membership shall be presented to the Branch office or directly to the Executive Board by e-Mail, letter or fax.

- **Membership fees**

The normal membership fee is 250, - Euros p.a. for legal persons, natural persons are free of membership in the first year and pay a reduced fee of 125, - Euros with the beginning of the second year.

Also the membership fee for Non-EU Members in the eastern Part of EU area (e.g. Belarus) will be reduced to 125,- Euros p.a.





# Science Park survival criteria

Inputs	Structures	Processes	Outputs	Impacts
Initial environment (economy, industry)	Type of Park (bounded/dispersed)	Governance procedures	No. of established firms moving to Park	On-park employment (quantity and quality)
Quality and strengths of the university	Size of Park	Management structure	No. of new high-tech businesses fostered	Value of purchases from firms in the region
Initial Objectives	Distance from university	Marketing of the Park	Turnover/profitability of firms on Park	Increase in region's 'balance of trade'
Net Cost of facilities (land, buildings, etc.)	Sectoral/technological selectivity	'Drive' of the Park manager	Rental income from firms on Park	Increase in GDP for the region
Net operating costs (admin., marketing..)	R&D/production selectivity	Technology transfer support systems	No. of patents by firms on Park	Change in relative unemployment level
Cost of grants, rent, subsidies etc.	Presence of incubator or Innovation Centre	University-company interactions	Increase in University publications, patents	Enhanced reputation of the university
Share out of costs between sponsors	Range of business supports provided	Firm to firm interactions	No. of joint publications	Enhanced civic pride

See: Technopolis - The Science Park Evaluation Handbook - 1996

# Thank you for your attention

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