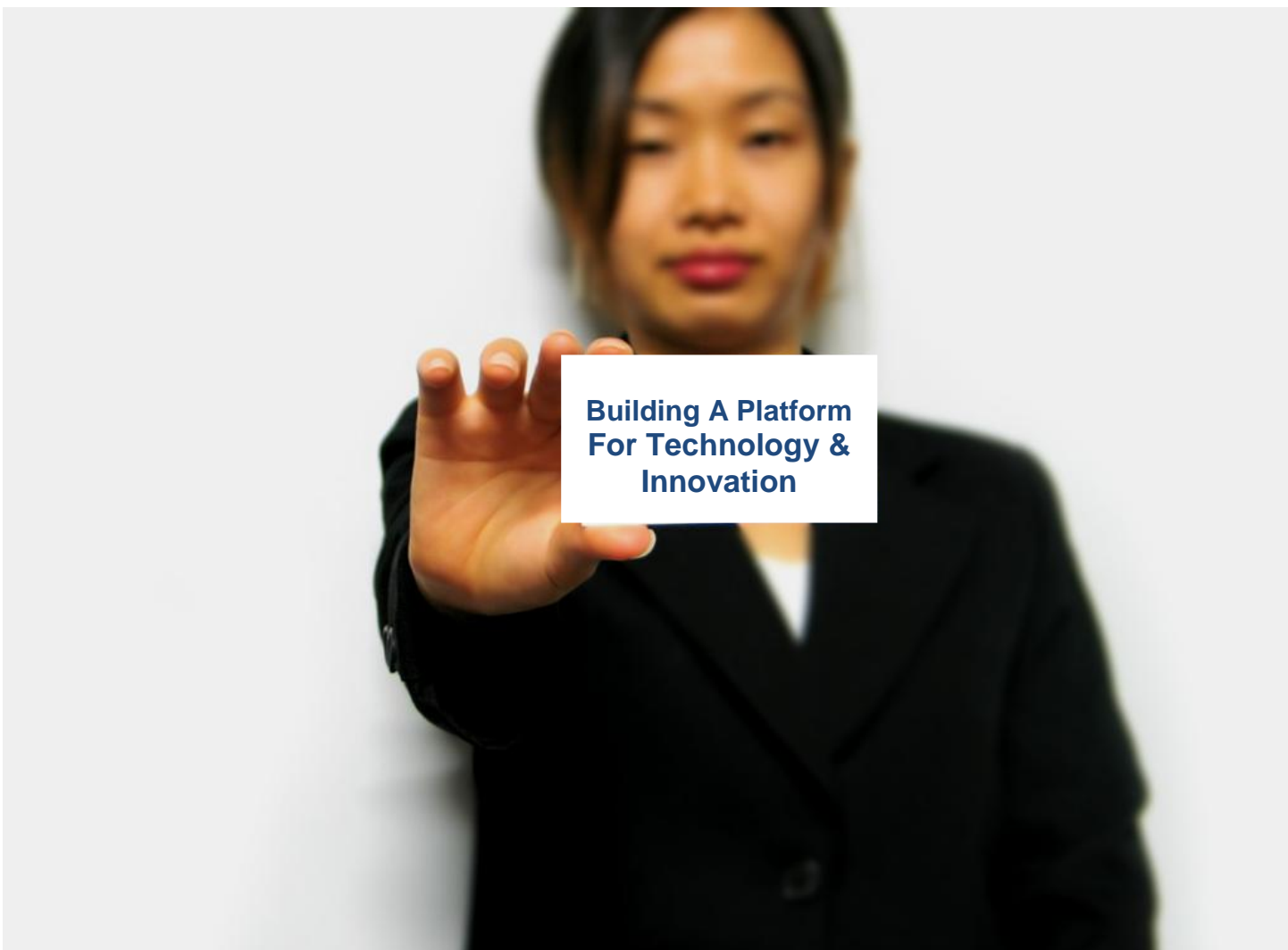


Promoting Innovation + Technology

Development GUIDELINES FOR TECHNOLOGY BUSINESS INCUBATORS



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Promoting Innovation +
Development GUIDELINES
FOR TECHNOLOGY BUSINESS INCUBATORS
Technology

Bonn, November 2010

**Franz Dietrich
Barbara Harley
Joachim Langbein**

0. PREAMBLE

These Guidelines are drawn from the information used in supporting the successful development of Technology Business Incubators (TBIs) within the **InWEnt** program "Business Incubation in Southeast Asia" [ˈbizi]. It has been promoted by the German Federal Ministry for Economic Cooperation and Development (BMZ).

The Guidelines are intended to be a general **handbook and roadmap** for both the initiators of a TBI and the team which is carrying out all of the necessary tasks. However, these guidelines cannot replace target-oriented capacity building one-on-one and group workshop measures as executed successfully in Indonesia, Philippines, Thailand, and Vietnam within the InWEnt [ˈbizi] project.

The guidelines follow a **structural approach** presenting each planning phase in a separate chapter in logical activity order. The **methodology** used aims at presenting key planning activities in short and easy format working with keyword lists, boxes, checklists and case-studies. The most relevant materials are directly integrated into the text. Additional resources are attached to the annex. In addition there are more than 50 complementary files uploaded to InWEnt e-learning platform **Global Campus 21** (www.gc21.org), which contain presentations, reports and planning tools from all phases of the InWEnt [ˈbizi] course layout.

These guidelines are written by **Franz Dietrich** and **Barbara Harley**, both long-term business incubation consultants, who implemented the Business Incubators SE Asia project during the period 2003 – 2010 on behalf of InWEnt, Capacity Building International, Germany. **Dr. Joachim Langbein**, senior project officer of InWEnt Capacity Building International and in charge for the [ˈbizi] project is the editor. The 7 case-studies were contributed by **TBI project-leaders and or directors**, whose names are mentioned in the beginning of the relevant case-study.

“A Business Incubator (BI) is an organisation that **systematizes the process of assisting the growth of successful new enterprises** by providing them with a comprehensive and integrated range of services, which can include:

- **Incubator space**, whether office, manufacturing, lab, or sales, which is made available on a flexible, affordable and temporary basis;
- **Common space**, including meeting rooms, reception lobby, and eating areas.
- **Common services**, including secretarial support and shared use of office equipment
- ‘Hands-on’ **business counselling** and access to specialised assistance
- Assistance in seeking and acquiring **business financing** or even providing some level of financing to the clients

- **Networking** activities, operating as a reference point inside the among entrepreneurs and between entrepreneurs and resident advisors, and outside of the premises to the local community. (Source 1)¹.”

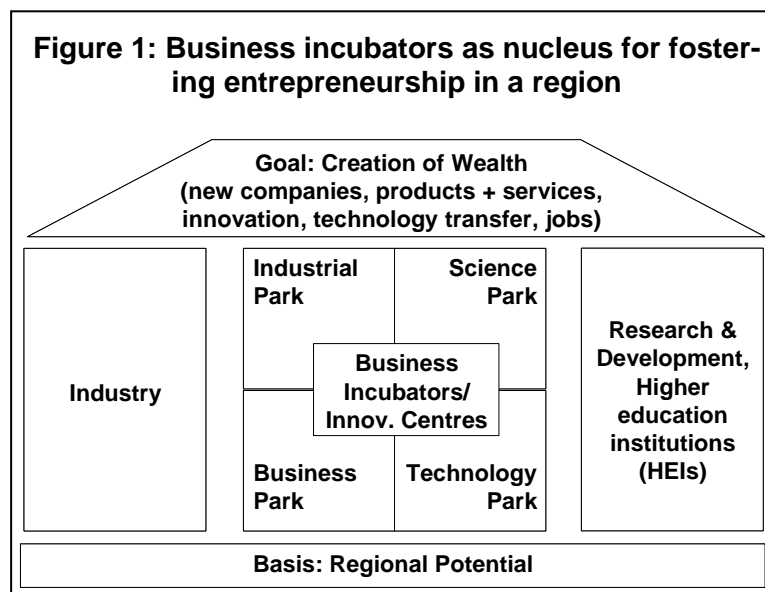
Not all the business incubator’s facilities and services need to be provided on an in-house basis. Most incubators ensure access for their clients to a complete range of enterprise support services through a **combination of in-house resources and networking** throughout the community **with external service-providers**.

A **Technology Business Incubator (TBI)** is a form of business incubator that focuses on promoting technology-based business start-ups. ‘Technology-based’ in this context means the whole range of technological activities, and is not just referring to high-technologies. ‘Business start-ups’ includes only legally organized companies or businesses being set up as legal entities. The TBI supports businesses wanting to sell their technology-based products or services to the marketplace, not the development of technologies as such. Therefore a **TBI is not to be confused with an applied research centre**.

Looking to Southeast Asian countries the majority of TBIs at this time focus on Information and Communication Technologies (ICT). However, these countries have also developed Technology Business incubators supporting entrepreneurs in the textile and leather industries, fisheries, and agricultural and food sectors.

Business incubators are seen as efficient tools **for technology transfer** and cooperation between the scientific sector and the industry. Generally, they are targeted towards addressing local economic development issues through improvement of the entrepreneurial base.

At the local and regional level business incubators are at the core of tools for fostering start-up activities, job growth, technology transfer and innovation (cf. figure 1)².



¹ Source: UNIDO Practical Guidelines for Business Incubation Systems

² Source: Dietrich, F./ Fiedler, H./ Nagy, P. (1996): The concept of business incubators and innovation centres. ICECE-Focus, Vol. 1. Berlin.

Although there are common characteristics that business incubators should include, and there are a few generic business incubator models, there is **no single best practice model** of a business incubator. Because business incubators should be embedded in the regional innovation system, they should therefore respond to the specific needs and requirements of potential entrepreneurs in their region and should pro-actively address untapped regional potential.

Today there are more than 5,000 Business Incubators worldwide and their growth rate in developing and emerging market countries is outstanding. They are a favorite part of a set of tools which is used for local and regional development, and as such public subsidies or grants continue to remain a part of a BI's sources of funding.

When properly planned and managed, and when they involve high-quality services as well as facilities and infrastructures, business incubators have a strong potential for a good return on investment. But it has to be emphasized that patience is needed by the promoters and sponsors. The community should not be expecting immediate success or financial independence from business incubators.

Bonn, November 2010



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0.1 THE INWENT PROJECT [`BIZI] BUSINESS INCUBATION SOUTHEAST ASIA

Since 2003 InWEnt is supporting the promotion of Innovation and Technology in Southeast Asia through specific capacity building activities. Focus is given to the setup of TBIs. In the beginning of the project, activities were concentrated in Thailand; in 2005 the project was extended to Vietnam. Since 2007 the project has also been working in Indonesia and the Philippines.

The project is targeting **participants coming from** universities and research institutions, local authorities supporting regional economic development, as well as representatives and decision makers from national and regional governments.

The **objective of the project** is to strengthen institutional capacities to develop and implement successful TBIs and by this method support start-up companies in transferring technological innovations into marketable products.

Through **workshops, direct coaching and e-learning** measures, TBI set-up teams were enabled to develop and manage their TBI and are trained to function as multipliers and local consultants for the build-up of other TBIs in the region or country.

Furthermore, through **international conferences** held in Bangkok and Jakarta and the development of joint e-networking platforms, the continuous exchange of experiences and expertise has been facilitated and a regional network of TBI's is being established to share the experiences made in the different countries.

The final activity of the [`bizi] project were **two Train-of-Trainer workshops**, enabling selected participants from Indonesia, Philippines and Vietnam to support the development of additional TBIs in their countries after the InWEnt project expired at the end of 2010.

Within the [`bizi] project the following **14 Pilot TBIs** have been established in:

Indonesia



The Philippines



Thailand and Vietnam



The [bizi] project was a **joint initiative of these partners:**

InWent Capacity Building International Germany allocated the funds to the measures, supervised and monitored the project and **identified the following partner-organizations** in the beneficiary countries, which provided policy support and initial funding to the TBIs:

- ✚ **Indonesian** Ministry of Industry
- ✚ **Philippine** Council for Advanced Science and Technology Research and Development (PCASTRD, now PCIEERD) to the Department of Science and Technology (DOST)
- ✚ **Thai** National Science and Technology Development Agency (NSTDA)
- ✚ **Vietnamese** Ministry of Science and Technology (MOST)

The **BMZ - German Ministry for Economical Cooperation and Development** supported the project financially.

0.2 WHY DO BUSINESS INCUBATORS FAIL AND WHAT ARE THEIR SUCCESS-FACTORS?

As can happen with any other business, Business Incubator projects can easily fail if attention is not given to the lessons learned in the industry. When they fail, the failure has a major impact on many participants in the project and on the community at large. Therefore, the promoters and sponsors of a potential business incubator have an obligation to understand how best to limit the risks of failure.

Some of the most important reasons for project failure are:



An incomplete understanding of the Business Incubation System: Misunderstandings and inappropriate expectations among the promoters, stakeholders, and possible future clients often lead to poorly designed and insufficiently funded projects.

Consequently the **first success-factor** is: Initiators, Supporters, Planners / Developers and most importantly governmental institutions must know and understand the subject and the system of business incubation.

That's why awareness raising prior to executing the planning phase is so important!



The Business Incubator is not embedded into the overall development policy of a region: Business Incubators, as all other support measures and tools designed to proactively stimulate enterprise development, need to be integrated into the regional development plan and must not be an isolated activity.

Consequently, the **second success factor** is that there must be a strong and action at the policy level to complement the Business Incubator tool with support to its client start-ups in the form of financing, low bureaucratic thresholds for development, and a variety of tax incentives. Future business incubator clients need to have appropriate financing sources to help them pay both for the realization of their business idea and for the cost of taking advantage of the incubator services and infrastructure.



There is not sufficient financial support to the Business Incubator: Financing must be provided for both the investments (e.g. building, furniture, technical equipment) and operations. Usually long-term financing of operations is more difficult to achieve as stakeholders expect the business incubator to become self-sustaining after a very short period of time. The incubator needs to have adequate cash flow to meet its operating expenses and to provide facilities and services at all times to support the clients. This need is especially difficult to meet during the start-up period, when:

- ✚ the incubator needs to find its place in the market
- ✚ it must prove its competencies in entrepreneurship support
- ✚ it must show that it operates like an enterprise, serving its clients
- ✚ it must continue effectively even though advanced clients (not start-ups only) and commercial clients cannot be accommodated in the chosen [initial?] location.

Consequently, the **third success factor** is that the promoters and sponsors of an incubator must use a thorough financial tool to identify the true costs of the operations from the beginning onward.



There is no sufficient demand for the service portfolio of the Business Incubator. This lack of understanding as to what the customer wants and needs is a classic failure of many start-up businesses as well as the business incubator.

Consequently, the **fourth success factor** is that planners of BIs/ TBIs need to carry out in-depth market surveys to identify if there is a market for a specific incubator model (specialized TBI versus general purpose BI) and what the market (the future clients) expects from the future Incubator. A market survey should also highlight the existing entrepreneur support structure in the region and ways within which the business incubator can add strength.



There is no suitable and low-cost building to accommodate the clients and the Incubator Management. Most plans for business incubators show that the building should be made available free of any charge and meet the size requirements of the financial model to enable the incubator to achieve self-sustainability. Minimal renovation (or free renovation), easy maintenance and low operational cost are other preconditions.

Consequently, the **fifth success factor** is that one of the sponsors will provide a building and ensure that there is sufficient funding to renovate and maintain it for four-five years.



The management team of the new business incubator lacks business experience and management skills. The new Business Incubator must run efficiently and effectively from the beginning with at least the minimum services the first clients will require to become successful.

Consequently, the **sixth success factor** is that the appointed manager(s) must be chosen because of their knowledge of the business and technology sectors of

the clients and receive further training in business incubation and team building.

Please note!

Proper planning of TBI minimizes the risk of failures!

0.3 THE INWENT 4 PHASE APPROACH

The setup of TBIs follows a modified version of the 4 phase model initially introduced by UNIDO.

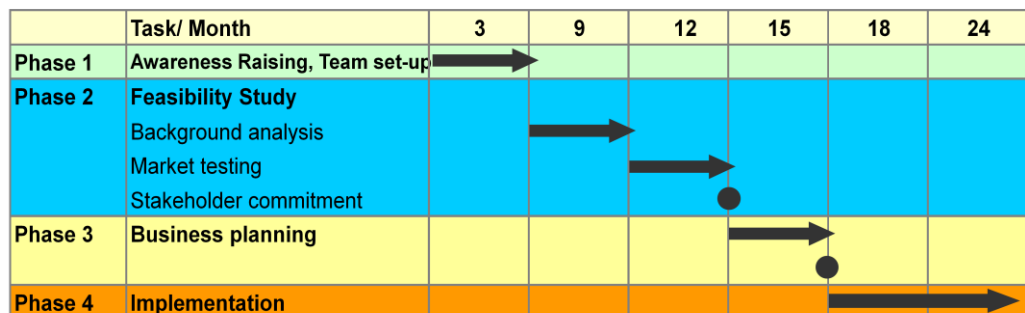
Phase 1 – Awareness raising and team-building, including the set up of a project team, a work plan, and the start of awareness raising activities to promote the TBI project.

Phase 2 – The Feasibility Study. This phase investigates the **Feasibility of the TBI project**. At the end of this phase the TBI teams should know whether there is sufficient demand from prospective entrepreneurs for the kind of infrastructures and support services that a TBI provides. In this phase it is also important to find out if and how stakeholders will support the development and operation of the future TBI.

Phase 3 – The Business Plan. The outcome from the feasibility study provides the basis for the **TBI’s business plan**. In this stage, the concrete TBI model is elaborated specifying in words and in financial figures the kind of support that can be provided by the TBI to meet the needs of its customers; how the TBI will be organized and operated; and how all of this can be financed. The business plan helps the TBI teams to acquire funding, and is a guide for the management team on how to implement the TBI.

Phase 4 – Implementation. This phase considers the selection of appropriate incubator staff and includes a set of special training measures which builds the capacity of the future incubator staff to operate the TBI and to support its clients. It also contributes to a successful marketing and operational start of the TBI.

The **duration of such a project** can vary but experiences within the [‘bizi] project showed that 2 years are almost always necessary.



At the end of phase 2 and phase 3 **Go or No-go decisions** about the continuation of the project have to be made. In case of a No-go decision at the end of phase 2 the project will be terminated, or the continuation of the project might just be delayed to either look for alternative options or modify the general approach (e.g. from a TBI to a more general purpose TBI as there is not sufficient demand for a TBI) A No-go decision after phase 3 usually is made when the financial concept does not show viability.

Phases 1 – 3 are covered in detail within these Development Guidelines. For Phase 4, a separate Operational Guidelines exists³.

³ A copy of the Operational Guidelines can be downloaded from InWEnt's e-learning platform Global campus 21; for access to the [bizi] workgroup, registration is necessary to receive a password and a username; please send an e-mail with your full name and gender to franz-dietrich@web.de to receive your access data.

1. PHASE 1 - TECHNOLOGY BUSINESS INCUBATION, TEAM-BUILDING AND AWARENESS-RAISING

Keywords: NETWORKING, LOCAL AND REGIONAL GOVERNMENTS, LARGE COMPANIES, THE UNIVERSITIES, THE TBI SET-UP-TEAM, THE STEERING GROUP, THE BUSINESS INCUBATION SYSTEM, TECHNOLOGY TRANSFER, TECHNOLOGY COMMERCIALIZATION, ENTREPRENEURSHIP DEVELOPMENT, FINANCING THE PLANNING, STAKEHOLDERS

In countries in which the economies and institutions are still developing and organizing themselves for growth, technology business incubation is becoming an exciting opportunity to encourage new enterprises, new entrepreneurship, and new forms of project partnerships. Since TBIs may be a less well-known or poorly understood approach to growing the region's economy, the questions often are: *Where do we begin? Who leads and who follows? How can we limit the financial and social risks of this type of a new project? How can we get the best results with the least money?* The brief answers are: There are many ways to begin. The leadership will vary according to needs and the types of advocates and promoters who come forward. Risk and cost can be shared but not eliminated.

Fortunately for those beginning technology business incubation projects at this time, there exists a large reservoir of experiences, lessons learned, international organizations that can provide relevant guidance, and funding sources with an understanding of TBIs that can assist local institutions with the costs.

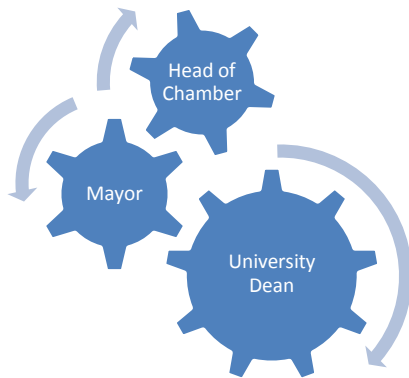
The Team-Building process, which is a critical first step, can begin in many ways and can be initiated by many different types of individuals and institutions. The following process is based in part on the UNIDO model as previously cited and on the experiences of various TBIs elsewhere among the developed and developing economies.

1.1 THE TBI TEAM BEGINS WITH A FEW PROMOTERS

In many cases, **the first promoters of a Technology Business Incubator will be a small group of individuals within an organization** or within several allied groups seeking to advance an economic development or income-producing opportunity. They will have learned something of the successes of TBIs in similar circumstances in other countries or regions and see potential for applying the concepts locally. They are often referred to as stakeholders.

TBIs that are proposed for the public good are usually centered on jobs and enterprise creation and are sponsored by municipal, provincial, or regional government agencies. These TBIs may be designed to develop a specific industry or market, may support commercialization of one or more technologies, or may be supportive of the application of technological solutions in general. Such public, not-for-profit (“non-profit”) TBIs frequently evolve into public-private partnerships whenever there are significant advantages for both entities involved in the development.

Academic institutions often promote non-profit TBIs to support start-up companies that are planning to commercialize the results of research and development efforts of their professors and students. In addition they see TBIs as an opportunity for encouraging entrepreneurship and enterprise development among their students.



Some private firms may begin a TBI to enhance their real estate investments and/or to seek special tax and construction advantages. Corporations may sponsor a TBI to stimulate innovations among their product lines and processes. Investment opportunities have motivated individuals or groups of investors to create TBIs as a way to identify strong young companies and/or to provide efficient advice and support to their investments.

In many of these cases, the TBI may be originated as either a for-profit or non-profit entity, depending upon local laws and the stated purposes and advantages of the project. In some cases, the TBI will be embedded in the originating institution (a university or government agency).

1.2 THE INITIAL GROUP BEGINS TO ATTRACT PARTNERS

The initial small group of promoters (stakeholders) will be sufficiently motivated to advance the TBI concept, establish strategies regarding its aims and structure, and then bring together the necessary resources to attract additional partners and supporters and obtain commitments to sponsor a feasibility study. At this stage the initial group members will be most effective in attracting additional partners by becoming thoroughly informed about the technology business incubator concept, the lessons learned in other regions and similar economies, and its degree of potential impact within the local community and among the sponsors.

As soon as several sponsorships are gathered, the group may organize a formal or informal Steering Group made up of representatives of the sponsors and other institutions that have expressed strong interest in being involved. The Steering Group’s initial tasks will be to define the

scope of work for a both a promotional effort (awareness-raising) and a Feasibility Study, and to design the plans for oversight and decision-making during the Study. If the Feasibility Study has a positive outcome, the Steering Group will continue to the next steps of a Business Plan and implementation (set-up) activities, but by then they may function more as advisors and facilitators with final decision power.

1.3 A PROJECT TEAM IS DEVELOPED FOR THE FEASIBILITY STUDY

The promoters and sponsors for the TBI project's Feasibility Study may choose to then hire professional consultants with experience in incubation projects in other locations to work with them and their designated staff members. This group would be formed into a working TBI Project Team. The Project Team will design and conduct the Feasibility Study under frequent supervision of the Steering Group. The outcomes of the Feasibility Study will be improved if the members of the Project Team include the proposed manager of the potential TBI. The Steering Group may also choose a Team Leader to guide the process of integrating efforts and providing liaison with them at intervals.

One of the key lessons learned in localities where TBIs are a new or poorly understood concept is that awareness-raising efforts (marketing or promoting the concept of TBIs) are critically important to attracting project sponsors and partners and to creating interest in the TBI among entrepreneurs who are potential clients. This activity becomes an essential function of the Steering Group and the Project Team.

1.4 AWARENESS-RAISING IS ESSENTIAL TO THE TBI'S SUCCESS

The outcomes to be achieved by awareness-raising are:

- ➔ attracting a variety of sponsors and supporters willing to fund one or more aspects of the creation of the TBI or its on-going operational costs,
- ➔ ensuring a continuous stream of appropriate applicants to become clients of the TBI,
- ➔ providing sufficient awareness and support among the general public that policy makers and government agencies will see advantages to assisting the TBI, and
- ➔ providing sufficient interest among the public in the progress of the TBI project and its clients that the media will be receptive to giving frequent attention to the TBI and its clients.

TBI projects, as will be seen throughout the Guidelines, are complex environments designed to provide complex mix of support and acceleration for young companies seeking to sell their products into competitive market places. The word *complex* is the key indicator here. The more complex a concept or product, the more difficult it is to promote it to funders and buyers.

The difficulties caused by complexity can be overcome in a TBI project if the following attributes and resources are found among **the TBI Steering Group and Project Team**:

- ✚ Some team members have proven marketing and sales skills and a willingness to lead awareness-raising efforts
- ✚ Some Steering Group and (hopefully) Project Team members have sufficient political and social standing that their message will be considered both important and believable
- ✚ All the promoters, sponsors, and team members have a commitment to a shared set of vision, mission, and goals for the proposed TBI
- ✚ There is a thorough understanding of the values of the concept of TBIs – with concrete examples from existing TBIs and a clear vision of the impact of the proposed TBI locally
- ✚ The Team recognizes that awareness-raising, whether called marketing or promotion, is an unending and time-consuming process that must be properly budgeted for to encourage sufficient effort throughout the life of the TBI project.
- ✚ An understanding that different components of the audience are seeking different advantages and are affected by different issues that stand in the way of their acceptance of and involvement in the TBI.

As stated, Awareness Raising is an essential activity and many factors must be brought together to make it easier to increase involvement in the TBI. However, there are cultural and social behaviors in each location that may make promotion a difficult activity for specific individuals. Those entrusted with the responsibility must have confidence in the value of what they are doing and they must find a comfortable way to approach both small and large audiences with their message.

1.5 AWARENESS RAISING AUDIENCES – THE POTENTIAL SPONSORS

TBI projects can and should receive support from many sectors of the community: government, academia, major corporations, non-profit organizations, financial institutions, and international TBI supporters. A broader support adds a variety of skills, networks, resources, and funding. However, they each have their own specific agendas and timetables and, in individual ways, they may be resistant to being involved with a specific TBI project. They will require targeted messages to overcome such resistance.

The following listing of potential sponsors provides some of the topics that may be covered in group awareness raising events and in one-on-one meetings. The list of topics is offered as suggestions of the types of information that may be helpful in creating initial interest so that further meetings may be scheduled.

When speaking to a large group composed of many different types of potential sponsors, it can be helpful to identify the overall advantages of the TBI project with a few specific advantages. Then the Project Team can initiate additional discussions later. If competing agencies, companies, and non-profits are in attendance, it may be valuable to build a sense of competition by mentioning that initial sponsors will have additional advantages.

All of these concepts, of course, should be discussed and decided upon between the Steering Group and the Project Team, with clear instructions to those involved in the awareness raising process.

Potential Sponsors

Government Entities

1. **Policy Makers and Political Decision-Makers.** These individuals and their offices can be the technology business incubation industry's best friends as they can influence the enactment of fundamental changes to laws, processes, and procedures. Examples might be banking, tax and incorporation laws and policies that affect SMEs. TBI access to government funding and activities is another example.

The Advisors to this group are probably more accessible and may have more time for in-depth briefings. They will be resistant to any

proposals that can be politically risky to them or to their leadership; they will be most receptive to proposals that will provide positive results and improve the image of the politicians and law makers. Getting the message across might be helped by including some of these approaches:

- ✚ Define advantages and risks – be specific as to savings and increased revenues
- ✚ Show that others in the same leadership roles in other countries and regions have adopted these concepts and how they are helping start-up enterprises and TBIs
- ✚ Stress the fact that the TBIs are an efficient and cost-effective tool for SME growth
- ✚ Identify the ways that the TBI will collaborate with existing SME support agencies and will magnify the impact of current economic development funds
- ✚ Suggest ways that the TBI can and will provide additional positive media attention for the government.
- ✚ Request feedback and suggestions for best ways to advance the proposal

2. **SME Development and Support Agencies.** The network of local and regional SME support agencies and programs will be identified and met with throughout the Feasibility Study process. However, it is important to include as many of these as possible in the awareness raising phase.

- ✚ They should be given the opportunity to become a promoter or partner at an early stage.
- ✚ They should feel that they have opportunities for input into the ways the TBI will collaborate with support agencies in the future.
- ✚ They should not be made to feel threatened by the potential existence of the TBI.

3. **Local Economic Development and Trade Agencies.** These authorities will be especially interested in the creation of jobs and exports. Statistics may be available that show the numbers of jobs and value of exports created by existing TBIs. They should be included in the awareness raising phase and the Feasibility Study process. These agencies will want to know that there will be regular data collection to validate the impact of the proposed TBI on jobs and exports

Academic Institutions

Universities and Technical Institutes are frequently initiators of a TBI. Even if the TBI Project is promoted by an academic institution, other

local and regional universities and institutes should be targets for awareness-raising events and communications activities. It may be practical for a consortium of educational institutions to act as a sponsor of a TBI if they have received sufficient information at an early stage.

- ✚ Identify the potential advantages to their researchers and graduates
- ✚ Point out the potential for creating student internships with the TBI client companies for hands-on experience
- ✚ Suggest departmental collaborations with the TBI in the areas of business research and training
- ✚ Offer the university access to the TBI's future events and media coverage

Large Companies

Often, large companies only add their sponsorship after the TBI has been implemented. However, some enter into a public-private partnership at an early stage if there is a clear advantage to the company to do so. Large local companies that are within the same technology area or the market segment as the TBI could receive various benefits. It may be useful for the TBI Project Team to research the companies in the area and identify matches to the missions of the TBI, and then follow up with awareness-raising meetings.

- ✚ Identify corporations in other countries providing sponsorships to TBIs and their reasons for doing so
- ✚ Discuss the ability of TBIs to attract a cluster of small companies in the same industry
- ✚ Stress the fact that the TBI will be planned to function as a cost-effective business itself and its programs will reduce the risks to start-ups and their supporters
- ✚ Recommend that they help develop a partnership that will in effect increase their new product development and provide greater potential for outsourcing to local enterprises
- ✚ Point out that such sponsorships enhance the role and reputation of the company in the local and regional area.
- ✚ In cases where the large company is an international corporation or a subsidiary of one, suggest opportunities for using the TBI as a short-stay location for various related companies.

Non-Profit Organizations

These organizations may have a mission that can benefit from the existence of the TBI. Such groups as chambers of commerce, trade unions, industry associations, and job training centers are obvious potential targets for partnerships with the TBI.

Financial Institutions

Banks and savings groups can benefit in obvious ways from small businesses and employees who have strong potential and additional income. Most small technology businesses are only small in the beginning and their relationships can be built up early. As they grow, they may seek loans, provide significant deposits, and seek special banking assistance. Investment groups will have opportunities to evaluate groups of young companies in an efficient way and/or may use the TBI services to accelerate the growth of the small companies in which they invest.

Real Estate Construction and Sales Companies.

Sponsoring TBIs may create an advantage for real estate construction companies because the TBI can enhance the value of an industrial park, providing future tenants from among the TBI graduates. A developer of large industrial parks may choose to become a private partner with a government entity for TBI support in order to acquire special tax and permit advantages.

Real Estate Sales and Rental companies will easily understand the advantages of an improved local economy, an increase in well-paying jobs, and the purchasing power of growing young companies. All of this can lead to the ability of young families and successful businesses to buy and rent more expensive space than they currently use. Many of these companies should be invited to awareness-raising events and receive any communications of other sorts that are distributed.

1.6 AWARENESS RAISING AUDIENCES – THE POTENTIAL CLIENTS

There are advantages to conducting some awareness-raising events among young companies, potential entrepreneurs, recent university graduates, and individuals. Often they can be found participating in business plan training courses. It is helpful to the purposes of the Project Team to develop some awareness among potential clients at this stage of the strengths, values, and range of services offered by a TBI.

In the Phase 2 Feasibility Study there will be a series of informational meetings and interviews with the groups that include potential clients. However, there are advantages to having potential clients begin to understand the opportunities before they are approached during the Feasibility Study.

Often the inexperienced entrepreneur does not recognize how important many of the services provided by a TBI will be as the young company grows. Money seems to be the most important problem in their minds.

If they participate in the Phase 1 Awareness Raising Process, the potential clients will have had up to three months to think about the TBI concept and its services and to discuss the subject with peers and advisors before they are interviewed for the Feasibility Study. They may therefore give more thoughtful and detailed answers than those they would give when the topic is first approached. Some of these potential clients may become advocates for the TBI in their schools, homes, and community.

2. PHASE 2 - THE TBI FEASIBILITY STUDY

Keywords: REGIONAL CHARACTERISTICS, BUILDING, ENTREPRENEURIAL ENVIRONMENT, SWOT ANALYSIS, SERVICE PROVIDERS, KEY TECHNOLOGIES, TBI LOCATION, ENTREPRENEURIAL SUPPORT MEASURES, POLITICAL FRAMEWORK, MARKET ANALYSIS, INCUBATOR FINANCING METHODS, STRATEGIC THINKING, ANALYSIS OF DATA, RESIDENT CLIENTS, NON-RESIDENT CLIENTS, AFFILIATES, EXTERNAL PARTNERS, TBI IMPACT

2.1 WHY A FEASIBILITY STUDY IS NECESSARY

Feasibility Studies are a well-respected method to use in the early processes for business planning or project planning. They allow businesses to evaluate their potential for sufficient sales of their products and services to become successful. It also allows non-profit projects to assess their opportunity for successfully fulfilling their missions and becoming self-sustaining.

Among the business incubators developed during the last 50 years worldwide, some have been planned without conducting a Feasibility Study. Some of these have become very successful and are leaders in the industry. In their cases, perhaps the need for a specific type of incubator was so well understood by those supporting start-up enterprises that success was almost certain. And perhaps there was a measure of luck involved as well that made it much easier to succeed. Although being in the right place at the right time with the right people is a factor in successful TBI project development, the opportunity is rarely obvious. For all the rest, a well-run Feasibility Study improves the chances for the correct decisions about going forward with the project.

Often the purposes and needs of a feasibility study and a separate business plan are misunderstood and they are seen as duplications of effort. A short definition for each is that **the Feasibility Study's function is investigative.** The **Business Plan's function is planning.**

Specifically, the feasibility study seeks answers to questions such as: *Is this project or business venture feasible – Will it survive and have potential for success? Are there sufficient customers in the proposed market who will buy the product (or want to participate in a TBI) at the price and effort levels required? Are there competitors and competing products and will they make success too difficult? What are the obstacles to success and can they be overcome?*

Only after a GO decision is made on the basis of the findings of the Feasibility Study does the Project Team begin the Business Plan process. The Business Plan will use the information gained in the Feasibility Study in order to define how to proceed to raise the necessary money and donations,

and to acquire the management, facilities, and support services necessary to reach the project's goals. It will also address methods for overcoming the identified obstacles. Usually, constructing a Business Plan is less time-consuming and can be done in-house because of the methods that were used in the Feasibility Study process. A Business Plan is often described as a "roadmap" to implementation and management of a project or business.

A Feasibility Study is a Tool that Builds the Confidence of Decision-Makers

The value of the Study rests on its quality and the confidence its users have in its recommendations. By its very nature, it uses methods throughout the investigative process that do not presume outcomes and are based on both qualitative and quantitative research. Most importantly, it provides verifiable information and documentation upon which various types of institutions and levels of administration can base difficult decisions. It helps to justify the allocation of funds and leadership time for development of the TBI. It also can support a No-Go decision in such a way that it avoids loss of prestige or any further loss of time and money.

Feasibility Studies are sufficiently respected among funding sources, both public and private, that many of them require a professionally done feasibility study before they will consider funding a project. Sometimes these funding sources may even require that the feasibility study be conducted by outside professionals who have experience conducting feasibility studies for TBI projects and who will not benefit in any way from the establishment of the TBI project they are investigating.

Sometimes the Feasibility Study shows that there are many serious obstacles to success of the project but that there are ways to overcome them if the promoters are willing to do so. It is important to realize, however, that a final analysis from the Feasibility Study rarely comes out overwhelmingly positive. It will, however, offer a basis for assessing the tradeoff between the risks and rewards of moving forward with the project.

A Feasibility Study is a Tool for Raising Awareness about Business Incubators

One of the key activities of the Feasibility Study is to conduct an integrated market assessment to identify potential customers, measure the depth of the market, review pricing issues, and develop appropriate marketing strategies.

These activities offer opportunities for raising awareness about the concept of business incubators as well as for marketing the proposed TBI project. Through meetings, surveys, and interviews, the TBI Project Team will discover individuals and organizations that can present new ideas and provide unexpected services and partnerships once they understand the concepts.

A Feasibility Study is a Tool for Enhancing the Skills of the TBI Project Team

Conducting the Study improves the skills and knowledge of the planners and developers, builds greater strategic and focused thinking, as well as setting a

framework for fiscal carefulness and future fiscal discipline. It also provides the type of in-depth understanding needed by those TBI organizers who are not very well informed about TBI history, values, and impacts.

A Feasibility Study can also be a tool for building consensus among the various stakeholders, supporters, and potential clients, especially concerning vision, purpose, and immediate and long-term TBI goals. The activity may lead also to consensus regarding the potential impact of the TBI, the timing of hiring management and staff, and the type and size of the TBI budget.

A Feasibility Study is a Tool to Discover Alternative and Future Plans

Another advantage of a Feasibility Study is that it can become a guide to alternative and future plans. Because a feasibility study will work with a variety of individuals and institutions, it is inevitable that suggestions and information will be put forward that identify interesting alternatives and future expansion possibilities for the basic TBI concept. At least some of these will need to be pursued in detail during the Feasibility Study because they represent important opportunities; others can simply be noted in the final report for further study. The following table of contrasting concepts provides an example of the types of topics that might be considered.

Current needs for a TBI	Future needs for expansion or additional TBIs
The initial lack of knowledge about incubators and/or the inability to attract sufficient financial support for a full-size TBI, may suggest that it would be better starting out very small to prove the value of the TBI. Future plans could be started immediately for a larger facility and, along with it, a stronger marketing activity.	
Resident Clients	Non-resident clients (affiliates)
Many TBIs have a few non-resident clients who want the services, training, events, and introductions, but who cannot move into the TBI space.	
Small set of client services	Complex set of services and a facility
A Feasibility Study may show that the clients want only a few types of support and aren't interested in a facility. They may change their minds as they learn more about the TBI opportunities through events and interviews. If not, basic incubation services may be an appropriate beginning.	
Internal training programs for clients	Training programs that are provided by external partners
A Feasibility Study can identify the best available training programs to approach to become partners of the TBI, thus reducing costs, staff responsibilities, and duplication of services already funded by government agencies.	
Single Sponsor / Owner	Multiple Sponsors

Interviews with the primary sponsor may show that the sponsor will become encouraged when others offer to participate. Multiple sponsors improve the availability of additional skills, perspectives, and access to markets.	
Multiple Technologies in the TBI	Focus on Single Technology
A single technology TBI can more easily attract industry support and key advisors in most cases. However, there may not currently be a sufficient supply of potential clients for a single technology business incubator.	
Early Client successes	Slow and steady growth
Interviews may reveal that a quick success story is important to attracting other clients and/or supporters. Therefore, the TBI may need to change the type of clients it initially accepts.	
University Owned TBI	Stand-alone TBI (Independent and separate organization)
Even very efficiently run universities may act too slowly to meet the the needs of the TBI. A plan for the TBI to become independent upon reaching agreed-to milestones could be considered.	

2.2 ELEMENTS OF A FEASIBILITY STUDY

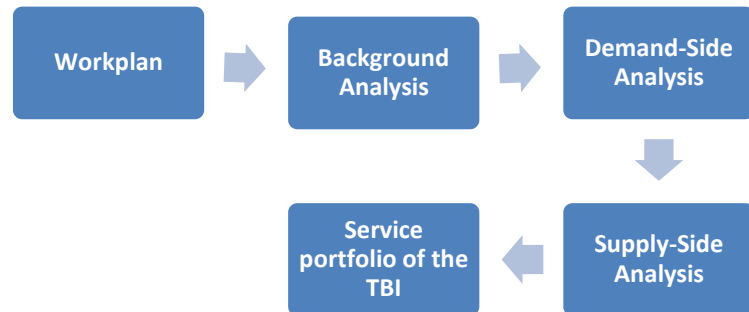
The success of a Feasibility Study is based upon careful identification and assessment of as many of the important issues for TBI project success as possible. Since each TBI project will be different from all others, each project requires study of at least some information unique to its circumstances to be able to reach reliable conclusions. Therefore, the Project Team should adjust any feasibility study design it refers to so that it includes specialized local conditions.

2.2.1 THE FEASIBILITY STUDY DESIGN

One of the easiest ways to design a comprehensive Feasibility Study is to create an outline of the information to be gathered and describe the methods to be used in gathering and analyzing it. A Methodology Section for the Study Design might begin the Outline and contain what processes to use in research and analysis and how the assignments for these activities will be made.

1. METHODOLOGY

The purpose of this first section of a Feasibility Study is to describe the methods used in the Feasibility Study activities related to the research and analysis conducted by the TBI Project Team. Stakeholder confidence in the work of the TBI



Team will be influenced by the quality of the methods it uses. Because the methodology used in establishing and revising a Work Plan are critical to the effectiveness of the study, the Work Plan and Assignments activity are also included in this first section.

- ✚ Work Plan and Assignments for Feasibility Study [Checklist to use when preparing the Detailed Work Plan]
- ✚ Background (Regional) Research and Analysis [Characteristics of the region and the institutions that are involved in SME support]
- ✚ Demand Side (Beneficiary) Research and Analysis [Potential TBI clients/customers and their expressed needs, wants and requirements]
- ✚ Supply Side Research and Analysis [Existing institutions, services, and resources available in the region for potential TBI clients/customers]

2. THE FEASIBILITY STUDY WORK PLAN

A well-run Feasibility Study will be based upon a well-organized Work Plan. As part of the preliminary work for the Feasibility Study it is essential to refine any original work plan that proponents prepared for their proposals for funding of the Feasibility Study so that more detail can be added and the Plan can be broken down into manageable tasks. In estimating start-up, duration, and completion of tasks and activities, it is important to recognize that some individual tasks will be dependent upon the order in which related activities must be undertaken and/or may be dependent upon the start-up or completion of other activities.

It is a common mistake to underestimate the amount of time required for each task since they may be affected by unexpected interruptions and appointment changes. For instance, it is not unusual for those who are to be interviewed to change their appointments more than once before there can be a meeting.

The TBI Team Leader will need to know the other members of the team well enough to identify their skills and expertise so that the tasks may be assigned

appropriately. It is also advisable that the Team Leader prepares separate work plans for each Team member so that the individual has clear and precise assignments of responsibilities and activities, including timelines and milestones.

3. INFORMATION IDENTIFICATION

The Team's **first step is to list the types of information** it will need and make an initial effort to identify sources from which to gather that information. There should be separate lists for a **Regional Background Analysis** (the environment for the TBI), **The Stakeholder Analysis** (those who – directly or indirectly - may affect the TBI or be affected by it), the **Beneficiary Analysis** (those who may benefit from implementation of the TBI project, especially the Target Market of potential clients), and Sources of Financing. These lists will be added to as the Feasibility Study progresses.

The TBI Team's **second step is to turn the lists into matrix format** that identifies the specific sources and details gathered for each set of information. These matrices make very helpful tools in evaluating the most efficient and effective use of personnel and time, in conducting the actual research and interviews, and in analyzing the detailed information received.

An important **third step is to refine the work plan** based on the list of information and matrices, and then perhaps to distribute copies to each Team member so that the individuals can see how his or her part of the effort affects all the other Team members.

4. INFORMATION GATHERING

The information to be brought together for the Feasibility Study report may be gathered by means of Desk Research and Field Work (meetings, interviews, and surveys).

Desk Research will be conducted by Project Team members as a way to assemble information quickly. Many types of information needed as background to the Feasibility Study can be found in the published regional statistics, economic research reports, databases from government agencies, and publications from business and trade associations. These can be used to identify many of the features of the region, some of the potential stakeholders, and some of the potential TBI clients.

Not all information that is needed can be found in these kinds of secondary resources. However, some of the government agencies and university departments can be contacted directly by phone for additional information and unpublished data that might fill in the gaps.

Tool-Box

You may find a variety of different matrices for the desk-research in the Annex and as downloads on InWEnt e-learning platform Global campus 21 (GC21). All matrices and templates are available in the document section of the workgroup BISEA General; for access to this workgroup, registration is necessary to receive a password and user-name; please send a mail with your full name and gender to franz-dietrich@web.de

Interview Sessions should be conducted as face-to-face meetings with key individuals and institutions, such as stakeholders and potential stakeholders, government agencies, academic institutions, potential clients, potential entrepreneurs, existing technology based SMEs, and others of interest who have been identified through the Desk Research. Sometimes it may be advisable to interview the TBI's existing partners as a group and also to carry out focus-group interviews.

To be effective, these meetings require both tact and a command of the background information about the subject. Therefore, they should be led by members of the Project Team who are experienced in interviewing and have the knowledge needed to interest the interviewees in the value of the TBI.

Survey Forms may be mailed or published as web-based surveys to one or more sets of potential interviewees to test questionnaire formats and public interest in the subject of a TBI, and to raise awareness about the proposed TBI. In most cases, very few survey forms will be returned if they are not accompanied by other types of communication.

The Survey Process and a small number of awareness raising events can be used to stimulate an interest in becoming an entrepreneur. Some survey materials can be distributed at the events and thereby increase the number of forms completed. The actual number of entrepreneurs who intend to begin their own companies may appear to be small in the beginning. However, when there are activities that describe the support to be offered by a proposed TBI and any other providers of services to start-up businesses, the numbers of individuals who will consider beginning their businesses in the near future may increase. This increase becomes a useful statistic for the TBI Project Team to consider.

Tool-Box

Sample survey-forms for both the supply- and demand-side analysis from other TBI projects can be found in the Annex and as downloads on GC21.

5. INFORMATION ANALYSIS

The information that has been gathered should then be analyzed and presented as Findings in the report in a sequence similar to the list below.

1. Regional SWOT Analysis (Strengths, weaknesses, opportunities, threats)
2. Beneficiary (potential TBI Clients) Demand
 - Market
 - Types of businesses
 - Financial priorities
 - Technology priorities
 - Needs, wants, and requirements
3. Supply Side Analysis
 - Supporting institutions, measures and instruments
 - Stakeholders identified
4. Mismatches: Gaps between Demand and Supply
5. The Proposed Incubator Building
6. Financial Plan for the Incubator
 - Planning
 - Building-related investments
 - Infrastructure
 - Operations

Tool-Box

A template for the elaboration of the Feasibility Study can be downloaded from GC21.

6. CONCLUSIONS: GO / No-Go

When the findings have been documented and have been verified to the extent possible, the TBI Project Team will have the background with which to reach some conclusions. These conclusions may be accompanied by a series of recommendations and, perhaps, several alternative approaches.

The Feasibility Report will at this point contain the detailed analysis on which the conclusions are based.

- ✚ Potential feasibility of the TBI project
- ✚ Justification for Conclusions
- ✚ Risks and rewards
- ✚ Most appropriate design / or alternative designs to review
- ✚ Next Steps

7. SOURCES OF INFORMATION

Because the research and analysis activities of the Feasibility Study will

be performed by several individuals, it is important to document the sources of all the various types of information received and the studies and reports that are read as background. This process may be performed with the aid of the matrix tools and a bibliography and/or within footnotes throughout. It is possible that the quantity of footnotes will be too distracting to the readers and therefore should be avoided.

8. ANNEX

In the final section of the report, called the *Annex* or the *Appendix* or *Attachments*, the TBI Project Team is expected to attach copies of their forms and the data upon which they based their conclusions.

One of the **most important attachments to the Study is the collection of Letters of Support from partners, and stakeholders**. These Letters should be specific as to the type of support that will be offered and under what circumstances. The potential funding and the donations of buildings, equipment, and advisory services will help establish the feasibility of the project.

Often the potential stakeholders and partners will write a letter of support and encouragement but will prefer to remain vague concerning how they will assist the TBI if it moves forward. Substantial assistance may require some committee or executive approval which does not yet exist. A senior member of the Steering Group could be asked to encourage the letter writer to strengthen the statement of support.

The contents of the Annex should appear in the Table of Contents as well as any Index and care should be taken to include all substantial forms, research, and analyses. The following list is an example of how the Annex might be organized.

- a. Data – analysis demand side
- b. Data – analysis supply side
- c. Demand Side questionnaire
- d. Supply Side interview guide
- e. Letters of Request for information
- f. List of Demand Side interviewees
- g. List of Supply Side interviewees
- h. List of members of the TBI Set-up Team (Project Team)
- i. Letters of Support from potential Stakeholders and Partners

DRAFT REPORT

At this point in the process, once there is consensus among the TBI Project Team as to the content of the analyses and the conclusions, it

may be helpful to distribute a draft of an Executive Summary or the actual draft Feasibility Study Report to the Steering Group to encourage them to provide comments, suggestions, and additional information.

2.2.2 REVIEWING THE FEASIBILITY STUDY FINAL REPORT

Upon receiving the final Feasibility Study, the Project Team and the Steering Group and others who are involved in supporting the study, should review it to determine its quality before beginning a discussion of the conclusions and recommendations.

- ✚ It is an understandable document
- ✚ It addresses all of the relevant issues and questions
- ✚ It lists and discusses all of the underlying assumptions used in the project analysis
- ✚ It meets expectations of the project committee and meets the conditions of any consulting agreement
- ✚ It is logically consistent within sections and among sections
- ✚ It is thoroughly researched, using good research techniques
- ✚ It contains all of the relevant information that was gathered.

Once the overall conditions and content have been approved, those with the responsibility for making the final decision will proceed to a thorough discussion of the findings and the conclusions.

Toolbox

An evaluation form for use by the reviewers is included in the Guidelines Annex. Its format and content are only one of many methods of review that the Project Team might consider.

2.3 ENVIRONMENT FOR THE TBI

The first major activity of the Feasibility Study is to undertake a Background Analysis of the region within which the TBI will function and from which its clients may be drawn as a basis for evaluating the overall environment. This analysis will help to identify the region's key characteristics and what their effect may be on the TBI. Most of the regional background information will be gathered through Desk Research, although, as mentioned previously, there will be gaps which may only be filled in through active Field Work such as direct discussions with researchers, government agencies, and local businesses. In some cases more than one region or location will be studied if alternatives are being considered for the TBI by its promoters.

The environment for the TBI will require an assessment of the region's key characteristics. These include:

- ✦ The availability of regional support for TBI projects through government agencies, and whether that includes any financing and facilities
- ✦ The types of services already available for start-ups and entrepreneurs through the public and private sectors, including advisors, funding, and SME training programs
- ✦ The types of R&D being undertaken in the region and any public and private support favouring one or another type
- ✦ Legal and fiscal regulations that might affect industry sectors, start-up businesses, existing SMEs, and TBIs
- ✦ Strengths, weaknesses, opportunities and threats to the region (which may be evaluated separately as a SWOT analysis)

The location in which the TBI would be situated will require a separate review of local conditions and characteristics. These include:

- ✦ Economic development priorities, market trends, financial institutions and programs supporting employment and the development of enterprises and technology
- ✦ A profile of the work force, especially as to technology education and technical skills
- ✦ The attitude of local authorities toward new business activities in general and TBI projects in particular
- ✦ Strength of the small business sector and entrepreneurial potential
- ✦ Local R&D activities and the potential for technology transfer and commercialization
- ✦ The quality and quantity of transportation and telecommunications links and access to markets
- ✦ Immediate availability of facilities suitable for the TBI and future availability of land, buildings, or space for TBI enlargement and for clients to graduate into

In addition to information gathering about the regional and local areas, there is a special need to review the key characteristics of the country as a whole, including the central government's policies and laws. Many proposed TBIs are to be located at a considerable distance from the capitol city and the financial and industrial centres of the country. These locations and the attitudes of their leadership toward entrepreneurial enterprises, and their buying and financing powers will have enormous impact on the TBI and its local clients. Central government and large corporations should also be approached through Desk Research, background analysis, and selected interviews. There are often representatives of the central government at various locations throughout the country, allowing the TBI team to attempt to gather the informa-

tion they need and to influence the decision-makers through these representatives.

The target market of the TBI's potential clients (entrepreneurs, start-ups, and existing small and medium-size enterprises) will be discussed in detail elsewhere. However, to aid in evaluating the TBI options, the key characteristics of the local and regional areas must include information on existing types of entrepreneurs and businesses, their financial condition, and the types of technologies involved.

Additionally, the background analysis must include information about entrepreneurial behaviour and strategies as well as a description of the entrepreneurial support system. TBI stakeholders will want assurances that the TBI will not be duplicating existing programs but will seek to collaborate with them.

Both political and socio-cultural frameworks must be addressed as well as the stability and transparency of policy development. These require special care so as not to offend any potential stakeholders and future readers of the Feasibility Study.

Toolbox

Please refer to the Background Research Matrix in the Annex and as a download on GC21

2.4 THE STAKEHOLDERS

Stakeholders are individuals or institutions that may directly or indirectly be affected by or have an effect upon the TBI. The original promoters of the TBI are, of course, stakeholders of the proposed TBI project and they probably have a clear image of what their role is to be in the future of the project. This is also true of members of the Steering Group if it is composed of more than the original promoters.

At the beginning of the Feasibility Study, most *potential* stakeholders will not recognize that they could be affected by the establishment of a TBI, nor do they necessarily see themselves as having an impact on the TBI. Some few may quickly see themselves as competitors and as being threatened by the TBI's existence. These will require more special attention, and efforts must be made to present the TBI as a collaboration and opportunity for them. **For the purposes of this document, stakeholders are defined as those who have made commitments of support, both financial and advisory, to the proposed TBI.** *Potential Stakeholders* are defined as those whose profile indicated that they *could be* and *should be* committed to the proposed TBI. Their commitments will add importance to the reputation of the TBI.

The TBI Team must make efforts to gain face-to-face interviews with those selected. The request for an interview will best be preceded by contact with a staff member, and by sending a letter and other documents describing busi-

ness incubators and the TBI project. The letter should be, if possible, signed by the primary promoter of the TBI.

Although the initial interview in an organization may be with a staff member, the same care must be taken in that interview as would be taken with the leadership because he or she will then make recommendations about further interviews at the agency or institution or may be a major influencer within the organization.

The entire process of interviewing potential stakeholders and/or their staff members is a primary opportunity for raising the awareness of local and regional leadership about the impact of a successful TBI.

2.4.1 IDENTIFYING POTENTIAL STAKEHOLDERS

Desk Research can provide contact information and a general profile of many local and regional potential stakeholders. Those that are chosen will need to be evaluated by the TBI Project Team as to their capacity for assisting the TBI before it is set up and during its future years of growth and expansion. Steering Group members may be able to assist with this evaluation and can possibly suggest additional candidates.

As a general rule, most potential stakeholders will be part of organizations such as government agencies, academic institutions, Chambers of Commerce and trade unions, well established large companies, various associations, and financial institutions and private investors. In addition, all organizations that provide business incubation services and other support for SMEs will be potential stakeholders, but in the beginning may even consider the TBI as a competitor.

Another way to go about identifying potential stakeholders is to focus directly on what they can gain from the TBI for which the following examples may be useful:

Those for whom a Successful TBI is of Direct and Immediate Importance

- ✚ Governments: These will probably be the easiest to persuade and will include most governments and agencies that are seeking economic improvement in the region and locally. The statistics surrounding business incubators in other countries can be helpful in making the case for their impact on jobs and wealth creation and on increased tax revenues as well as on various cultural and social aspects of the community.
- ✚ Established Businesses: Established businesses in industries served by the TBI may see opportunities for collaborating with the TBI clients by selling to or buying products from them. They may also see value in working with the TBI itself to grow a cluster of companies in the industry that attract a stronger work force and a more effective industry association. An example might be a large software company and a software technology TBI.
- ✚ Service Providers: In the example of a software TBI, various service businesses that support the software developers industry, such as lawyers, accountants, computer repair firms, and Internet service providers may

see business opportunities from young companies that are growing quickly in an effective incubator environment.

- ✚ Educational Institutions: Each university, college, research institute, and technical institute may see a variety of ways to benefit from an established TBI. They may identify new ways to encourage technology transfer to businesses and ways to benefit from technology commercialization. They may experience an increase in students for the technology departments and business schools because entrepreneurial successes make certain study topics attractive to those in high school and the first college years. Students will have opportunities for on-the-job training in applied business practices and product development. The faculty will have opportunities to build internship programs for their students to enhance their curriculum, and will have opportunities to consult and use the TBI practices for research and publications.

Those Who Will See Indirect or Future Benefits

- ✚ The Hospitality and Tourism Industries: Local restaurants, hotels, food and household shops, athletic and cultural facilities, and travel agencies will receive indirect or future benefit through increased purchases. TBI-based innovative young companies will attract members of an expanded board of directors, potential employees, potential customers, partners, and investors from outside of the local area to visit them. These will make purchases of services and goods locally and eventually create an increase in employment in the hospitality industry.
- ✚ Real Estate Sales and Rental Agencies, Land Developers, and Construction Firms: These are established businesses that benefit from an improved economy and expanded demand for additional houses and buildings. The TBI itself may need to expand. Its graduates will move into facilities of their own either in an industrial park or in established office or manufacturing buildings. In addition, TBI clients will add employees as they grow and will also increase the income of current owners, management and employees. All of these will add to the demand for bigger and better homes for themselves and their families.
- ✚ Individuals Seeking to Improve Their Community: Wealthy retirees and leaders in business, academia, and government often seek personal ways to improve their communities and to leave a meaningful legacy. A small number of these individuals will be attracted to business and technology growth as represented by a local TBI. The early promoters of the proposed TBI may be able to identify a few of them and may use their relationships to meet with them.

2.4.2 THE PURPOSES OF THE INTERVIEWS WITH POTENTIAL STAKEHOLDERS

The interviews with those identified as potential stakeholders will assist the TBI Project Team in its efforts to understand the environment for the TBI. Many of the stakeholders will be based locally or regionally. However, some

of those who must be interviewed will be in the capitol city or in the financial and industrial centres of the country which might be some distance from the proposed location for the TBI.

Potential stakeholders should be interviewed in regard to their interest in entrepreneurs and technology start-ups; any activities they have been engaged in that provides support and/or encouragement to entrepreneurs and the technology start-ups; and, finally, their interest in the proposed TBI and possible collaborative relationships with it to assist TBI clients.

The face-to-face interview with potential stakeholders, as mentioned before, is an excellent way to raise their awareness about technology business incubators and the proposed TBI. In effect the interviewer is selling the concept and the opportunity for the interviewee to become an active stakeholder and sponsor of the project. Because this set of interviews is of major importance to the future of the TBI, the interviewers should be well trained and with strong connections to the community. The interviewer may find it helpful to ask a member of the Steering Group to participate in the meeting to enhance the value of the appointment in the eyes of the potential stakeholder.

The TBI Team will also need to conduct **interviews with the existing stakeholders** – those who are already committed and providing support, or have promised to do so in the future. These interviews will serve several purposes:

- ✚ Identify and fill in the gaps in the stakeholder's knowledge about business incubation and about the proposed TBI which may strengthen their commitment to the project.
- ✚ Identify the stakeholder's opinion about incubation, entrepreneurship, technology-based businesses, and the proposed TBI
- ✚ Gather the stakeholder's suggestions for the Feasibility Study and the establishment of the TBI
- ✚ Identify agreements and disagreements and suggestions about the TBI's stated Vision (potential impact), mission (purpose), and goals (outcomes); about the design of the TBI and its physical location; and about the proposed timeline for funding and establishing the TBI

2.4.3 SELLING THE TBI CONCEPT TO POTENTIAL STAKEHOLDERS

With the aid of a few basic concepts of effective interviewing, members of the TBI Project Team can successfully manage a meeting with potential stakeholders and help the stakeholders to improve their understanding of the TBI project. The TBI Team member might take along one of the senior members of the TBI leadership on the first several meetings to have help evaluating what works best.

Be informed about TBIs in other regions and countries: Since there may not be any long-term successful TBIs in the local area and the subject may be poorly understood by most of the interviewees, it will be important for the in-

interviewer to know as much as possible about business incubation worldwide. The TBI Project Team may want to create a small training presentation to assist each Team member to be more confident in the interview. It may also be helpful to have several examples of similar projects in another country or region to use in describing the impact that TBIs represent. Telling a story about an entrepreneur who benefited from being involved with a TBI is an especially strong way to illustrate that impact.

Study the potential stakeholder before a meeting: Learn about any similar projects supported by the stakeholder and his or her institution and whether there are any potential conflicts between the TBI and those projects. Also find out about a few incubators that have received support from similar companies and organizations elsewhere to improve the individual's comfort with the idea.

Find out about the timing for budget requests: It may not be possible to research the timing of the potential stakeholder's opportunities to submit budget requests or what the limits are on individual spending decisions. However, in the meeting it may be possible to ask if certain TBI needs could be met within the time required.

Understand what potential stakeholders may want from the TBI Project: It is not always easy for the potential stakeholders to identify the value of a proposed TBI project to their organizations and businesses. However, there are a few rewards for participation that can be mentioned to them before asking them for their suggestions:

- ✚ **Recognition for their support (Public Relations):** Customarily, incubators provide wall space to list sponsors and supporters in places where they will be seen by all the clients, visitors, and events participants. TBIs also include their names and support in press releases and as part of any media efforts. Events and celebrations are frequently used as a way to acknowledge sponsors, partners, and supporters.
- ✚ **New customers:** The potential stakeholders may be interested in whether the TBI clients will be interested in and purchase their products or services.
- ✚ **New members for service clubs and business associations:** Some of the individuals that the TBI Project Team will interview are very active in associations or service clubs and would like to recruit new members who are successful entrepreneurs.
- ✚ **A stronger local economy:** The potential stakeholder and his or her institution or business will usually benefit from a stronger local economy. The TBI project's potential for having an impact on the local economy will be valuable information for the stakeholder.

Identify what the TBI needs from its Stakeholders:

- ✚ **Long-term financial and advisory support:** It is easier for the TBI project to develop an effective and strong environment for its clients if it has available long-term financial support and a continuous source of business advice and executive level strategic planning skills.

- ✚ **A variety of sponsors:** The long-term strength of the TBI will be safer if there is financial and advisory support from all sectors of the community. Governmental agencies and institutes feel more confident of projects that also receive business support. A public-private partnership may grow out of these relationships and can add a variety of skills and relevant experiences. Government subsidies are less likely to disappear quickly when there is more than the one supporter. Other sponsors may be more effective in arguing for continued sponsorship from the government than the TBI management would be.
- ✚ **Financial and advisory support for the TBI clients:** The TBI will be assisting a variety of young companies that become its clients at different times of the year and at different stages of business development. Their weaknesses and strengths and potential for success will also vary a great deal. Therefore, The TBI will require a large number of supporters for its clients that have varied backgrounds, skills, and relationships. Financial support for young companies is riskier and requires much more advice and mentoring if they are going to successfully attract financing. Investors and financial risk-takers have more confidence in young businesses that are being guided by a strong team.
- ✚ **Short-term and small investments in a variety of TBI activities:** Over the years, the TBI will want to offer celebrations, business events, training programs, visitor services, and other activities that will improve the TBI's value to its clients and will assist its on-going marketing efforts. Many supporters, especially those in business, will be more willing to offer frequent and smaller funds. Most of these activities will have public relations value for the sponsors.

2.4.4 TURNING CRITICS INTO SUPPORTERS

As mentioned earlier, most *potential* stakeholders will not recognize that they could be affected, either positively or negatively, by the establishment of a TBI. One of the purposes of the interview process is to increase public awareness of the TBI project and its incubation program so that the interviewees will hopefully become supporters of the TBI project in some way. However, some interviewees will quickly see themselves as competitors and will feel threatened by the TBI's existence. As others learn more about the proposed TBI from outsiders, the numbers who believe the TBI is a threat might increase and the amount of criticism and hostility to the idea could become a public relations problem.

A valuable use of the Feasibility Study interview process will be to identify the critics and potential opponents, identify their concerns and level of understanding, and encourage them to see the TBI as an opportunity for partnership. Wherever possible, the TBI efforts should not replace worthwhile existing programs, but offer them easier ways to fulfil their missions. It should always be clear to government funding agencies that the TBI is not planning to duplicate existing funded programs.

The potential stakeholders that are most likely to initially believe themselves threatened by a TBI project are those projects that may be competing for the same government money, real estate developers and managers who may believe that the TBI is offering low-cost space to their potential clients, and business associations whose members might not qualify for the TBI and see it providing an unfair advantage to other businesses.

2.5 TARGET MARKET

2.5.1 DEFINITIONS

Because many terms are used by Market Research professionals and within documents that refer to similar subjects, it may be helpful to define some of these terms at the beginning.

The target market is that group of existing and planned businesses and entrepreneurs that contains the potential TBI clients. The Target Market is often referred to as the **Beneficiaries**. The extensiveness of that group will have been defined by the TBI's Mission and Goals as agreed to among the initial promoters. However, one outcome of the Background Research and Analysis will be to identify alternative sources of clients that will perhaps more accurately reflect the characteristics of the region.

Market Testing is the set of activities that the TBI Project Team engaged in to determine the type of assistance needed by entrepreneurs and existing small firms, the likely level of demand by them for the specific services to be provided by a TBI, and the likely level of demand for admission to the TBI. Market Testing can begin with Desk Research, but cannot gain the scope of information the TBI team requires unless it is augmented by surveys and direct interviews with young companies and with entrepreneurs and potential entrepreneurs.

Two types of data will be gathered:

- ✚ **Qualitative data** provides information that cannot be counted (except as to the numbers of similar answers). It reveals the quality of an experience by allowing potential clients to answer questions in an open-ended unstructured manner. An example would be asking potential clients about their experiences in training programs, or asking them to rank their experiences on a scale of possible answers.
- ✚ **Quantitative Data** describes things that can be measured and analyzed by statistical means. These are expressed in numbers. Examples are: who are the potential clients and what percentage of the SMEs do they represent; who is the TBI competition and how many are there; and what are the competing services, market size, market trends, and market potential.

Market Demand Research gathers information on the needs, wants, and requirements of the target market in interviews of the potential clients of the TBI. This is also called **Demand Side Research**. The TBI Project Team will also conduct **Supply Side Research** to gather information on existing institutions, services and resources available in the region to meet the needs of potential clients of the TBI.

A Market Analysis will be conducted by the TBI Project Team after the completion of the market testing. This will include a **Gap Analysis** to identify the services that are not available or not adequate to meet the expressed needs of the Target Market. The Team members can be assisted in their work by use of several types of matrices within which the observations and information

has been entered.

2.5.2 LOCATING THE POTENTIAL MEMBERS OF THE TARGET MARKET

The first step in identifying and locating the individuals and organizations to approach is to review which target groups are identified in the statements of the original promoters. For instance, if they state that “the new TBI will assist local start-ups developing software products,” the identity of the target market is fairly clear: The entrepreneurs are local and are probably engineers or business persons that hire engineers. They are new and potential start-up businesses. They use the technologies important to software developers. Their products will be software that solves problems and/or enhances customer activities. Among their customers will be both businesses and individual consumers.

There are a large number of organizations and institutions which will have general knowledge of new and potential businesses. These can be identified through Desk Research. Specific examples of these businesses may be obtained through phone, email, and letter contacts.

How to identify existing small and medium-size businesses (SMEs) in the target area(s).

The following is a beginning list for contacting those **who may know who the existing SMEs are** and may be willing to provide contact information. It will be important to introduce the subject of the proposed TBI project to them and offer any security they may require such as not sharing the lists with other organizations, for example. Another approach to gathering information on these SMEs is to conduct an informational event, asking these sources to participate and to forward invitations to the event to their clients.

- ✚ Accountants, lawyers, and bankers who assist start-ups
- ✚ Business clubs, Chambers of Commerce, industry associations
- ✚ Investor groups, Micro-loan, and small business loan programs
- ✚ Industry and technology conferences, workshops, and trade fairs
- ✚ Government Economic Development Offices, Business Licensing Offices, Trade Offices
- ✚ Commercial Real Estate offices
- ✚ University Alumni offices and Business Schools

How to identify Entrepreneurs and potential entrepreneurs who are in the target area(s)

As suggested earlier, the TBI Project Team should participate in meetings, send out some survey forms, and create awareness-raising events to which potential entrepreneurs will be attracted in order to encourage potential entrepreneurs to identify themselves. The **following sources may be helpful in identifying these individuals**, especially through their own local events and workshops which one or more members of the TBI Project Team can attend.

- ✚ Government Economic Development Offices
- ✚ Industry associations
- ✚ Inventor groups, Retiree groups
- ✚ University entrepreneurs (and inventors) clubs
- ✚ University Technology Commercialization Offices
- ✚ Meetings and workshops about “How to Start Your Business” and “How to Get Your New Business Funded”

Obviously, **both Desk Research and Field Work** (meetings, interviews) **will be required** to gather the information needed for the Background, Demand Side, and Supply Side research and analysis. It will be the responsibility of the TBI Team Leader and those supporting the Feasibility Study to determine how much time and detail should go into the information gathering activities concerning the Target Market. The next step is to be selective as to which individuals to survey and interview regarding their needs and requirements (and their “wants” if possible since these are not always the same as needs and requirements).

Toolbox

There are sample interview guides and questionnaires (which may be modified) from previous InWEnt projects available as downloads on GC21.

2.6 FINANCIAL SOURCES

There are **two broad categories of sources** of funding available to a not-for-profit public TBI project. The first is in the form of **grants and donations**. The second is in the form of **revenues generated by the TBI** from the fees it charges to clients and to special projects. Both of these requires a significant amount of time and effort to justify the size of the request and ensure future renewals. Therefore, it is important to establish a realistic budget that is based on realistic assumptions that can be used to defend any requests.

Of course, TBIs that are private for-profit businesses can seek investors and can establish high fees from potentially very successful clients. They will usually not seek grants or be involved in any special projects that do not pay a high return for the effort.

Clients of many of the economic development type incubators are small start-up businesses without significant revenues or investments in the beginning. TBIs have to balance the abilities of the clients they have been set up to serve with their revenue needs. After creating a budget during the Feasibility Study process, the TBI Project Team may conclude that the potential client profiles provide too little income and that the government or university promoters will need to actively raise more money through grants. **If balancing the budget does not look promising, the recommendation may be that the TBI project not go forward.**

2.6.1 SOURCES OF GRANTS

Organizations that provide grants will rarely ask the TBI if it would like to apply for funds. It is up to the TBI Project Team and management to do research on the sources of grants and the types of requests that may receive a favourable response.

Grants to a public TBI may come from any or all of the following:

- ✚ Local governmental agencies
- ✚ Central governmental agencies
- ✚ A University stakeholder
- ✚ International donor agencies such as The World Bank, The UN Development Programme (UNDP), the EU, Development Banks
- ✚ Non-governmental Organizations (NGOs) including Foundations such as The Ford Foundation, Soros Foundation
- ✚ Foreign governments with economic cooperation agencies
- ✚ Corporations that have a charitable contributions department, such as Hewlett-Packard, IBM, Microsoft, Coca-Cola

It is not unusual for a public TBI to apply for and to receive grants for the same and different purposes from several sources at the same time. Some grantors require that an applicant receive matching funds from other sources to be considered. In most cases, the largest sums of money available to a TBI project will come from central and local government grants and will be needed for

more than three years of operations. The reasons that governments become financial supporters of TBIs are described in the section on Stakeholders.

If a **university is the primary stakeholder**, or even the owner of the TBI, it may make **donations of staff and faculty time, a building** or part of one, equipment and furniture. It may also provide access to its library, labs, cafeteria, and meeting rooms to the TBI clients.

International donor agencies, economic cooperation agencies of foreign governments like **InWEnt** for the **German Ministry for Economic Cooperation and Development**, and other NGOs may have well-defined programs for helping the economies in specific countries and regions, most often those that are considered “developing economies.” Applications for grants would go directly to those program offices.

Large multi-national corporations often see economic development grants as a way to show their interest in the country and their willingness to be helpful. They sometimes use such involvement as a way to create a public relations advantage and to receive favourable attention from the local businesses and governments. **Local large corporations** have similar reasons for being involved and are discussed in the section on Stakeholders. Often, corporations will make substantial donations of their products, equipment, furniture, and even executive time as advisors. A few will donate an unused building or part of a building to house the TBI.

Although unusual, some business incubators have received substantial grants from wealthy individuals seeking to improve their community.

Fund-raising will only be successful if the potential funders have confidence in the project and its values. As stated before, the Feasibility Study will play a part in building confidence among the existing promoters and stakeholders. Since the Steering Group will probably be involved in the fundraising activities, their confidence and involvement in the TBI project will make it easier to raise the needed funds and encourage high value donations. A well executed Feasibility Study will also increase everyone’s confidence in the fact that the funds raised will be wisely spent.

2.6.2 SOURCES OF INCUBATOR REVENUES

✚ **Fees to Clients for Basic Incubation Services:** The TBI may charge fees for rent of individual office or lab space, specialized equipment and signage. Some TBIs also charge fees for use of such additional space as conference rooms, storage lockers, and product kiosks. Fees might also be charged for standard incubation services such as training, weekly advisor sessions, and business plan development. These fees may be charged separately, or be part of a single charge to the client to simplify accounting. Part of the Feasibility Study research should include testing the range of costs acceptable to entrepreneurs. If the price of being a client is considered too high by the entrepreneurs they will be discouraged from applying to the TBI. The TBI Project Team may then recommend that a sponsor be found to provide grants directly to the clients or to the TBI to cover some or all of these fees for up to a year.

- ✚ **Fees to Clients for Special Services:** Additional fees that the clients may see as fair are those for the TBI's efforts to directly help the client raise money and sell products. Examples would be the preparation of loan or grant applications and coaching the client in sales techniques. Clients may be able to pay for these in advance or out of the money they receive from the loan or sales.
- ✚ **Fees for Pre-Incubation Clients:** Some entrepreneurs are not ready to enter the TBI either because they have not yet organized their business or because they need basic business training and preparation of a business plan. The TBI may set aside some space for a group of entrepreneurs who might become clients after a basic preparation program. This group might be able to pay very small fees, but again the TBI might seek a sponsor to cover some of the costs.
- ✚ **Fees to Commercial Tenants:** Some TBIs will attract a tenant for their facilities that is an existing successful business or an extension office of a government service agency or university satellite education unit. These would pay standard commercial rents, would not require incubation services, and might be able to assist the TBI clients in some way.
- ✚ **Fees for Special Projects and Community Activities:** Often established TBIs will see a special need in the community that it can provide for a fee, including a speaker series open to the public, training programs for which the public would pay higher fees than the clients, use of conference rooms and audio-visual equipment by outside organizations and businesses.

An established TBI may also learn of projects being launched by governments and NGOs for which it has the knowledge and capacity to qualify. In those cases, the TBI would be one of many applicants for the project. If it wins, it will receive additional funding, but must meet the special requirements for such an activity.

Management of a successful TBI may be able to attract fees to the TBI for consulting with promoters of new incubators in the region. These might also lead to some arrangement that includes the TBI staff and advisors in setting up the new incubator, or running the new incubator as a satellite TBI.

In addition to generally reviewing the sources of funding, the Feasibility Study will also identify the expenses involved in setting up and operating the TBI. As mentioned earlier, the two sides of the budget will need to be carefully studied to decide whether the TBI project will be viable.

The TBI Project Team may use experts and consultants to identify the costs of the project. However, it is very difficult for an advisor who does not know the region and TBI location well to assign costs to activities such as hiring staff. It is also very difficult for members of a TBI Project Team who do know the region well but lack experience in setting up a TBI to be able to identify all of the costs involved.

2.6.3 HOW MUCH DOES IT COST TO START A TBI?

The following lists of possible expenses may be a useful guide when the TBI Team is computing the costs of their project. These estimates do not need to be as detailed as they will be in a Business Plan, but must be based on careful research in order to match costs to the needs for funding and donations.

The lists should identify the **time** to be spent completing various tasks since time is a limited resource and will have an impact on the numbers of potential employees, advisors, student interns and volunteers that will be needed. It can be helpful to remember that whatever is donated has a value and reduces the amount of effort and funds needed if the TBI has to pay for them.

Costs and Time Preceding the Set-Up Phase		
Activity	Effort/Time/Individuals	Costs
Feasibility Study	Staff, space, supplies and equipment, travel to include visits to existing incubators and to meetings locally and regionally, communications, postage	
	Expert consultants, financial advisors (for money management and cash flow),	
	Time involved in Desk Research, Field-work (including meetings, interviews, analysis), and report writing	
	Events planned to raise awareness and to gather information	
Business Plan	Staff, space, supplies and equipment, travel	
	Expert advisors	
	Planning facilities, estimating costs of upgrading space and infrastructure	
	Legal fees for establishing contracts and agreements	
	Marketing plan to continue raising awareness of the proposed TBI and to attract potential clients.	

Many of the costs of setting up the TBI are one-time expenses. However, for some of these such as repairs to the facilities, replacement of equipment and updating infrastructure must be included in the budget at reasonable time intervals.

One-Time Costs		
	Any new building costs, including design, engineering, land, air conditioning, telecommunications infrastructure, etc.	
	Any re-use building costs, including upgrading, altering spaces, upgrading air handling, reinforcement for protection against earthquakes, fires, floods	
	Professional services (legal, accounting, Government registration fees	
	Website design and installation	
	Brochures and business card printing and distribution	
	Landscaping and parking areas	
	Signage, lobby design and furnishing	
	Establish and stock cleaning supply closet and tool closet	
	Special requirements for security systems, wi-fi, handicap access	
	Pre-incubation centre; small business centre for guests, new clients, trainers, and advisors	
	Hiring management and staff members, including any costs for moving, training, and setting up staff offices	
	Copy, fax, mail handling centres; equipment, furniture, fire alarm systems	
	Supplies for staff members and a supply closet; re-supplying closet on routine basis	
	Kitchen or cafe or canteen set-up and supply; re-supplying on routine basis,	
	Conference room(s) meeting room(s), set up including electronics, communications, furniture	
	Vendor agreements, maintenance agreements, insurance	

	Monthly and Annual Costs Operations	
	Salaries and benefits	
	Marketing to stakeholders, potential clients, media, universities, projects, brochures, web pages	
	Fees to advisors, boards, professionals for services (if required)	
	Facilities and space maintenance; utilities, taxes, inspection fees; repairs, and cleaning	
	Supplies	
	Furniture additions and replacements	
	Equipment additions and replacements	
	Reports, data gathers, impact studies, funding source reports; writing and reproduction.	
	Staff travel for training and meetings	
	Reserve Fund – for emergencies and expansion	

2.7 THE BUILDING

The choice for a TBI building and its location must take into account the basic needs of the client companies. It should be designed or upgraded to facilitate the clients' business and product development needs. The TBI Project Team should be guided by the mission and goals that the initial promoters agreed to since they will contain within them a description of the potential client population and its needs. For example, if the clients to be assisted are in ICT or life sciences, they will require an uninterrupted power supply and a high level of Internet capacity to facilitate their work.

In almost all cases, a TBI project will not be considered viable unless the building space, its technical infrastructure, and perhaps its utilities have been donated and are free to the TBI. In order for the Feasibility Study to conclude that the project can go forward, the TBI Project Team will need assurances that a suitable building will be donated and that at least some of the costs of improving the space and furnishing and equipping it will be covered by sponsors. The Team should discuss with the donor any potential difficulties with the space and gain assurances that the problems will be overcome at no cost to the TBI project.

As an alternative option a TBI without walls can be planned: all clients remain non-resident until such time as a building is available.

2.7.1 BUDGETING FOR THE BUILDING AND SITE

The costs of the building and site to the TBI project will affect the acceptable size that will make the project viable. If the cost of space does not have to be added to the set-up costs or the cost of operations, the number of clients served can be fairly small. If, on the other hand, the TBI must take responsibility for much of the cost of the building and its preparations, it is usually recommended that the space be large enough to accommodate between 20 and 30 resident clients so as to spread the costs of the facilities and operations among a larger number of tenants.

For budgeting purposes, especially where some of the costs of the facility must be paid for out of the TBI funds, there must to be a practical balance between common (shared) spaces and tenant/client rented spaces in a TBI facility. The un-rentable common spaces include the office spaces for TBI management and staff, the lobby/reception area, conference and meeting rooms, kitchen/beverage areas, hallways, stairways, and all other spaces used by all of the clients. It is recommended that no more than 30% of the floor space of the building be un-rentable.

If the facilities and some or all of the costs associated with the building are donated by a sponsor, the TBI Project Team should recommend that the TBI project receive written sponsor agreements about the length of time the TBI is guaranteed use of the space and whatever services are also donated. There is nothing wrong with a TBI moving from one facility to another, nor with the TBI taking responsibility for paying the costs of some of the utilities, maintenance, and upgrades, but these should be included in the planning and the budgets and not be a surprise caused by the sponsor's change of mind.

2.7.2 EVALUATION OF A PROPOSED TBI BUILDING

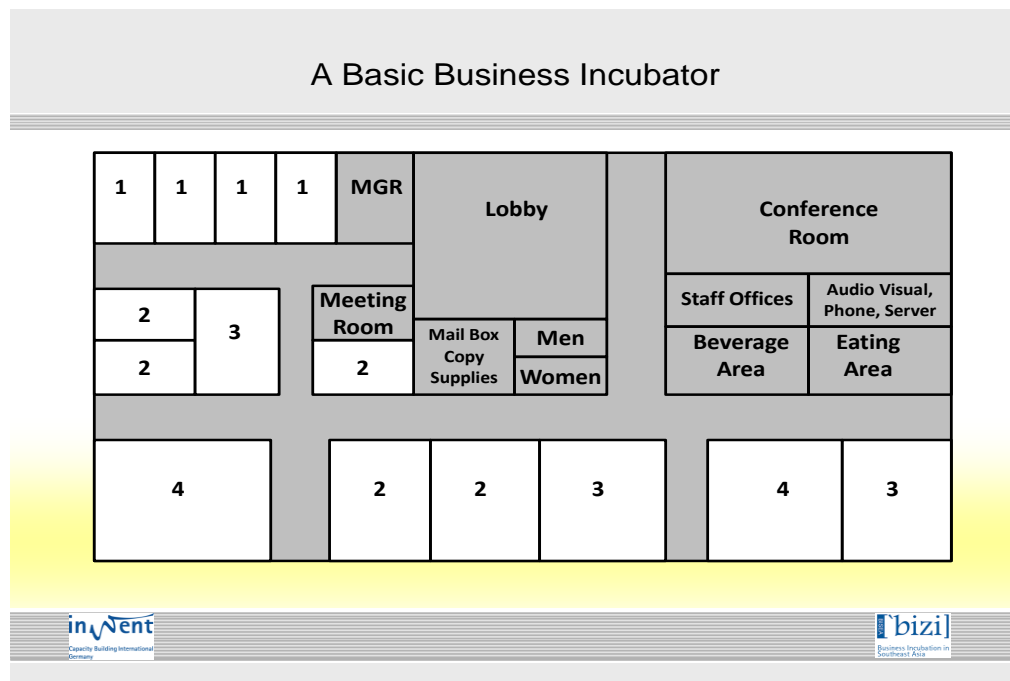
In the Feasibility Study stage, it is useful to evaluate at least one or two potential locations and buildings being proposed by the sponsors of the TBI. This may not be possible before the Study is completed and in that case, a recommendation to go forward with the project would be contingent upon a building being donated.

After an analysis of the potential costs of a building to the TBI, the TBI Project Team should consider the following aspects of a proposed building:

- ✚ Are the internal spaces appropriate to the types of clients who will use them? For example: the offices may be too big for start-up companies but they can't be easily divided into smaller units; the client needs to use a heavy piece of equipment but the floors are not solid enough.
- ✚ What is the impact of the facility or environment on projected incubator activities? For example: the building works well, but there is no parking available or there is no air-conditioning installed.
- ✚ What are the possibilities for adaptation of the internal space to the needs of growing young companies? For example, can a growing company stay at the TBI until it has at least 15 or 20 employees?
- ✚ What amount of the floor space is rentable? For example: The lobby and hallways are large and the major conference room seats 70 people, but there are only 12 offices available for rental.

- ✚ Are there offices and meeting spaces that are sufficiently soundproof that the clients can have private discussions and planning sessions?
- ✚ What amount of change will need to be made to the building for safety and security? Who will pay for it?
- ✚ Are the location and the facilities the appropriate image for the TBI clients? For example, are meeting rooms and location of the site appropriate for the clients when they wish to meet with potential customers and investors?

Since the building represents the commitment of the sponsor institutions to supporting entrepreneurship and/or a specific technology, what does the image say about that commitment?



Exercise: Impact of Building Expenses and Income on the TBI Budget

TBI planners can learn how to judge potential facilities and their budget implications by conducting a small exercise regarding the impact of common space vs. rentable space in the Feasibility Study financial analysis.

If the space and all of its infrastructure and furnishings are free, then the rental income can be applied directly to the daily operations costs. If any or all of the building costs must be paid for out of the TBI budget, then rental income must cover those costs first. In the floor plan example, the rentable space is shown in white and represents approximately 40% of the total floor space.

The TBI can earn rents on 14 offices with space for a maximum of 31 desks. The only additional fees to be earned from the floor space may be from renting out the large conference room to community groups and kiosk display spaces in the lobby to the clients.

Building costs will probably include costs of utilities, security, air-conditioning as well as maintenance, cleaning and repairs. These would be added to the monthly operating expenses.

Even though no potential TBI space will look exactly like this, a planning team can become familiar with the trade-offs between costs and revenue for a facility by playing out a series of what-if scenarios and applying them to the TBI budget.

3. THE BUSINESS PLAN – PHASE 3-

Keywords: MISSION AND VISION, BUILDING, SPACE LAYOUT, INFRASTRUCTURE & SERVICES, LEGAL STATUS, OWNERSHIP, STAFFING, PRICING, INCUBATOR PROMOTION, DETECTION OF ENTREPRENEURS, FINANCING CLIENTS, SELECTION OF CLIENTS, EXIT CRITERIA, FINANCIAL PLANNING, SALARIES, CASH FLOW, SELF- SUSTAINABILITY, OCCUPANCY

3.1 FROM FEASIBILITY STUDY TO BUSINESS PLAN

Transition Activities

After the successful completion of a Feasibility Study and submission of the final report to the stakeholders (Steering Group), there will be a period of discussing the report's conclusions and recommendations for next steps. The TBI Project Team may be asked to elaborate on some of its findings and analyses and may be challenged about its choice of GO or No-Go.

If the Steering Group then agrees to go forward with the planning and implementation of a TBI, it will revisit its prior agreements concerning Vision (growth and the future), Mission (purpose), and Goals (objectives). The Group may reconfirm those agreements or may modify them according to the findings of the Feasibility Study and its recommendations. Once there is consensus on these issues it must agree to its next steps and appoint a Business Plan Team or Team Leader who will have the responsibility to complete a full Business Plan in preparation for fundraising and TBI implementation. The Steering Group may instead give the responsibility to the existing TBI Project Team that completed the Feasibility Study.

Next Steps

The Business Plan Team will document the decisions of the Steering Group including the next steps it will take responsibility for and the next steps it has assigned to the Team. This documentation can act as a guide for the Team's efforts.

The Team may choose to continue the processes used in the Feasibility Study phase and begin by developing a work plan and distributing assignments for the preparation of the draft Business Plan. It should produce realistic timelines and if they are incompatible with the Steering Group's planning, the Leader should discuss the conflicts with the primary stakeholder.

3.1.1 THE PURPOSE OF THE TBI BUSINESS PLAN

As described briefly in Phase 2,

the purpose of the Feasibility Study is to *investigate*; the purpose of the Business Plan is to *plan*.

It is a roadmap to achieving the goals of creating a well-designed TBI. As such, it should be thorough in its discussion of all of the Elements of a Business Plan and of the research and analyses brought forward from the Feasibility Study. It should be designed in such a way that potential stakeholders, partners, and government authorities will be convinced that when the TBI plan is implemented the result will be a well-organized incubator that has an excellent chance to be successful in its mission and goals.

The TBI Business Plan should strengthen the community's confidence in the future of the incubator and in the positive impact it will have on the region's economy.

3.1.2 THE AUDIENCE FOR THE TBI BUSINESS PLAN

The Business Plan Team will need to be aware of who the readers of the final Plan will be throughout their process of creating the document. It should not assume that all readers will know the terms used or the processes involved in the planning. It should also not assume that all readers will be easily persuaded of the value of the project.

- **The first audience for the TBI Business Plan will be the members of the Steering Group**, that is, those stakeholders who were involved in promoting the concept and in providing any funds needed to conduct a feasibility study. The members of this group are most likely to be the donors of a building and the creators of the Mission Statement. Because these individuals will be committing significant amounts of time, money, and their personal prestige to the TBI, they will especially need confidence in the future TBI.
- **The second audience will be governmental agencies** that may be cautious about any commitments being made to the TBI especially if those commitments include funds that the agencies may wish to use elsewhere.
- **Another audience for the TBI Business Plan will be those institutions from which the TBI will seek substantial funding** and donations of equipment and furnishings for the building. They will also need to have confidence in the processes and the decisions about creating a TBI in the community and in the ways their contributions will be used.
- The potential TBI partners, whether they will provide services to the clients or provide advice and support to the TBI itself, may ask to see a copy of the Business Plan so that they can better understand its potential impact on them.
- **The staff and management of the new TBI will use the business plan as a guidebook and the basis for an operations manual.** Potential employees, especially in management, may ask to read a complete Business Plan before they accept an employment offer.

All of these audiences **will expect a logical and well-written document** that answers their questions about the TBI, and, as previously stated, gives them confidence in the viability of the project. They will also expect to find a short Executive Summary of the Business Plan that they can read prior to considering the longer document. The Executive Summary which is approximately two pages long is written separately after the Business Plan is completed. After reading the Summary, the reader should have a basic understanding of the project and should want to learn more.

3.1.3 THE ELEMENTS OF A BUSINESS PLAN

The Business Plan should become a carefully integrated set of plans for setting up and operating the TBI. It defines *who, what, when, where, how, and why*.

The content of various business plans often include a long list of elements which can be assembled in many different ways, depending upon the audience and the complexity of the project. In almost all cases, business plans will discuss the following basic subjects in one form or another:

- ✚ **Project summary** (*what*) – Describes the purpose of the organization, its supporters, management, marketing, finances, and operations.
- ✚ **Market for its services** (*why*) – Describes what unmet needs it will fill, presents evidence from the research that this need is genuine, and that the beneficiaries (the clients) will pay for the services and/or provide other return on the investment in them.
- ✚ **People** (*who*) – Describes who will be responsible for developing, marketing and operating the TBI and who will provide oversight of the management; why their backgrounds and skills are appropriate for the tasks.
- ✚ **Implementation** (*when, where, how*) – Describes action steps of start-up, marketing, operations, financial; and the problems that may arise and how they are being planned for.

Tool Box

A sample structure for a Business Plan can be found in the annex to these guidelines and an MS Word template can be downloaded from GC 21.

The Business Plan is a living document that should be updated and reconfirmed by its Board on a regular basis. Length is not the objective of the business plan process. Clarity and readability are. Illustrations, photographs, graphics, and layout are important tools in making the content understandable and should be employed throughout the document.

3.2 TBI SERVICES AND ITS PRICING

The purpose of creating a technology business incubator is to promote innovation through successful new businesses. Therefore, the TBI services, facilities, and organization are chosen so that the new businesses can become successful more quickly, at lower cost, and with less risk.

Because the Target Market will have been agreed to through the Feasibility Study process, the TBI services for those clients and how they will be managed can be chosen very early in the business plan process. It will be essential to identify the services, calculate their costs and the staffing and external partnerships that will be needed so that their impact on budgets can be observed.

Pricing the different services for the TBI Clients

In principle there are 3 groups of services that TBIs will offer and probably charge for:

Group 1: facility related services such as:

- ✚ Rental of office, workshop and laboratory space. Usually the price is monthly per sqm or sqft or also just per unit.
- ✚ Meeting and conference rooms can be rented by hour, half-day or day, very often the price for the use of this kind of space is also included in a (monthly) service charge.
- ✚ Utilities (mainly energy) should be charged according to the consumption but if that is not possible, it should be charged in a lump sum in relation to the size of the rented space.
- ✚ Common space, like toilets, corridors and entrance area should be considered in the price as well; this can be done in a pro rata basis, i.e. in relation to the size of office or workshop space, rented by the individual client. Consequently smaller firms with fewer space requirements may pay less than larger firms.
- ✚ Use of fixed or movable infrastructure is mostly charged according to the use of infrastructure (like copier, fax machine, LCD-projector, central-telephone etc.), sometimes also integrated in a general service fee

Group 2: man-power related services such as:

Reception, answering the telephone, cleaning, security, etc. are usually part of a general service charge which can be differentiated according to the size of the client company. Some TBI also include these service-charges in the monthly rent.

Group 3: consultancy related services:

- ✚ Pre-incubation services such as preparatory support services on how to form and run a company, awareness raising for entrepreneurship e.g. by business plan competitions, entrepreneurship lectures at universities/business schools, etc., basic support for the development of business

ideas, entrepreneurial skills, business plans, etc. as well as advice on forming a company. Pre-incubation services are mostly free of charge and limited to 6 month.

- ✚ Advice in Business planning and general start-up consultancy is most often provided by the TBI's own staff and free or included in the monthly service charge
- ✚ More specialized form of advice (like marketing and PR support, access to financing, fund-raising, mentoring, technology assistance, after-care service, Internal business and marketing training programs, technology evaluation and support, market research on customers, markets and product opportunities) is often provided by external consultants and charged on a previously agreed to lower than market rate basis.
- ✚ Networking, such as creation of contacts for incubatees to have access to knowledge, ideas and business partners and integrate incubator into business support community or (inter)national BI networks, promotion of cooperation, connecting suitable business partners, supply chain development, sectoral clustering, promotion of networking between incubator tenants, start-up entrepreneurs, service providers, etc. Is mostly provided by the TBI management and the stakeholders free of charge.
- ✚ Evaluations, milestones, benchmarks for client progress is usually free and part of the services, provided in-house.

The cost of these services can be computed based on a standard cost of consulting time to provide them plus the cost of staff and staff time that is applied to the management of the services.

The TBI management should identify qualified external service providers and potential donors and then enter into negotiations with them on behalf of the clients:

- ✚ for lower fees based on quality and numbers of the clients
- ✚ to offer some amount of information and advice for free to the clients
- ✚ for donations of equipment, software, furniture, and access to distribution channels for the clients from large corporations

Every useful donation and savings on fees received through arrangements with services providers and corporations increases the value of TBI client services while lowering their cost.

Pricing of TBI services according to the type of client:

In addition TBIs often **differentiate** for different kinds of clients. One example:

- ✚ **Pre – incubatees** do not pay at all
- ✚ **Incubatees** pay an increasing fee, depending on their stay in the TBI and
- ✚ **Commercial tenants** (if any) cover full service costs (e.g. calculated on the basis of the average cost of a consultancy hour).
- ✚ **Graduates** could be offered discounts or even complete waivers of fees, in line with the incubator's post-incubation policy.

Tool Box

The **InWEnt Operational Guidelines** provides a useful discussion of the issues surrounding creation of a supportive program for the TBI's clients.

3.3 ENTRY AND EXIT CRITERIA⁴

Entrepreneurs who apply to a TBI should have the following characteristics:

- ✚ They are thoroughly familiar with the purposes and the services of the TBI, and have an understanding of what they can expect to receive from the TBI. They also recognize their responsibilities to participate in the TBI program, and will submit information about their company and themselves on a regular basis.
- ✚ Their business purpose, products and stage of maturity match the mission and goals of the TBI
- ✚ Their requirements for space, equipment, and advice can be met by the TBI and its partners.
- ✚ They have a strong desire to be successful and they understand how much help they will need to reach their goals.
- ✚ The fees they will be charged are within their ability to pay for them.

The management of the TBI will review an applicant's qualifications through an application form, a face-to-face interview, background research, and discussion of the market potential and the technology with TBI advisors.

Client businesses must expect to leave the TBI under a variety of circumstances (or to seek exceptions from the Managing Director):

- ✚ They are not willing to fulfill their responsibilities, do not treat the staff and other clients with respect, and do not participate appropriately in the training and advisory activities.
- ✚ They are unable to pay their bills and have not been able to increase their income sufficiently to do so.
- ✚ The TBI does not seem to be able to provide them with the services they have come to require
- ✚ Completion of the maximal permitted incubation period
- ✚ Achievement of certain performance indicators and milestones (e.g. amount of sales, numbers of employees, etc.)

⁴ Please see for more information on this subject InWEnt's Operational Guidelines pages 29.ff

- ✚ Low-growth and failure to achieve the expected business objectives
- ✚ Change in company emphasis from that originally planned in the business plan
- ✚ Rapid expansion of tenants' businesses

Those clients who leave for positive reasons and are increasingly more successful may wish to stay connected to the TBI and have opportunities to attend meetings and events, receive occasional mentoring, and remain in touch with the other clients assisted by the TBI.

3.4 THE ORGANIZATIONAL STRUCTURE

A TBI is part of an unusual situation. It has to manage its own business processes and problems and at the same time must be involved in the business processes and problems of 5, 10 or 20 other enterprises. For such a menu of interactions to be effectively managed, the TBI must have an organizational structure that is responsive to day-to-day needs and the stresses of constant interruptions and emergencies. There are more than one structure that is effective. However, of course, the TBIs that are better funded and more appropriately staffed will have the most consistent outcomes.

The Business Plan Team will review the needs of the client group and of the TBI and propose an organizational structure that will support the TBI management as it provides professional and client oriented services.

In some cases, the Team's decisions regarding structure will be significantly affected by the following factors over which the Team may not have any control:

- ✚ Legal and administrative frameworks, relevant to these types of entrepreneurship support programs
- ✚ Regional economic development policy
- ✚ Ownership of the TBI building

If the building is owned by the university and the university is also the initiator of the project, it may insist that it own the TBI and provide oversight through its own board of directors. In that case, it is not unusual for a Business Plan Team (or Development Team) to offer a seat on a Board of Advisors in exchange for providing funding or other major support.

- ✚ Intentions and requirements of the different TBI project stakeholders

Besides the initiating organisation(s), typical stakeholders / partners of a Business Incubator project are:

- ✚ Local and regional authorities
- ✚ Regional Development Agencies
- ✚ Business associations
- ✚ Chambers of Commerce
- ✚ Banks, investment funds

- ✚ Institutions of higher education
- ✚ R&D institutes
- ✚ Larger private firms

3.4.1 LEGAL FORMS FOR TBI

In developed countries and some developing countries, many of the technology business incubators are operated as **separate legal entities**. These may take the form of not-for-profit associations, foundations, and institutions. Others may be set up as Limited Liability Companies (Ltd.) or Public limited company (Plc.). A very few are public companies with stockholders. The laws related to these types of companies are very clear about the composition of the board of directors, who will carry liability, and what the consequences are for debts and profits.

In developing countries and some developed countries, business incubators will probably be a section of a larger organisation, university, public agency or even a Science Park. These are most often **operated as a department, a project, a unit, or a cost-centre** and are under the management of the larger organization's boards and by-laws.

Public-Private Partnerships, which pool some assets and responsibilities of both public and private stakeholders, and which are more and more common, can be better managed as separate legal entities. The articles of incorporation of a limited liability company for example describe clearly the rights and responsibilities of the shareholders including their financial commitments. In non legal entities the commitment of other stakeholders is usually limited to their advisory function (via council, advisory board, committee or similar).

Also co-investing in clients of the TBI, which more and more incubators offer as part of their service portfolio and which is part of their self-financing strategy, requires a separate legal entity.

Most incubators in emerging countries are operated as a “non-profit” or “**not-for-profit**” **organisation**, which means that permanent funding of operating costs is required. But there are also incubators, which want or have to become self-sustainable within a given period and consequently intend to generate sufficient direct revenues.

Real “**profit making**” incubators are hardly to be identified in the developed countries; this would require:

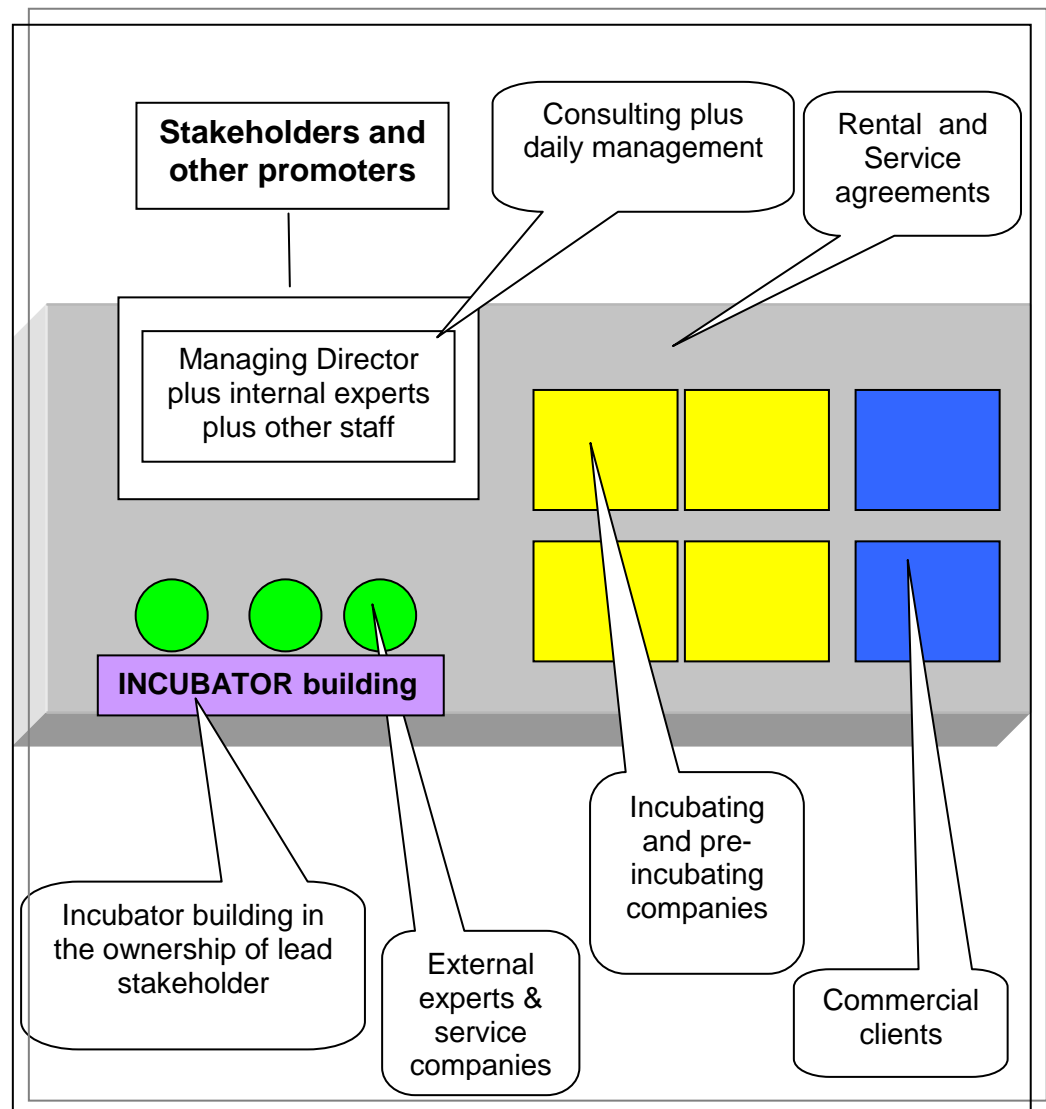
- ✚ Sufficient amount of participants in the incubation programme
- ✚ Larger incubator building to accommodate TBI clients and commercial tenants for a longer period of time (>3 years)
- ✚ Limited real-estate market for commercially usable buildings
- ✚ Willingness and (even more important) financial potential to pay for the rent and services of the Business Incubator at market prices.

3.4.2 CHOOSING THE ORGANIZATIONAL STRUCTURE

The choice of an organizational structure is made by the leadership of the primary stakeholder, especially one that is donating use of a building. If this is a university it must make the choice based on university and government policy. **The university may have to contain the TBI within its organization** to be able to donate the space for TBI use, assign faculty and staff for part-time management, and to open up university services for use by TBI clients. If the primary stakeholder is not limited in how it accomplishes these objectives, it may choose to provide for an **independent legal not-for-profit structure**.

These two recommended organizational set ups will have significant impact on the various elements of the TBI environment.

The **environment** (stakeholders, TBI management, services providers and clients) of a TBI may be visualised as follows:



The organisational form chosen for a TBI should provide the following advantages:

- + Enable lead initiator to implement the incubator project with a minimum of additional administrative and bureaucratic effort
- + Enable public funding
- + Enable applying for grants from international donor organisations
- + Minimise taxation and provide tax-exemption for grants
- + Assign all decisions related to clients to the management level of the TBI
- + Enable the TBI to work as an enterprise, following objectives and budget – lines
- + Enable performance monitoring, quality control and benchmarking of the TBI and its incubation system without bureaucratic obstacles
- + Reduce political influence

In principle **two basic organizational set-ups** can be recommended: a Separate Legal Entity and an Integrated Entity.

A) Separate legal entity

The choice of a **separate legal entity** for the TBI operating company (or association or foundation and later called “TBI operating entity”) would have the following influence on the different elements (environment) of the TBI:

+ Governments

For separate legal entities, governments do not usually become direct shareholders in TBI organisations, and therefore the governmental influence is limited to financial support and to a controlling/ monitoring function via a board membership. It is likely, that the government will be represented among the shareholders/ associates or founders (depending on the chosen legal form).

+ Stakeholders and other promoters

Stakeholders, which want to or should **play a major role** and which also commit financially to the incubator development, can become shareholders, associates or founders; shareholders should have a majority position. The stakeholders and shareholders usually are represented in the **board of directors or council**, and are responsible for:

- Defining the general strategy for the TBI
- Selection, approval and dismissal of the Managing Director/ CEO
- Approval of the yearly target plan and budget
- Approval of the annual report
- Monitoring and controlling the TBI

- Assisting the management with the expertise of the different board-members

The Managing Director/CEO should act as a secretary to the board of directors and be present at all board meetings for both reporting to and discussing relevant issues with the board.

Other promoters (organisations, which do not want or must not take over a shareholder (or associate or founder) position but whose expertise or status in the region is highly welcomed for the TBI project and its clients, can be pooled into an **advisory committee** to the board and/or the TBI management.

Incubator building

The incubator building can either be part of the assets of the incubator operating entity or can be kept outside within the current ownership; in the latter case the owner should sign a rental agreement with the TBI operating entity for a symbolic rent (e.g. 1 USD per year).

Incubator management

All management and staff are employed by the TBI operating entity. With the exception of the Managing Director/CEO, all decisions related to staff should be made by the Managing Director/CEO, including selection, hiring and dismissal within the given and approved budget and target plan.

Because TBIs that are operated in a separate legal entity do not have to follow the wage and hiring system of public civil service, the TBI has more flexibility in looking for highly skilled and experienced staff, both within and outside the region or country.

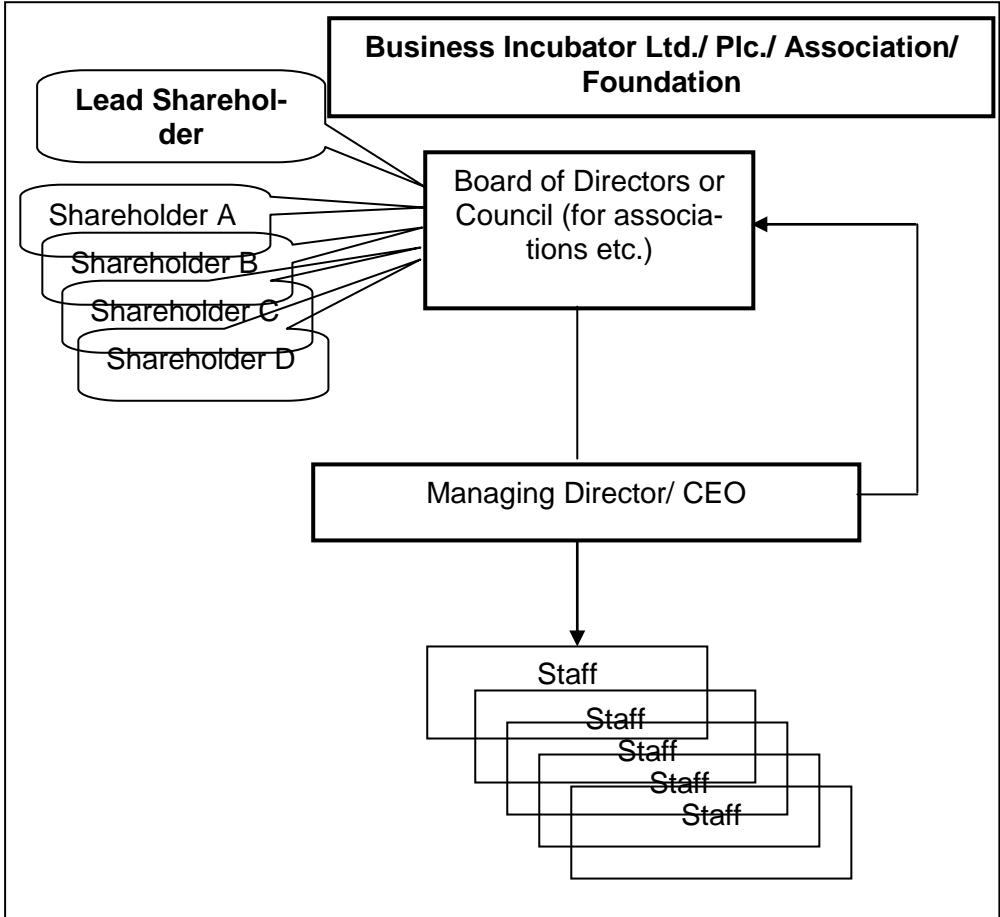
Clients

Preferably the clients (including pre-incubation entrepreneurs and perhaps commercial tenants) should sign a single rental and service contract with the TBI operating entity. Alternatively, the contract can be divided into a rental contract that includes serviced infrastructure which will be signed with the owner of the building, and into a service contract that is signed with the TBI operating entity. Nevertheless in either situation, it is crucial that the final client selection be entirely the responsibility of the Managing Director/CEO.

Service providers

Service providers (e.g. external experts, leasing and maintenance firms) sign contracts with the TBI legal entity and provide their services accordingly; public procurement rules may not apply.

The organisational framework for an independent legal entity may be illustrated as follows:



B) Integrated entity

The choice of an integration of the TBI into the structure of the lead initiator/ stakeholder, (for example within a university) would have the following influence to the different elements of the TBI environment:

Government

In many countries, a university (in this example) usually belongs to the Ministry of Science and Technology or Education. Consequently, the TBI project and the incubation programme, which is going to be implemented by the incubator is directly monitored and controlled by the government through the university.

This also implies that the decision-making process of the university applies to the TBI as well. Therefore, all decisions relevant to the TBI which cannot be decided by a lower level (mainly the head of the TBI unit, department or project), require an approval of the rector/ dean at the university. Usually, this decision-making process does not fully meet the special needs of a business incubator where quick and direct Go or No-Go decisions are important, especially as related to the clients. These should be made by the head of the incubator and may require delegation of certain responsibilities directly to the head of the TBI.

In addition the TBI business and financing systems may not have an equivalency in the university structure. It is therefore recommended that something like a TBI subcommittee (under supervision of the dean/ rector), be given a set of operational responsibilities. This committee will be referred to in this document as the **TBI Management Committee**⁵.

Stakeholders and other supporters

Other stakeholders except the university usually will not and cannot contribute financially to the project with the exception of making grants and donations. Consequently they stay outside of the decision making-process and do not take over real responsibility.

As mentioned above it is highly recommended to pool other stakeholders and supporters in the TBI Management Committee. This will invite other stakeholders of the project to commit themselves to play a more active role during the implementation of the project and to integrate a wider spectrum of know-how into the organisational structure of the TBI will usually assists with the decision-making process.

The following responsibilities may be taken over from the TBI director:

- Approval of new entries and early termination of client contracts⁶
- Fund-raising

⁵ Other names like advisory committee or board of advisors may be chosen as well

⁶ This should not be seen as a recommendation by the authors but considers general practice in hierarchical organizations.

- Advisory function to the management
- Other decisions of minor importance, which usually require the approval of the university dean/ rector

Incubator management

It is likely that the incubator management, as part of the university staff, will have to fit into its wage structure. All decisions will follow the lines of responsibility as determined in the university's organisation and its procedures.

The management will be selected, employed and dismissed according to employment rules and responsibilities of the university.

The staffing size can be reduced in comparison to the one necessary in a separate legal entity as some tasks (see staffing requirements) can be fulfilled by the university as well as the role of the facility manager and the manager administration and finance.

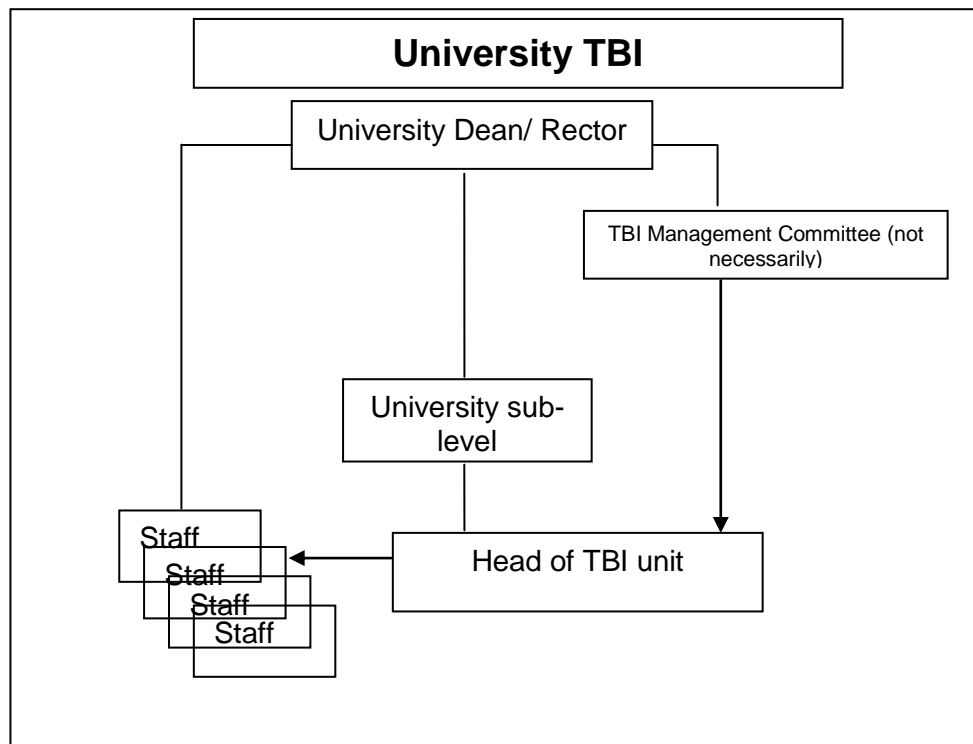
Clients

Clients will sign a rental and service contract with the university based upon a recommendation of the Managing Director and the decision of the TBI management committee if it receives this responsibility.

Service providers

External experts and service providers will sign a contract with the university whose procurement rules apply.

The suggested organisational framework for a university integrated TBI may be illustrated as follows:



3.4.3 STEP BY STEP IMPLEMENTATION

Experiences during the BISEA project showed that TBI initiators cannot begin the TBI as a separate legal entity from the start as it would create too many administrative burdens and cause delays. The setting up of a new legal entity (Model A) usually requires a governmental approval process. Also, all other future shareholders would require additional time to audit the business plan the TBI and to estimate the financial risk.

To avoid this delay, the TBI should be implemented within the organization of the lead initiator / stakeholder (Model B) It should plan to convert the TBI unit into a separate legal entity at a later stage. As this would require time, planning for the conversion process should begin as soon as possible after the TBI has been set up.

3.5 COST FACTORS OF TBI FACILITIES, INFRASTRUCTURE, AND SERVICES

The TBI Facilities costs have been thoroughly discussed elsewhere in this Developmental Guidelines and in the Operational Guidelines. However, a very useful way to look at the cost factors of the TBI facilities and infrastructure and services is to divide them along the time line from a decision to set up the TBI through the arrival of clients. A TBI has many set-up costs that must be incurred before there are any clients, followed by costs related to operating the TBI after clients have begun to arrive. Although many planners prefer to assume that the extent of the services available begins very small and expands only as the number of clients increases, the results of the Feasibility Study may show that each client wants and needs the same services whether there are 2 or 20 companies in residence.

Always review decisions about costs by asking what can be donated, loaned, or funded by stakeholders. Always review all activities and costs by asking how much time this will take and who will do it.

TBI Costs Before the First Client Arrives: Facilities

- ✚ The building, design, engineering, air handling, security systems, upgrading, storage, soundproofing, electrical, water, sewerage
- ✚ Utility costs, inspection fees, taxes if applicable
- ✚ ICT support: broadband, wi-fi, telephones, reception
- ✚ Specially equipped spaces: labs, manufacturing, testing, workbenches, display kiosks
- ✚ Landscaping and parking areas
- ✚ Signage, lobby design, meeting rooms, eating/beverage areas

TBI Costs Before the First Client Arrives: Services for the TBI

- ✚ Professional Services for the TBI: legal, accounting, licenses, insurance
- ✚ Staff hiring and training
- ✚ Planning a marketing plan, travel and events
- ✚ Website design and maintenance
- ✚ Printing of brochures and business cards
- ✚ Copy, fax, mail handling centers and equipment; office supplies; cleaning supplies and repair tools; audio-visual equipment; computer and other ICT equipment for staff
- ✚ Furniture for all spaces
- ✚ Software for data gathering

TBI Costs Before the First Client Arrives: Planning for Client Services

- ✚ Prepare client application forms and evaluation processes
- ✚ Plan and prepare TBI policies and procedure manuals and agreements
- ✚ Identify training, advising, evaluating requirements
- ✚ Identify who will supply these; identify the costs
- ✚ Identify costs of advisors, board members, stakeholder involvement

TBI Operating Costs after the Clients Arrive

- ✚ Increased staff and salaries and benefits
- ✚ Marketing activities to attract clients, stakeholders
- ✚ Facilities maintenance and repair
- ✚ Equipment repairs and replacements
- ✚ Proposal writing
- ✚ Reports writing: reports to stakeholders and funders
- ✚ Management of clients
- ✚ Management of external service providers
- ✚ Board meetings, celebration events, training programs, speaker series

3.6 PLANNING FOR OCCUPANCY

Occupancy of a TBI means the ratio of space, which is rent to the clients and is a very important key-performance indicator of a Business Incubator. Consequently the **occupancy has enormous influence** on other indicators like number of working places generated by new companies.

Indirectly the occupancy must be also seen as influencing revenues, costs, self-sustainability or even profit – making of the TBI.

Occupancy planning depends on the strategic objectives of a TBI; in other words, the quantitative targets (e.g. new entries per month or exits of graduated clients per quarter) of TBI set the basis for the planning of the occupancy.

The higher the occupancy the better investments and operational cost can be allocated to clients and so the justified.

Usually there is a maximum occupancy of 85 - 95 %, which reflects a reserve of space for an immediate demand for additional space from the client companies (e.g. a client wants to employ more staff to handle a special order) or the TBI always wants to be ready to accommodate new interesting entrepreneurial projects. In European countries the benchmark for occupancy is even 85 %. The most **difficult period for occupancy planning is the first 2 years**, where first clients have to become interested in to joining the TBI. The higher

the entry criteria (e.g. the technology focus) are the more carefully the development of the occupancy should be planned. It might be possible, that a TBI has just one client or none in the first couple of months after opening of the incubator. Consequently fewer revenues will be generated and sufficient funds have to be available to cover almost all expenses of the TBI.

Occupancy is also related to the planning of TBI-Services. Some services do not have to be offered at all or in full when there is a low occupancy of the TBI.

For further information on these subjects see also chapter 3.9.2 Planning of sales.

3.7 THE MARKETING PLAN

Basically, marketing is made up of all the activities that attract customers and convince them to buy a company's products. In terms of a technology business incubator, the customers are potential clients and the products are the TBI purpose, facility, and group of services. These activities may be paid for or be free.

The TBI will pay for such items as advertising, signage, websites, trade show participation, printed materials, events to which potential customers (potential clients) are invited. This category also includes the location, attractiveness, and infrastructure of its building. It is sometimes forgotten that the time spent by the TBI management on attending events, making speeches and presentations to audiences, and sending electronic communications such as e-news and e-mails must also be paid for.

The free marketing activities for a TBI include word of mouth (one customer to another), recommendations from respected sources (a university professor, a corporate CEO, a banker), stories written about the TBI and its clients in print and electronic media. Any media attention and events that is paid for by stakeholders and others will also be free, as will the inclusion of information about the TBI in stakeholder speeches and events.

A Marketing Plan is the product of planning *who, what, when, where, and how* the TBI will inform potential clients about itself. Activities must be fitted into the TBI's calendar and the calendars of many organizations and events that attract entrepreneurs and businesses that fit the types of businesses identified in the Mission and Goals. The Marketing Plan lays out the sequence of activities that appear to be useful in convincing entrepreneurs and new businesses about the value of the TBI. A time line should also include evaluation efforts regarding the value of activities that have been completed.

A TBI Marketing Plan reinforces the TBI Business Plan, showing how the customer will learn about the TBI. Preparing a Marketing Plan, focuses the TBI Team on what its marketing objectives, methods, budgets, and milestones must be. It forces the TBI Team to create a strong message that explains the value of the TBI and answers the potential client's question, "What is the

benefit to me?” It identifies the activities in which stakeholders can be the most effective.

For the TBI, it is important to identify who the intermediaries are who can introduce the TBI to the potential clients and, more importantly, introduce the potential clients to the TBI. The Marketing Plan will clarify who these are. Often the intermediaries will be institutions and individuals who are already stakeholders in the TBI. Therefore, marketing plans should also include activities to identify and attract additional stakeholders. Phase 2 of these Guidelines has a list of the places to find existing entrepreneurs and potential entrepreneurs.

The Marketing Plan should be clear and precise, without vague statements. “This is what we will do and this is how we will do it.” Each activity chosen should be achievable within the resources available. The TBI can’t do everything in the beginning. It is important to be creative about finding additional resources.

The products and services that the TBI is selling may start with the space for small businesses, but a TBI is primarily about the services:

- + advice and coaching, shared equipment and services, resources that the individual business does not have access to
- + reliable communications technology
- + introductions to funding and customers
- + faster growth with fewer mistakes and lower cost
- + relationships with other entrepreneurs
- + networking with business advisors and potential customer
- + evaluations of business and marketing plans

Measuring the results of a Marketing Plan will be an important exercise. The TBI Team will need to describe what success of the plan will look like. Success is the distribution of knowledge about the TBI, the number of inquiries and visits to the TBI, the numbers of participants at various TBI events, and especially, the number of actual clients that have been accepted into the TBI because of the marketing efforts. Cost of results and time spent achieving the results must also be evaluated. Outcomes for each activity should be quantified, such as the following type of statement: “We will put our brochures into the hands of all identified student entrepreneurs and all of the faculty members at the university during the month of February.”

3.7.1 PREPARATION FOR CONDUCTING A MARKETING PLAN

1. Identify where the audiences and individuals are

- + Review the potential client lists from the Feasibility Study

- ✚ Review the potential stakeholders lists and service providers from the Feasibility Study
- ✚ Make lists from media accounts of events; contact groups that are planning events that will include potential clients or qualified influencers of entrepreneurs and small business; request opportunities to describe the TBI or to display brochures and meet the attendees
- ✚ Create TBI events and publicize them in many places

2. Practice the Message

- ✚ All staff members should have a brief description and message that they can give
- ✚ Those with marketing responsibility should expect to talk about the TBI to different audiences and individuals in a variety of places
- ✚ Keep the message short and clear; include what is unique about the TBI and what problems it solves
- ✚ Speak with energy and enthusiasm
- ✚ Describe how to follow up with the TBI through websites, visits, etc.

3. Reinforce the message with follow up contacts with selected members of the audience

4. Work with the Media to find stories that will be interesting: ribbon-cutting ceremonies, visits by high level individuals, arrival of first clients, first sales of clients or big contracts with major distributors

- ✚ Contact the writers and photographers
- ✚ Help the media get interviews with stakeholders and prepare the stakeholders for best ways to answer the questions
- ✚ Ask for opportunities to learn from the stakeholders' public relations and marketing staff.

3.7.2 OUTLINE OF A COMPLETE MARKETING PLAN

1. Quantitative and qualitative strategic objectives of the TBI
2. Target customers
3. Customer needs and wants
4. Product description – positioning and pricing relative to the competition
5. Competition (type and strength and barriers to success)

6. Communications Methods (written, video, websites)
7. Marketing Strategy – who will participate in the plan; how will it be implemented
8. Financial summary (costs and sources of funds)
9. Results forecast (timing and monitoring arrival of new clients)
10. Critical Issues – what is the support, what are the barriers to success
11. Review and Evaluation
12. Appendices (pictures, research from Feasibility Study, endorsements)

3.9 FINANCIAL PLANNING AND PROJECTIONS

This chapter is an introduction into financial planning and financial projections and its reference to the planning of a TBI. It does not explain specific planning software like the one InWEnt has introduced during the BISEA project. The tool (Excel - spreadsheet) and a manual are available for download from InWEnt's Global Campus website GC21.

There are many other tools available either free or for a fee. Most of them are general planning tools for SMEs and should be modified to the special requirements of a TBI, but this is usually easy. Planning tools suitable to building related businesses are preferable.

With reference to the business plan of a TBI the financial projection is a structured way to value and to calculate all assumptions of the narrative chapters of the business plan; it simulates the future financial development of a TBI. Often the projection should be done in alternatives (most realistic, optimistic and pessimistic case).

The outcomes of the financial planning are:

✚ Income statement (P & L)

Simplified format:

Sales
- Variable costs
= Raw-Profit
- fixed costs
- other costs
= Profit/Loss

GAP format:

Sample Company Ltd.	
Income Statement (in '000€)	31.12. 2002
+ Sales	11 136
= Total Revenue	11 136
- Cost of materials	135
- Personnel expenses	6 365
- Other costs	909
= EBITD	3 727
<i>EBITD % of Total Revenue</i>	<i>33%</i>
- Depreciation	2 014
= EBIT	1 713
<i>EBIT % of Total Revenue</i>	<i>15%</i>
+ Financial income	9
- Interest expenses	39
= PBT	1 683
- Taxes	321
= PAT	1 362
<i>PAT % of Total Revenue</i>	<i>12%</i>

Abbreviations used:	
EBITD: Earning Before Interest, Tax and Depreciation	→
EBIT: Earning Before Interest and Tax	→
PBT: Profit Before Tax <small>synonyms:</small> EBT: Earning Before Tax	→
PAT: Profit After Tax	→

✚ **Cash – flow statement (simplified):**

payments received	from sales
+ financing	
./. expenses	for fix and variable cost positions
./. Tax	? :/.
./. interests	
= cash-flow	
./. investments	
= liquidity	for a certain period only
Cumulated liquidity	? the sum of all single period liquidity

✚ **“Pro forma” Balance sheet (non compulsory for financial planning)**

Balance Sheet is a “snap-shot” of the financial position of the company on the balance sheet day (Important is the date!) and compares the assets of a company (TBI) with the liabilities plus equity. The sum of both columns is always equal (balanced).

Assets (Active)	Liabilities and Equity (Passive)
cash	Outstanding (not yet paid) accounts
receivables	Outstanding salaries
equipment	Other outstanding payments
building, land	Equity or stock-capital
patents	Surplus (profit) or if negative loss

Basic requirements for planning tools:

- ✚ Planning horizon: 5 years
- ✚ Planning period: 1st year is monthly, 2nd – 5th. year is quarterly or yearly
- ✚ Clearly understandable
- ✚ Derived from the business plan
- ✚ Rather analytical and
- ✚ Very logical

Some important explanations

Expenses versus cost and revenues versus receipts

- ✚ Expenses are an immediate outflow of money; when the secretary goes to a grocery shop and buys coffee for the clients, expenses occur.
- ✚ Costs are not necessarily linked to immediate expenses; when the telephone company sends the monthly bill, a cost occurs, when the company cashes the check sent by the TBI, expenses occur
- ✚ It is similar with revenues; when the TBI invoices the clients for their rental charge, revenues occur but receipts (inflow of money either in cash or by crediting to the bank account) takes place when the client pays the invoice

Depreciation and its relevance to profit and loss and cash-flow.

- ✚ Within a TBI project mostly investments for building related reconstruction and purchases of furniture and office technologies have to be depreciated according to their period of use.
- ✚ The annual value (e.g. 25 % of the purchase price of a computer, which will be depreciated over a period of 4 years) are cost but not expenses. These costs are relevant to the TBI's profit or loss and reflected in the profit & loss table.
- ✚ The purchase price of the computer is an expense and relevant to the TBI's cash-flow and reflected in the cash-flow table

Fixed- versus variable-cost

Fixed-cost are costs which occur regularly and irrespective of the output or turnover of a business (within a TBI the output is the amount of in-wall clients). **Variable costs** increase or decrease with the output or performance of a business. At a TBI the cost for public utilities, used by the clients (energy) is a variable cost.

3.9.1 PLANNING OF THE FINANCING

Financial demand

All businesses need money for these three major categories:

✚ **Investments**, which are among others:

- purchase of a plot of land
- construction or reconstruction costs
- corresponding notary and registration costs
- movable infrastructure like furniture, communication technologies, office technologies, light machinery, laboratory equipment, etc.
- Immovable infrastructure like heavy machinery, laboratory infrastructure, etc.

✚ **Operational Cost**

- **Start-Up costs**, which are onetime costs, occurring when a business (and a TBI) is set-up such as cost for the notary, registration, consultants, bank audits, lawyers
- **Fixed cost** include, among others:

Wages and other personal cost, marketing and sales cost (Advertising fees, printing-cost, sales seminars, conference participation and exhibitions), Administrative cost (office supplies, software licenses, subscriptions for printed- and e-media, telephone/ fax, internet, mail, insurance, leasing), travel cost (running cost of a car, reimbursements of travel cost of employees), external service providers like accountant, tax advisor, lawyer

- **Variable cost** include, among others:

Public utilities (energy, water, sewage), non regular occurring maintenance of infrastructure, external expertise for the clients, raw material (for production only)

- **Financing** cost for the acquisition of money like: interest, agios or dis-agios, fees, dividends

Financial means

Once the financial demand is determined, financing means have to be identified. These are the typical financial means for a TBI:

✚ Money from the clients for **sales**, which are rental charges and/or charges for other TBI services

✚ **Grants** from stakeholders, which usually do not have to be paid back and are free of interest. Typically there are one time grants for investments

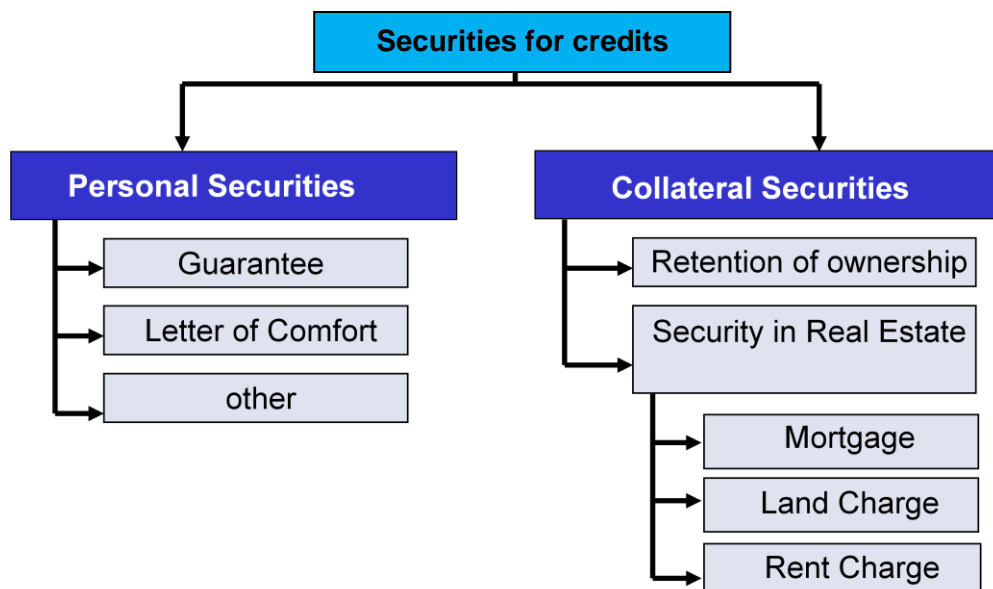
and revolving grants for the operation of a TBI. Revolving grants often are decreasing and NOT endless.

- ✚ **Equity** is the initial capital stock, individuals, founders or shareholders (depending from the chosen legal form) have to pay, when forming the enterprise, foundation or association.
- ✚ **Loans** are usually medium to long-term (1-10 years) financing tools and they show a fixed or variable interest rate corresponding to duration of the loan. (Re) payment is in fixed rates (annuity = decreasing interests plus increasing repayment) or Fixed repayment rate plus interest according to level of loan.
- ✚ Short-term **overdraft** is a very common financing tool where banks provide a credit line for changing use with variable interests to be paid according to level of usage. Typically no permanent repayment is required.
- ✚ **Trade credit** is credit provided by the suppliers, which allow a certain time for the payment (typically 14 or 30 days).

According to the “**golden rule of financing**” long-term investments like buildings, plots of land, machinery, start-up costs and other equipment should be financed long-term, which means by equity, loans and grants. Short-term expenses like fix and variable cost should be financed by sales, overdraft and equity.

Securities for credits

Banks and other credit providers usually ask for securities before they payout the credit. These securities are either linked to an individual (personal securities) or tangible assets (collateral securities).



3.9.2 PLANNING OF THE SALES

Sales or turnover planning of a TBI is strongly linked to the issue of quantitative strategic objectives, where the target-amount of new acquired clients (pre-incubatees, start-ups and commercial clients) per period determined. It is also linked to the planning of the TBI's occupancy. It is recommended to plan and show the sales and the occupancy development in separate sub-tables.

A typical layout for such sub-table total **number of clients** can look like:

Client Type amount/ month	January	February	March			
Pre-incubatees	3	5	8			
Startup companies	2	2	3			
Commercial clients	1	1	1			

A typical layout for such sub-table **occupancy in square meter** can look like:

Client Type square meter/ month	January	February	March			
Pre-incubatees (5 sqm per cubicle)	15	25	40			
Startup companies (20 sqm each)	40	40	60			
Commercial clients (50 sqm each)	50	50	50			
Total	105	115	150			

A typical price-table can look like:

Client Type/ price per sqm or unit per month	Price
Pre-incubatees	10 \$ (unit)
Startup companies	5 \$ (sqm)
Commercial clients	10 \$ (sqm)

A typical layout for such a sub-table total **sales per clients** based upon the above mention simplified example than looks like:

Client Type/ sales per month	January	February	March			
Pre- incubatees	30	50	80			
Startup companies	200	200	300			
Commercial clients	500	500	500			

3.9.3 OTHER SUB-TABLES

It is recommended to show the financial results of the following assumptions in separate sub-tables:

- + Personal
- + Investments
- + Operational cost
- + Variable cost

Once the chosen planning period is monthly or quarterly or yearly, all sub-tables should follow this format.

For easier reading the major results of the financial planning/ projections should be transferred into the narrative part of the business plan. These are:

- + Income from sales per year
- + Operational cost per year
- + Investments per year
- + Financing per year
- + Cash-flow per year

4. CASE STUDIES

In the following chapter TBIs from the recent InWEnt [biz] project, which have been set up following the InWEnt 4 Phase approach, will describe in brief their current situation and highlight some of their experiences during the Feasibility and Business Plan phase.

The case studies were contributed by the leaders of the TBI set-up teams and / or director (in alphabetical order of the countries and TBI):

- ✚ **Ir. Iswahyuni, MSCE**, lecturer at the Academy of Leather Technology, Leather Technology Business Incubator, Yogyakarta, Indonesia
- ✚ **Dra. Ester Edwar, M.Pd**, Head of Industrial Management Dept., The Academy of Industrial Engineering at Padang: Bungo Pasang Technology Business Incubator, Padang, Indonesia
- ✚ **Prof. Pauline Wade**, Faculty Department of Computer Science, University of the Philippines Cebu, Incubator Manager, DOST-UP Cebu Technology Business Incubator (TBI) Cebu, The Philippines
- ✚ **Prof. Eduardo Marzan Jr., Ph.D.**, Vice President for Business Affairs, CLSU Project Leader, AFTBI, Central Luzon State University Agriculture and Food Technology Business Incubator, Munoz, The Philippines
- ✚ **Mr. Chalernpol Tuchinda**, Director of Technopreneur Development and Services, Technology Management Center, NSTDA: Technology Business Incubator at Thailand Science Park, Bangkok, Thailand
- ✚ **Mr. Nguyen Hoang Chi Duc**, senior lecturer, School of Industrial Management, Ho Chi Minh City University of Technology, HCMUT-TBI
- ✚ **Mr. Lê Đình Thắng**, training manager at Quang Trung Software Business Incubator Ltd. (SBI Ltd.), Ho Chi Minh City, Vietnam

The authors of case studies were asked to follow as much as possible the following structure in order to make it easier to compare the different cases:

1. Current Vision, Mission, Goals; Where we are now - facilities; staff, clients; [Future vision?]
2. How we raised awareness among stakeholders and clients
3. The Feasibility Study and our experiences and difficulties encountered: time involved, specific values received from performing the Study
4. The Business Plan and our experiences and difficulties encountered: who composed it, specific values received from writing the Plan in the amount of detail.
5. Timing of the development phase: When development began, when it was interrupted, when it was completed in its present phase.

6. Stakeholders and Financials: Why these stakeholders were chosen, their contribution to our TBI, how the financing is structured and how does it meet the values calculated in the Business Plan

4.1 THE LEATHER TECHNOLOGY BUSINESS INCUBATOR IN YOGYAKARTA (IR. ISWAHYUNI, MSCE)

Leather Technology Business Incubation (Leather-TBI) is an organization which deals with increasing the number of leather SME's in Indonesia. It is



owned by the Academy of Leather Technology (ALT), a higher education institution in the field of leather and leather goods technology, under the Ministry of Industry of Indonesia. The TBI is located in the Bantul Region of Yogyakarta Province of Indonesia which is well known as a tourist destination, education city, and as a centre of leather craft producers.

ducers.

Current Vision:

“To become a centre of excellence in empowering leather industries through supporting the new and young leather businesses to grow”

Mission:

- ✚ Providing business support services such as rentable room for office, show room; outlet for selling their products; workshop for production, laboratory for testing
- ✚ Providing training and development program for human resources for start-up company
- ✚ Providing technical support and technology transfer
- ✚ Assisting in market access and market information
- ✚ Bridging the gap between SME's and the banking system

The Leather-TBI Goals:

The Indonesian leather industry plays an important role in the country's economy. The industry is among the ten largest export earning industries within the so-called non-oil and gas sector; it is a labor-intensive undertaking as the majority of the processing and manufacturing industries consists of medium and small-scale industries. Considering the above reason, the goals of establishing the TBI are:

- ✚ Increasing the number of leather medium and small-scale industries

- ✚ Improving the quality of leather production
- ✚ Accessing new technology
- ✚ Increasing competitiveness of leather industry

Where we are now:

Since October 2010 Bantul Leather Business Incubation (BL-TBI) has been appointed by the Directorate General of Small Medium Enterprise under Ministry of Industry of Indonesia as the service provider (incubator) for new leather SME throughout Indonesia. Because of the widening of its service area, the Bantul Leather Business Incubator was renamed as The Leather-TBI.

The Leather-TBI is a member of AIBI (Asosiasi Incubator Bisnis Indonesia) or Indonesian Business Incubation Association. Right now, it has an out wall (non-resident) incubatee from the ALT's alumni with 9 persons and from Directorate General of Small Medium Enterprise under Ministry of Industry of Indonesia with 8 persons. We are about to establish in wall (resident) incubatee, but some difficulties have been encountered because the reconstruction of the ALT has not yet been finished. Furthermore, there was a sudden changed in the management of the ALT which affects the flow of the ALT policies and programs.

Facilities:

Since Leather-TBI is owned by the Academy of Leather Technology, the Leather-TBI shares all facilities with the Academy of Leather Technology in running the TBI. The infrastructures include room space which can be used as Offices, showroom, or Outlet, a Workshop which can be used for production unit, laboratory, and workshop. All of them are owned by the ALT and some of them can be used together during office hours, some of them cannot.

Those infrastructures can be used for TBI activities when there are no student activities, that is when there are no class activities, based on the academic schedule. Because the student activities are usually done during office hours, the incubatees (with special arrangement) could still use them after office hours.



Staffing:

All staff members for running the TBI are government employees who are lecturers and librarian of the ALT. The TBI staff members consist of a TBI manager, 4 Coordinators and a supporting/administration staff. The four coordinators are: coordinator for Business Planning & Technology Transfer, coordinator for marketing, coordinator for IT-technology, Coordinator for accounting, administration and facility. Each Coordinator has one or two assistants depending upon the number of in wall incubatees.

The TBI's target clients:

ALT alumni, leather SME's, government agencies, institutions, big industries, chemical suppliers, skin/hide suppliers. They come from Yogyakarta Province or other cities outside Yogyakarta Province. Due to the limited space offered and only the selected potential incubatee will use the space, based on the Business Plan, the TBI plans to have in-wall incubatees for the first year up to 5th year which are 4, 4,5,6,7 incubatees respectively. Whereas for out-wall incubatees there will be 0,1,2,3,4 respectively, therefore the total incubatees are 4,5,7,9,11 respectively.

Future Vision:

We do hope that in 2011 the reconstruction of the second campus will be finished so that permanent rooms for running the TBI especially for in-wall incubatees will be available. We also hope that the ALT will support all of the TBI's activities through funding, staffing and other policy needed. While waiting for permanent room for establishing in-wall incubatees, the Leather-TBI now focus on the ALT students who are eager to become entrepreneurs, giving them special attention and guidance so that they can become expected incubatees.

Raising awareness about the TBI by:

- ✚ Promoting the Leather-TBI both directly and indirectly
- ✚ Networking among stakeholder
- ✚ Giving lecture that is related to business incubation such as entrepreneurship, cost calculation, marketing to the students of the ALT. Those kinds of lecture are considered as core classes.
- ✚ Guidance for the students

The Feasibility Study was completed in about 4 months, begun with making some questionnaires for the expected incubatees and for the stakeholder who support the TBI.

Lesson learned from doing the feasibility study:

- ✚ how to conduct a survey as some of us were not familiar with it
- ✚ understanding the nature of SMEs
- ✚ it was difficult to do the financial analysis as we do not have the experience needed and the fact that the TBI is almost impossible to be manage separately from the ALT, especially in financial matters.

Based on the Feasibility Study, there are two steps to be done for establishing the TBI:

Step 1: Part 1 of the incubation. The objectives are: Select promising incubatees, Assess the Technology Level of Incubatees, Plan action for each of incubatees, Monitor and evaluate their activities.

Step 2: the objectives are: To help the incubatees to grow their businesses, Improve technology level of incubatee, Strengthen incubatee's competitive advantage, Create steady production for incubatee, monitor and evaluate their production.

The set-up members for composing the Business plan are 6 lecturers of the ALT and a librarian of the ALT. They are: Iswahyuni; RB. Seno Wulung; Elis Nurbalia; Herry Suseno; Anwar Hidayat; Aswan. Those people have done some survey for Feasibility study, and analyzed the obtained data. Then, they composed the Business plan.

Lesson learned from developing the business plan:

- ✚ thinking systematically and logically
- ✚ difficulties in developing and maintaining solid team work
- ✚ the importance of relevant data in planning

Timing of the development phase - When development began, when it was interrupted, when it was completed in its present phase.

The project started in December 2007, Feasibility Study was submitted end of 2008, the Business Plan was submitted in early 2009, and then the implementation of the TBI project has been interrupted. Previously the TBI had been planned to operate in May 2009. Unfortunately there was a lack of support from the ALT management and campus under reconstruction. The set-up members had tried to have out wall incubatees, and some of the ALT alumni were interested in joining the TBI. The incubation for in wall incubate are planned to be established in 2010, but some difficulties were encountered such as the permanent rooms have not been established yet.

The stakeholders of the TBI and the reasons for choosing and their contribution as follows:

No	The stakeholders	reasons for choosing	Their contribution
1	The Academy of Leather Technology	the owner	providing facilities and donation for running the TBI
2	Directorate General of Small Medium Enterprise under Ministry of Industry of Indonesia	Access to central government policy and leather SMEs	appointed the Leather-TBI to be the service provider and mentor for leather SMEs
3	The Leather Research Institute	issuing new research that can be used by the incubatees	implementing the TBI activities
4	The Regional Agency of Industry and Trade	Giving information about regional policy	giving fund for training the incubatees, provide data and provide government policy

5	The Indonesian Business Incubation Association	Networking	Giving information about promotion, seminar, workshop etc
6	Industrial Training centre	Providing Training	helping training activities for improving human resource competency
7	The ALT's alumni	Expected incubatee/client, networking	promoting and marketing the TBI

The financing structured does not meet the values as calculated in the Business Plan, since it is difficult to run the TBI separately from the ALT as stated in Business Plan due to the government financial law. Because The TBI is owned by the ALT which is a government institution, all the money received from the prospective incubatees has to be saved in an account owned by the ALT. All the budget for running the TBI then has to be drawn from the ALT, and is part of the ALT budget.

4.2 THE BUNGO PASANG TECHNOLOGY BUSINESS INCUBATOR IN PADANG, INDONESIA (DRA. ESTER EDWAR, M.PD)

Vision:

Our vision is to be a place where the university graduates, including ATIP's alumni (The Academy of Industrial Engineering at Padang) can develop their ideas and build their own business in the field of agro industry and food processing industry. In the next few years we will become a partner for our provincial government in developing SMEs in our region



Mission :

The missions of BP-TBI are to conduct and support the research and development of newly small scale industries (SMEs), especially in the field of agro industry including food processing, created by university graduates in West Sumatra.

Goals :

Our TBI is going to be a place which can give contribution to our society whether in a way to increase their income or in giving opportunities to

implement their creativities in the field of agro industry and food processing industry.

Our Facilities (Now) :

- ✚ Laboratory (without the tools and equipments)
- ✚ Workshop
- ✚ Expert
- ✚ Office Management Assistance

Our Clients (now) :

All 5 are out wall (non-resident) Clients, out of them 2 are start up companies and 3 are SME's, but still need comprehensive assistance in developing their activities.

Our Activies (up until now) :

- ✚ Pre-incubation activies for prospective clients with training in Bussiness Preparation and Business Plan Development
- ✚ Experimental activies
- ✚ Assistance in attracting third party (for start up that had succeed in developing their formula and is ready for trial and error in marketing their product)
- ✚ Assitance in developing their business (for establish SMEs, e.g. develop the "bankable" book keeping, packaging design and plant design)

Raising awareness:

Stakeholders:

It was not too difficult to raise the awareness of our policy maker in our mother institution – The Academy of Industrial Engineering at Padang (ATIP). Our mother institution was also in the stage of raising back the awareness of it's prospective clients about our existence a government higher education institution. We convince them that developing the TBI is one way to promote the academy where we can provide the alumni with assitance when they wanted to be enterpreneur. TBI's part is to support them after graduation activities. At that time (2007 - 2008) our facilities were almost complete and in line with TBI Vision and Mission. It also could support the community service activities that should be conducted by our lecturers.



It was quite difficult in raising the awareness of other stakeholders, since they did not have a clear picture about the activities of TBI, yet. In our province, some of the activities which we offer are part of the Bureau of Industrial Sector's job description. But their small budget has made them slow and sometime inactive. We tried to explain that our activities will be more integrated, and we also want to involve them and this will be the other way to accomplish their missions to develop the SMEs in the region. Not all of them accept the explanation, but we manage to get the agreement from the office leader (who once had been involved in our educational activities). Other offices thought that they knew more than we do in developing SMEs, and they did not trust us. Most of them wanted to wait until we do (realistic) activities.

Other difficulties were dealing with our colleagues in campus. Although we had the agreement from the Director, some of the lecturers were skeptical about the activities of TBI. They thought that they would not get any benefit from TBI activities. Because we, as a team, also were not sure whether the TBI development activities would continue even though we were not chosen as one of the pilot project, we decided to deal with those lecturers later. Still, eventually we conducted a discussion to explain about the benefit of TBI for the lecturers.

Clients:

Since our primary target clients are the university's graduates, we began the activities of raising the awareness of our existence and the benefit of our existence within our own alumni-to-be and final year students. We gathered them and gave a socialization about the TBI; we conducted a free entrepreneurship training (with limited participants); we put poster in visible area in campus.

We also promoted our existence in the newspaper along with our campus promotion. And when we began our implementation phase, we invited the prospective clients by placing invitation poster in other campus and local newspaper.

The Feasibility Study:

Developing the feasibility study **was the most difficult phase** we faced. Because at that time we did not get any attention yet. We tried to collect data within our own willingness to develop the FS. It was really a kind of 'charity' activity. Me (Ester), as the team leader, had tried to convince other colleagues that it will give a big benefit for us in the future and at least, if we failed to get the opportunity to be chosen as a pilot project, we could get the experience of it, and develop the TBI by our own. Our team consisted of 4 people (the ones that were willing to work without any consideration).

We limited our focus only in agro industry and food processing area because (at that time) those were our 'most favourite' activities in campus, and because of the lack of budget, we decided just to collect data from our own alumni-to-be (not based on the number of university students in the region). We also faced difficulties in choosing the 'primary' stakeholders, not because they were not important, but because the lack of budget to perform a presentation to raise their awareness of our plan.

Due to the reasons above, the time limit in developing the FS (from end of November 2007 to middle of January 2008) was not appropriate. We were

under pressure to complete the FS, while we also tried to push our mother institution to give a recognition to the work of our team members. We repeatedly tried to convince the Director of ATIP to sign the agreement to give an “appropriate” support for TBI development in our campus. We even asked him to participate in the Feasibility Study presentation in Jakarta, not only to convince Inwent, but also to convince him that we were very serious in developing the TBI.

Lesson learned from the activities of Feasibility Study development were:

- ✚ Team work is the best practice
- ✚ Not all ‘prospective’ stakeholders directly agree with the activities; we have to convince them in many different ways (it made us creative)
- ✚ Reassured us that some students were eager to be enterprenuer, not just working as supervisor in industry (which is the focus of ATIP- to create human resource ready to work in industrial sector)

The Business Plan:

When we begin to develop our Business Plan, it was ‘quite’ easy, because from the FS we had decided the focus of our TBI. All four of FS team were involved in developing BP. We had more discussions with our mother institution (ATIP) since we needed the confirmation about permission to use the facilities. We also had more discussion with the Bureau of Industrial Sector (provincial and districts) to develop the involment we will need when TBI is running.

The specific values received from writing the Business Plan were that we managed to develop a timeframe, not only for the TBI, but also for ATIP’s future development. We needed to make the list of all facilities we had and how to make benefit of it as a whole system, while before that we only saw the usage from the educational activities point of view. Team work and discussion activities as well as socialization with the whole campus (policy makers, lecturers, students, administration staff members), were very useful tools to make people aware of something, in this case the development of TBI.

Timing of the development phase:

When we was announced as one of the TBI Pilot Project in Indonesia (February 2009), we were very anxious to continue our work. The Director of ATIP had agree to give financial support to renovate the rooms as TBI offices. We agreed that we began to start at third quarter of 2009. At the middle of May 2009, a group of high ranking officers from SMEs Directore of Ministry of Industry paid a visit to West Sumatra. We took that opportunity to invite them (actually forcing them) to pay a visit to our campus to see our facilities and convince them that we were ready to implement TBI and needed their support. We managed to make them think that it was a good idea to develop an business incubator pilot project activity for food processing at our campus. We presented them with our Business Plan

By the end of August 2009, the renovation of our rooms had been finished. We had 3 rooms for the “in wall” client, one big room for TBI administration, two rooms for consultative activities, one big room for training. Other facilities will be shared with other units in ATIP.

Unpredictably, **the big earthquake attacked West Sumatra** on 30 September 2009 (7,9 SR). One of our laboratories was broken down, another two buildings (including the building where our newly renovated rooms were placed) were seriously damaged and were not allowed to be used any more. The other two buildings needed to be renovated before they could be used for teaching-learning activities. Most of our tools and equipments were broken or damaged. That was a very frustrating situation, especially when we were ready to start a new activity.

But, there was a good news. Our proposal to SME Directorate at Ministry of Industry had been approved. They were willing to support our activities in 2010. We were glad, but were confused where to start.

We made some changes in our plan. We could not accept “in wall” clients, but we still could manage to conduct trainings and some minor experimental activities. We changed our plan from conducting an innovation competition to announcing the opportunity to participate in TBI activities for limited subjects due to the available tools and equipments. The Ministry of Industry had agreed to support, financially, for 5 trainings/year and consultative activities for 10 months. It could not support us with equipment of built the rooms because of the policy. We managed to get 20 participants for the trainings but not all of them created a start up company. 2 of them started up companies and 3 SMEs were chosen, under certain criteria, as our clients. The start up companies did their experimental activities in our laboratory, while the SMEs did their production activities at their own places.

Stakeholders and Financial:

Now we had **two primary sponsorships**. One is ATIP, that provides us with all facilities for “free” and Ministry of Industry, that supports us in conducting trainings and consultative activities. As we mention above, we made changes in our plan. But, financially, we managed to get donors to support our activities. Although in our financial scheme develop with InWent, our clients are supposed to pay some “rent”, but as we have experienced with our situation and condition, especially in West Sumatra, most of SMEs were used to being spoiled with government projects, and they were not interested when we asked them to pay. So, we proposed to government (MoI), that we as their bridge to conducting the assistance for SMEs be allocated some of their budget for our activities, including as rental or consultative payments. Another policy regarding support is that the MoI cannot give equipment to ATIP as TBI, but they can give it directly to the SMEs as long as they had been registered and TBI can give recommendations to whom it will be appropriate.

Another difficulty we faced when we dealt with financial structure was the person, who was appointed by the Ministry of Industry as the coordinator of the activities was not aware of the TBI. We failed to make her aware and understand about our needs. The structures of the activities and the budget were not following our plan. The ‘mission’ seems different.

Lesson Learned:

Do not quickly feel happy and anxious when the proposal is approved, because when the sponsorship is implemented there will be other obstacles,

especially when the person who is in charge has a different point of view or another 'mission' concerning the usage of the financial schemes.

4.3 BUSINESS INCUBATOR FOR I.T. (CEBU-INIT) IN CEBU, THE PHILIPPINES (PROF. PAULINE WADE)

Cebu Business Incubator for I.T. (Cebuinit) is a Technology Business Incubator



made possible by the University of the Philippines Cebu (UP Cebu) and DOST-PCIEERD, and is located in the campus of UP Cebu in Cebu, Philippines. It aims to create an environment where technological innovations can be created and deployed to solve real problems; and to nurture a start-up businesses to success

The vision for the TBI is as follows: To be the most successful “inter-disciplinary” incubation facility in the Philippines,

helping technology enterprises be sustainable and successfully commercialize technology innovations.

In line with the vision, the **mission and objectives** are as follows:

Mission:

- ✚ Establish an enabling environment for technology based businesses, composed of above-average facilities and services, partnering with stakeholders from the different sectors and disciplines
- ✚ Equip the businesses, which participate in the TBI, with competencies for long term sustainability and technology transfer
- ✚ Establish the credibility of the TBI, ensuring the inflow of adequate revenues, resulting in minimal reliance on grants.

Objectives:

- ✚ Provide an “enabling” environment for entrepreneurs in technology based businesses which consist of both office space and services.
- ✚ To be self-sustainable starting in the 4th year of operation.
- ✚ Initiate and successfully execute collaborative projects, developing technological innovations, which are made up of members from different sectors, disciplines, and organizations.
- ✚ Develop a Technology Transfer office which can guide individuals / groups on an “effective and repeatable” process to take an innovation and convert it to products and services which contribute to solving real-world problems.

The TBI targets enterprises which meet the following criteria:

- ✦ Involved in value creation in new and emerging technologies
- ✦ Plan to utilize UP human resources and facilities to pursue its activities
- ✦ Seeking new or unique solutions to existing problems

As part of the Incubation program, the TBI currently accommodates Resident Clients who will physically reside in the TBI, in either a cubicle or room unit. In the future, the TBI will also allow Virtual or Non-Resident clients who are those who will reside elsewhere, but will avail of the different services such as training, mentoring, events, etc. In addition to the Incubation program, the TBI has recently launched the Pre-incubation program, whose goal is to provide additional support for start-ups with limited or no funds by providing the following:

- ✦ 3 Month free stay once Business Concept is approved
- ✦ Additional 3 months stay for submission of a business plan and other requirements required of the start-up by the advisory committee, to ensure its success.

Current Client Status:

There are two clients occupying three room units of the TBI. The nature of client' business is listed below:

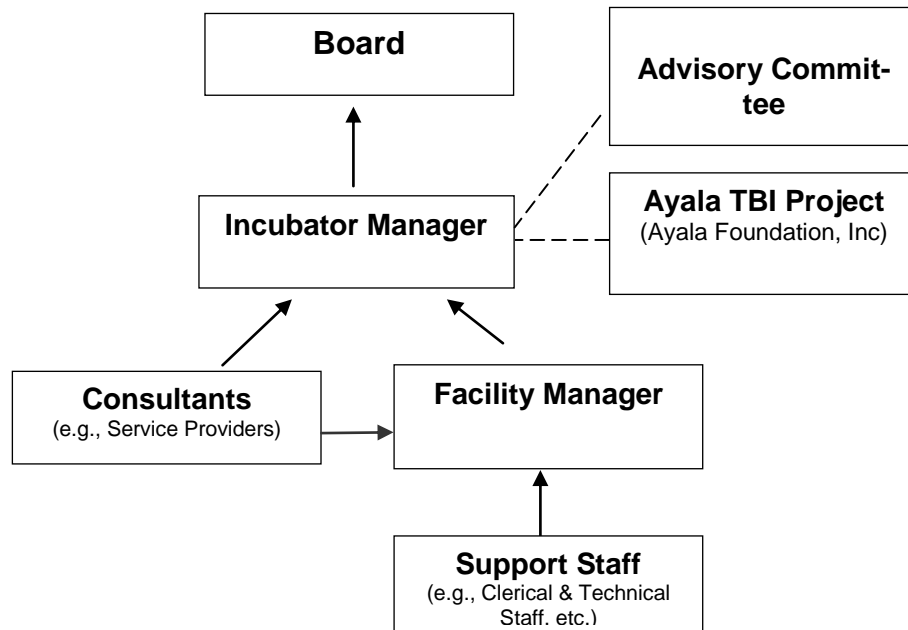
- ✦ Provider of Web-Based solutions with main focus in Java/JSP and XML
- ✦ Uses cloud-based technology to provide solutions to manage a company's resources, including giving them presence online

In addition, the Pre-Incubation program has accepted 3 clients, involved in the following businesses

- ✦ Search Engine Optimization software and services
- ✦ Tracking of vehicles and sending information remotely (e.g., receipt amounts from a taxi) to a remote server
- ✦ Real time design service to allow designers to interact with a client oversees in the development of a design.

TBI Management

The team involved in the operations is depicted in the following diagram:



The Incubator Manager is in charge of Strategic issues and reports directly to the Board, while the Facility Manager is in charge of tactical and operational issues.

The management of the project will be the responsibility of UP Cebu DCS, the main proponent and implementer of the TBI, with close consultation and mentorship by AFI via its Ayala TBI project. AFI are mentors to the TBI management team, having successfully managed several TBIs in the Metro Manila area.

The facilities available at the TBI are as follows

A1. Office Space – the types of space available are as follows:

1. Room Type - the minimum and maximum leasable space per resident is 17.17 sqm (square meters) and 34.34 sqm, respectively. Residency or lease period shall be on an annual basis and renewable subject to evaluation and recommendation. Month-to-month arrangement may be allowed on special cases. The maximum lease period shall be three (3) years.
2. Cubicle Type – each cubicle space is five (5) sqm area

A2. Common Use Facilities - These facilities are listed below and are reserved on a first- come- first-serve, pay-per-use basis.

1. Meeting Room
2. Business Center – provides services such as fax, photocopy, scanning, etc.
3. Training Center
4. Pantry

Raising awareness among stakeholders and clients

TBI team's first task was to raise awareness among stakeholders and potential clients. Our key stakeholders are those who have the greatest ability to cause the success or failure of the TBI and its programs. Stakeholders belonging to the organizations most important to the success of our TBI are listed below in the order of priority:

- ✚ University of the Philippines (UP), the hosting organization
- ✚ DOST – PCIEERD, the funding organization
- ✚ Ayala Foundation Incorporated (AFI) – our mentoring organization

Representatives from each of the organizations above were invited to be members of the Board of Trustees. The Board is the governing body of the TBI, with the authority to make recommendations at the policy level, which includes those matters having global impact (e.g., change in the target market). All decisions involving operations of the TBI will be approved by the Dean, the leader of the host organization, who is also a member of the Board. In addition, key influencers who can provide valuable advice to the TBI, such as successful entrepreneurs, were chosen as members of the Advisory committee.

The TBI staff raised awareness through the following:

- ✚ Individual meetings with key stakeholders such as managers of IT Parks and the Cebu Investment and Promotion Center. Although more time intensive than other approaches, this was the most effective method of raising awareness.
- ✚ Group meetings and events such as the visit by a Japan IT mission, Google Innovation Forum, Tech boot camp (Business Plan competition), DevCon (an organization / conference of developers)
- ✚ Press Conferences
- ✚ Website
- ✚ Social Networking Sites (Twitter, Facebook, etc.)
- ✚ Membership in the following Networks of TBIs as AYALA TBI NETWORK - <http://www.ayalatbi.org/> and ASIA PACIFIC INCUBATION NETWORK (APIN) - <http://www.incubationasia.com/>
- ✚ Branding with Logo
- ✚ Signage and other Marketing Collaterals (e.g., vertical banners)



Feasibility Study Phase – Experiences and Lessons Learned

In parallel to raising awareness among important stakeholders, the TBI team developed a Feasibility study (FS) which took 9 weeks to complete with 1 pro-

ject leader and 4 members. We followed closely the InWEnt process of developing an FS, including the templates.

The objectives of our FS included the following:

- ✚ Gather Information on the IT sector, entrepreneurs, and incubators
- ✚ Determine Go/No-Go to the TBI. The overall conclusion was a “Go” decision, due to many factors, of which the most important ones are listed below:
 - Strong support from UP Cebu-based stakeholders (all the way to the President of the University), and the City of Cebu
 - The TBI supports Cebu’s goal of becoming a key Software and e-Services hub
 - Management team is in place
 - Facility has been renovated and ready for immediate occupancy

In addition, the following were also done during the FS phase:

- ✚ Analysis of the TBI’s SWOT (Strengths, Weaknesses, Opportunities, and Threats)
- ✚ Demand Side Analysis (i.e., analysis of beneficiaries or future clients). Through this analysis we were able to determine the following:
 - 57.14% expressed interest in locating at the UPV Cebu TBI
 - 1.5 and 3 years is the expected duration for incubation
 - Size of an ideal office space ranges from 20 to 40 square meters
 - The difficulties of Demand Side stakeholders are :
 - The ability to hire qualified personnel and the learning curve of every personnel
 - The ability to find means to finance
 - The inability to access potential market and to create business opportunities, due to lack of linkages and tie-ups.
- ✚ Supply Side Analysis - Through the analysis of possible service providers to the TBI such as consultants, professionals, trainers, etc., the following key gap areas were identified (i.e., gap is caused by a high demand from clients of a specific service which is not being adequately supplied by the supply side).
 - Venture Capitalists and linkages to global players
 - Research & Development grants,
 - IPR and recruitment of qualified staff
 - Product testing and valuation,

Execution of the Feasibility Study phase was difficult and time intensive. Key lessons learned from this are:

- ✚ Sample questionnaires from InWEnt helped accelerate the process, but needed to be customized for them to be applicable
- ✚ Holding some kind of public seminar increased the pool of possible respondents for the study
- ✚ The number of possible respondents for supply side was overwhelming - legal, media, marketing, finance, education, etc. – and it was difficult to determine which would serve the interest of the TBI, while the number of respondents from the demand side was few.
- ✚ Ideal to include a business or management-trained member to the team, especially someone with more experience with feasibility studies. The FS team was predominately made up of people with technical backgrounds, making the process more difficult.

The Business Planning Phase –Experience and Lessons Learned

The Business Planning phase, led by the current Incubator Manager of the TBI, served to further define the information determined during the Feasibility Study Phase, including the following:

- ✚ Vision, Mission, Objectives, Key indicators, Key milestones
- ✚ Market, Target Technologies, Marketing Strategy
- ✚ Entry and Exit criteria
- ✚ Offerings, Organization and Financials (revenue, expense, etc.),

The greatest benefit of doing the business plan was the refinement of the Financials and its supporting detail which includes: Segmentation, Pricing, Utilization & Occupancy, Costs for the Project, Cash Flow and Profit/Loss and Revenues from possible funding sources. Some of the lessons learned during the process are as follows:

- ✚ Development of the Financial Framework was both time & resource intensive, thus enough time should be allocated. Also, it is more efficient if someone experienced in finance or accounting be involved. Nonetheless, the templates from InWEnt helped facilitate the process of financial planning
- ✚ When developing the TBI model, it is best to capitalize on the strengths of the hosting institution and/or location of the facility
- ✚ Stakeholder Support is critical in the development of the Business Plan, especially the ones who are funding the effort.

Implementing the Business Plan during the Development phase

The InWEnt training on the development of a business plan and feasibility study helped in the procuring of start-up capital to the TBI. Once the Department of Science and Technology announced their interest in funding TBIs, the TBI team submitted the business plan developed as a result of the InWEnt program, eventually resulting in the granting of initial seed capital of P2,000,000 from an agency of DOST, PCASTRD, now known as PCIEERD.

The project officially began on 12/15/09 and has been running ever since.

Expected Financial Plan as defined in the Business Plan and how it compares with Actual Performance

Using the process and templates provided by InWEnt, the financial plan of the TBI was developed including the projected revenue and inflow / outflow shown below:

GROSS REVENUE					
	Year 1	2. Year	3. Year	4. Year	5. Year
Rental					
Offices	230	302	1,102	1,840	2,204
Training/ Conference room	103	124	148	285	342
Professional Services	0	96	360	480	600
TBI Training	0	266	306	349	365
Other: Project Funds / Tech Training	0	100	250	400	500
Total Revenue:	333	888	2,166	3,354	4,011

INFLOW AND OUTFLOW					
	Year 1	2. Year	3. Year	4. Year	5. Year
Revenue	333	888	2,166	3,354	4,011
minus operating costs	3,452	5,192	3,116	3,116	3,340
minus Investments	5,787	2,185	436	0	0
Net Revenue	-8,906	-6,489	-1,386	238	671

The comparison between planned (as determined during the business plan phase) and actual figures is shown in the table below (figures are expressed in thousands).

Category	Planned (Php)	Actual (Php)	% of Actual to Planned
Revenue	333	610	183%
Grants Received	8,238	8,169	99%
Operating Expenses	3,452	1,656	48%
Project Investment Cost	5,787	3,160	55%

As a whole, the TBI achieved or exceeded the projections developed during the business planning phase. In addition, doing the detailed financial planning in the initial phases of the project increased the probability of receiving funds from funding organizations, as was the case for the TBI, where we received a more than adequate amount of start up money to jump-start and continue our operations for the first 3 years.

4.4 CENTRAL LUZON STATE UNIVERSITY AGRICULTURE AND FOOD TECHNOLOGY BUSINESS INCUBATOR IN MUNOZ, THE PHILIPPINES (PROF. EDUARDO MARZAN JR., P.H.D.)

Introduction

The CLSU TBI is the first agriculture and food-based incubator in the Philippines. It will provide assistance in the production and processing of selected commodities. The priority products in its initial operation in 2010 are rice, goat and tilapia. In the succeeding years, it will also assist businesses in onion, mango, mushroom, vegetables, and dairy carabao. Its office and work area is located within the campus utilizing an old building of the Food Processing Center. It is a facility envisioned to facilitate transfer of technologies developed by the University and research institutes located within the University and in the Science City of Muñoz to entrepreneurs. It also aims to improve the entrepreneurship skills of both students and micro, small and medium entrepreneurs.

Vision

The CLSU TBI as the growth center for entrepreneurship in the region to propel economic development through the application of science and technology in agriculture and the food sector

Mission Statements

The mission of the TBI is to facilitate the transfer of agriculture- and food sector-based technologies developed by CLSU and the other government agencies in the region; and

To assist start-ups, spin off businesses, and micro, small and medium enterprises (MSMEs), and AFNR students/graduates engaged in the agriculture and food sector to grow and be more competitive in the local, national and global markets.

Objectives for the next five years:

- ✚ To assist 12 inwall, 30 outwall and 10 mixed-type incubatees/entrepreneurs, and 50 students as potential entrepreneurs.
- ✚ To facilitate start ups and MSMEs to commercialize 14 agriculture- and food-based products in the next five years.
- ✚ To provide consultancy services, mentoring/training, networking, linkaging and assistance in business operations to 10-20 walk-in entrepreneurs.
- ✚ To graduate 3-5 student entrepreneurs engaged in production technologies for each year, 4 regular entrepreneur-incubatees in the first year and 6-10 in the succeeding years.
- ✚ To strengthen the alliance between two research consortia CLARRDEC and CVARRD through the operations of the AFTBI in the Central Luzon State University and in Isabela State University.

As of December 20, 2010, **the AFTBI has received funding support** from the government through the Philippine Council for Agriculture and Natural Resources Research and Development of the Department of Science and Technology (PCARRD DOST), and counterpart funds from CLSU. The project has hired a full time manager and clerical staff, conducted the first meeting of the TBI Board and Advisory Committee, designated one part-time division manager for operation and processing; and another for marketing and finance. The project has also identified the members of the experts' pool that will assist the incubatees/entrepreneurs. The experts are from CLSU and from the government agencies located within the campus and in the Science City of Muñoz. In the first meeting of the Board and Advisory Committee, they have approved the Operations Manual and the Business Plan of the TBI.

Awareness Raising Activities for the AFTBI

Even before the feasibility study has been prepared, the CLSU TBI team started marketing the concept and services to be provided for by technology business incubator. The following activities were undertaken to create awareness to the CLSU constituents, potential stakeholders, and prospective incubatees:

- ✚ Presented the TBI concept and status of technology business incubation in the world to the Administrative Council members, which was done by Ms. Barbara Harley, one of the facilitators/trainers of InWEnt Capacity Building International of Germany for the project entitled BISEA (Business Incubators for Southeast Asia)
- ✚ Placed the TBI Concept at the CLSU webpage
- ✚ Featured the CLSU AFTBI in the CLSU newsletter
- ✚ Presented and discussed the TBI concept in the meeting of NE SMED Council (Nueva Ecija Small Medium Enterprise Development Council) and the Regional SME Team of Central Luzon
- ✚ Marketing of TBI services through one-on-one meetings to potential stakeholders (line agencies, heads of government agencies, private businessmen, & politicians)
- ✚ Submission of TBI concept paper to national agencies, such as the Commission on Higher Education, Social Security System, and Built Operation Transfer Center.
- ✚ Submission of the TBI Business Plan to two members of the University Board of Regents



Feasibility Study Preparation for the AFTBI

After the training on the preparation of feasibility study conducted in Manila on October 2007, the CLSU participants conducted these activities with the strong support (financial and technical) of the CLSU Administration and DOST

PCASTRD or the Philippine Council for Advanced Science and Technology Research and Development, and InWEnt:

- ✚ Created the University TBI team (5 members) to prepare the Feasibility Study
- ✚ Prepared a proposal with corresponding budget and submitted to CLSU, which was approved by the University President
- ✚ Conducted the survey/interview of potential incubatees, existing entrepreneurs, bank executives and other suppliers of business management services, with a hired full time staff and the TBI Team
- ✚ Summarized and analyzed the data
- ✚ Prepared the final feasibility study report by the team. The study was finished in about three months.

The interview took a longer time, about 1.5- 2.0 hours per respondent, even if the questionnaire is only 3 pages, because the TBI concept and services has to be explained to them at the outset of the interview.

For those groups who have finished the FS, the PCASTRD has again provided some amount for incentives.

Business Plan Preparation for the AFTBI

After the FS has been presented and critiqued by the BISEA Facilitators/Trainers, the business plan was prepared by the same TBI Team that prepared the FS. These activities were undertaken after the training on business plan preparation which was conducted by InWEnt on October 2008:

- ✚ Discussed the components of the Business Plan to the TBI Team
- ✚ Task assignment for each Team member
- ✚ Preparation of the overall TBI business plan
- ✚ Presentation of the Business Plan to the team

In the preparation of the business plan, a financial support was provided by PCASTRD to pay for the technical support of architect, engineer, food technologists, etc. in the preparation of building layout, list of processing equipment needed, and other technical requirements of the business plan.

The issues that the TBI Team has to decide on for the preparation of the business plan were the following:

- ✚ How to choose the type of ownership and management of the TBI, government or privately run?
- ✚ Who are the right personnel to be involved, part-time faculty members or hired full time staff?
- ✚ Who will prepare the Operations Manual of the TBI? How to do it?
- ✚ Who will be the members of the advisory board? TWG and pre-implementation team?
- ✚ How to identify and select clients/incubatees?
- ✚ How to train entrepreneurs?

The existing personnel of the AFTBI are the manager (full time), clerk (full time), project leader (part-time), division manager for production and processing (part-time), division manager for marketing and finance (part-time), a technical person in building rehabilitation (part-time), and 2 technical persons in processing (part-time)

Development Phase of the AFTBI

The AFTBI has started on June 9, 2010 with a Soft Opening attended by the Secretary of the Department of Science and Technology Dr. Estrella F. Alabastro, PCARRD executives, members of the CLSU Administrative Council, the members of the TBI Board and Advisory Committee, stakeholders within the Science City of Muñoz, businessmen and students. The funding support of P30 million was also given to CLSU during the program. From this amount, a full time TBI manager was hired to see the day-to-day operations of the TBI.

The present activities of the AFTBI are the following:

- ✚ The TBI building is being rehabilitated and repaired, while the processing equipment and machines will be purchased during the first quarter of 2011.
- ✚ The AFTBI management is presenting the TBI services to students that will undertake the actual production of rice, goat and tilapia.
- ✚ Conduct of training on business plan preparation and the production technologies for rice, goat and tilapia.
- ✚ Selection of out wall incubatees

The delay in the implementation of the AFTBI is on fulfilling the government regulations in the bidding process for the rehabilitation and repair of the TBI building. The bidding process took 1.5 months to implement and award to the winning bidder.

Selection of Stakeholders

The stakeholders that were selected are the heads or representative of the government agencies that are located within the campus and in the Science City of Muñoz. The experts' pool is composed of CLSU faculty and staff members, and selected personnel of these agencies. Their facilities could also be utilized by incubatees at cost. The experts' pool from CLSU is 3 faculty members for each of these areas: rice production, goat production, tilapia production, entrepreneurship, and business management.

These agencies are doing research related to the priority commodities of the AFTBI. These agencies are: Philrice (Philippine Rice Research Institute); BFAR (Bureau of Fisheries and Aquatic Resources); PCC (Philippine Carabao Center); PhilMech (Phil Center for Harvest Development and Mechanization); PhilSCAT (Phil Sino Center for Agricultural Technology); and the NEFVSC (Nueva Ecija Fruits and Vegetable Seed Center).

The membership of the AFTBI Board and Advisory Committee are: 3 from the private sector (President of Phil Chamber of Commerce and Industry-Nueva Ecija chapter; Regional Governor of PCCI, and the Private Sector representative of the CLSU Board of Regents); 3 from the government sector (Regional Director of DOST 3, Nueva Ecija Provincial Director of the Department of Trade and Industry, and Assistant Vice President of Land Bank of the Philip-

pinas region 3A); and 2 from CLSU (President- Chair, and Vice President for Business Affairs- Vice Chair).

Financial Requirements and Sources

Based on the business plan, the AFTBI needs about P32 million in its initial year of operation for both investments and operation, while it needs about P3 million annually for its operation in the succeeding years.

The planned development of the operating expenses is as follows:

Year 1 - 10										
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
EXPENSES	(in '000 Pesos)									
Personnel Costs	748	748	748	748	748	748	748	748	748	748
Communication	242	242	242	242	242	242	242	242	242	242
Travel Expenses	321	321	321	321	321	321	321	321	321	321
Utilities	400	400	440	484	532	586	644	709	779	857
Supplies & Materials	328	141	141	141	141	141	141	141	141	141
Representation	213	115	115	115	115	115	115	115	115	115
Advertising	287	150	150	150	150	-	-	-	-	-
CLSU Indirect cost	335	335	335	335	335	335	335	335	335	335
Total Expenses	2.874	2.450	2.490	2.534	2.583	2.486	2.545	2.609	2.680	2.758

The initial fund came from the DOST (P30 million as a grant) and from the CLSU as counterpart funds of P2.0 million. The allocation of the P32 million for the first year is as follows: P1.9 million for Personal Services (salaries and honoraria); P15.5 million is for Maintenance and Other Operating Expenses (building and equipment rehabilitation and repair, supplies and materials, travel, communication and utilities expenses, etc.) and P14.6 million for the purchase of new processing equipment and machines.

For the funding requirement in the second year and beyond (about P3 million annually), it will be sourced out from the CLSU's income (Fund 161), from the rental payments of incubatees, and from government and private agencies/institutions/persons and from the local government units of the Science City of Muñoz and the province of Nueva Ecija.

The CLSU AFTBI is one of the most novel and newest projects being implemented by the University. It is expected to have success stories in the near future to be able to attain its vision and mission, and also help other government schools implement the project in their own areas.

4.5 BUSINESS INCUBATION CENTER OF THE NSTDA IN BANGKOK, THAILAND (MR. CHALERMPOL TUCHINDA)

The National Science and Technology Development Agency (NSTDA) is an agency of the government under the Thai Ministry of Science and Technology which supports research in science and technology and their application in the Thai economy. NSTDA consists of four National Research Centers which are Biotech, Mtech, NanoTech and NECTEC with a Technology Management Center.

Business Incubator Center (BIC) was previously known as TSP-TBI (Thailand Science Park TBI) prior to merging IT incubation center and technology incubation center in October 2010. BIC is an operating unit within the Technopreneur Development Services division (TDS) under Technology Management Center. It focuses on IT and Technology Incubation.

Current Overview of NSTDA BIC

1. Vision and Mission



Business Incubation Center (BIC) has set its vision to be the leader of technology business incubation nurturing Thailand entrepreneurs to turn their ideas into high value and innovation created businesses. BIC is determined to provide top-of-the-line incubation services which are comprehensive from pre-

incubation to post-incubation for IT and technology businesses in order to assist technology businesses start-up in their early stages by

- ✚ Providing effective comprehensive IT and technology business incubation services
- ✚ Assisting spin-off researchers in their technology business endeavour
- ✚ Promoting investment and funding for technology businesses
- ✚ Providing the right cure to the right case.

2. Future Goals

BIC is aimed to be a leader of the technopreneur development in the region by

- ✚ becoming a national benchmark of technology business incubator
- ✚ strengthening its networks and alliances both local and international
- ✚ encouraging the technology development and commercialization.
- ✚ Coordinating subject matter expert pool across the region.

3. Where we are now?

BIC is a breeding ground for strong new technology and IT businesses. It provides environment and facilities to nurture and to groom new technopreneurs which includes facilities, workshops, training, advisory, subject matter experts, consultation, Exhibition, networking, business and fund matching to its incubatees. It adaptive program to apply the right cure for the right case in order to shorten the process, to strengthen the health of the businesses and to ensure the effectiveness of its pre-incubation and incubation programs. During

the past 4 years BIC has nurtured more than 320 pre-incubatees and more than 155 incubatees for IT and Technology businesses. BIC is aiming to produce 65 successful technopreneurs from its incubation program in 2011.

BIC's incubation facilities are in 2 locations; Software Park building and Thailand Science Park. IT businesses incubation center is located on the 5th floor of the Software Park Building in Nonthaburi. Technology businesses incubation center is located on the 3rd floor of the INC1 building and the Garden of Innovation at the Thailand Science Park in Pratumthani, where they are in the same premise as NSTDA Research Centers. Both locations are ideal innovative ecosystem for software and technology entrepreneurs and businesses.

We are currently providing 30 rooms with approximately total 700 sq.m. for office/lab space and addition to the business services area of around 70 sq.m. and 4 meeting rooms.

How we raised awareness among stakeholders and clients

BIC provides a strong infrastructure support for IT and technology businesses. Based on the result of the feasibility study, stakeholders and clients are the essence for the successful running BIC. Other factors such as technology experts, business consultation, seed money support, etc. are also as important to the successful of the incubation program. Many of the other factors mentioned are supported and provided by our stakeholders and clients.

Stakeholders includes alliance government and non-government organizations, such as National Research Centers, Office of Small and Medium Enterprises Promotion, Department of Industrial Promotion, VNET Venture Capital Co.,Ltd., Thammasat University, Asian Institute of Technology etc,. We organized networking activities to encourage and to point out the outputs, outcomes and impacts that benefit each organization and the nation. Some of the samples of the stakeholder are VNET Venture Capital Co.,Ltd., a non government organization provides assistance to start up companies to obtain seed fund and business matching. National Research Centers provides technology experts to assist start up companies on technical solutions or co-research. The activities of the National Research Centers encourage their researchers to spin-off and set up their own companies. This will result in a positive impact to the country economy over the long run.

The Feasibility Study and our experiences & difficulties encountered: + time involved, specific values received from performing the Study

In May 2005, technology business incubation (TBI) had finished the feasibility and found that TSP-TBI project was feasible. Due to the fact that there were no establishments of Technology Business Incubation in Thailand. The fact and challenges are summarized below:

- Lack of personnel that understood or have experienced in running a TBI.
- Lack of body of knowledge on the TBI, i.e. what is technology business incubation (definition, scope and direction); how market research shall be conducted; who are the stakeholders and clients, how can a Technology Business Incubation be started; how does the TBI work, etc.
- Lack of successful sample of technology business incubation Model in Thailand.

Fortunately, TSP-TBI recruited personnel with high competency and quick learners. Classroom training and mentoring supported by InWEnt gave us the clear understanding and the right solutions which removed and/or improved some of our weaknesses. After completing the feasibility, our staff has become much clearer and started to add contents to the TBI body of knowledge.

The Business Plan and our experiences & difficulties encountered + who composed it, + specific values received from writing the Plan in the amount of detail.

After the feasibility study was finished in May 2005, we then developed and finished the business plan in October 2005, under InWEnt coaching during classes. Following are the detail of our areas of concerns in the business plan



- + Vision, mission, strategic objectives
- + Potential of target market and technologies focused on
- + Target and segmentation
- + Competitors and implication
- + TBI Model: type, location, infrastructures, space used, facilities
- + Services and pricing
- + Legal structure
- + Organization Structure: Board, staffing, compensation,
- + Operational and procedural framework
- + Promotion, entering and exit policy, monitoring and evaluating
- + Risks and problems management
- + Financial Planning
- + Implementation strategy
- + Work plan and timetable.

Fortunately, resource turnover at BIC has been very low we were blessed from the continuity of our team. The experience from feasibility study activities was to increase competency. As the result from the development of our business plan, TSP-TBI had clear understanding of the aspects of the needs for the start ups and also for running technology business center.

Timing of the development phase - When development began, when it was interrupted, when it was completed in its present phase.

After finished business plan in October 2005, Thailand Science Park (TSP) established Technology Business Incubation Center called TSP-TBI. It began with recruiting 1 Manager and 1 Business analyst in 2006, with additional 1

business analyst in 2007, 2 more business analysts and 1 administration officer in 2008, total 6 persons in the team. Since TSP-TBI was a semi-government agency its operation has been more flexible than those fully government agency. We established and operate TBI according to the plan. While those fully government agencies under Thai government took a little longer to setup their TBI operations and to receive the budget (about 12 months). TSP-TBI has been a cost center which it receives 100% budget from central government. TSP-TBI started its activities, immediately after receiving budget in year 2007, as per business plan to include spaces, services, grants, seed money and office automation used to support incubatees' activities. There were 23, 27, 30 and 38 incubatees at the TSP-TBI during 2007, 2008, 2009 and 2010, respectively. We achieve 4 incubatees less than those stated in the business plan for 2010. The short fall on the target was due to the following reasons:

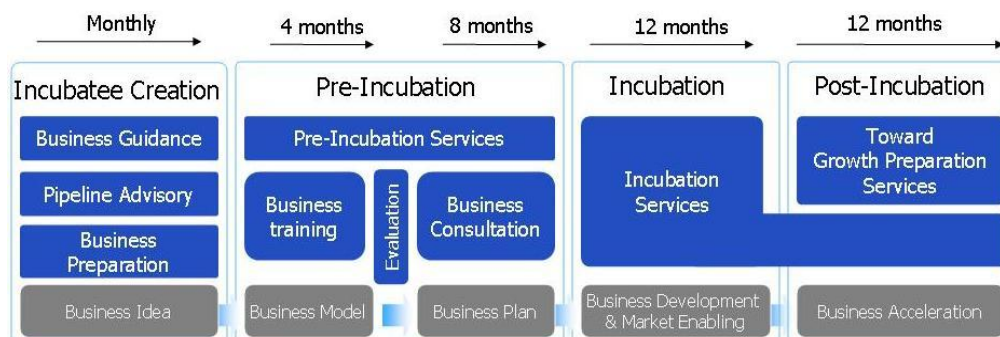
- ✚ The technology business must be started with the body of knowledge in the technology that provide value added to the economic system.
- ✚ The entrepreneur must know their technology very well and can launch their technology products to the market.
- ✚ The Entrepreneurship of the individual.

After a year of running TSP-TBI we found that recruiting the technology entrepreneur was the upmost important contribution to the success of the incubation center. And the recruiting and selection are very challenging. TSP-TBI has improved its recruiting and selection processes to find the true technology entrepreneur for success incubation program.

Until 2010, 10 incubatees were graduated and turn to be tenants at the Thailand Science Park. Most of them were the success cases of TBI that can rapidly increase their income. One of the examples was Flexoresearch Group Co., Ltd., where they can generate income at \$1,000,000 within 3 years and received many awards from various reputable professional associations. One of the most recent awards was the Technology Pioneer 2011 supported by World Economic Forum and World Bank. (For further details and photo please visit <http://www.flexoresearch.com>).

In 2010, we improved our incubation model, the duration and the flow of each phase within the incubation program as shown in the illustration below. The incubatee Creation program is an ongoing process during the year. The incubation service for the IT business lasts within 12 months while the technology business can last up to 36 months due to their product development nature.

NSTDA Business Incubation Centre Process



Stakeholders and Financials: Why we have chosen these stakeholders, their contribution to our TBI, how is your financing structured and how does it meet the values calculated in the BP

All the stakeholders were chosen by following the 2005 feasibility study report and business plan. The information of those reports derived from the interview of those stakeholders. All of them had potential to support our incubation program and they were willing for coordination in incubation program and with our incubatees.

For financials, even 100% was received from the central government, we still had subsidy from the stakeholders. The following 2 stakeholders are funding source for some activities within incubation. 1) Department of Industrial Promotion (DIP) 2) National Innovation Agency (NIA). They supported some seed money for incubatees that fit their criteria: prototype grants, consultant fees, market research support.

Overall financials spending, TSP-TBI spent only 33% of the amount projected in the business plan and achieved 90% of the number of incubatees (38 technology incubatees from targeted 42 technology incubatees.)

4.6 HO CHI MINH CITY UNIVERSITY OF TECHNOLOGY BUSINESS INCUBATOR, (HCMUT-TBI), HO CHI MINH CITY, VIETNAM (LECTURER MR. NGUYEN HOANG CHI DUC)

Current situation:

The HCMUT-TBI is located inside the Ho Chi Minh City University of Technology. Hence, HCMUT-TBI leverages all the resources that are available within the campus such as access to laboratories, workshops, development and testing centers, computing resources, internet access and above all the human resources.

The HCMUT-TBI has been established at Ho Chi Minh City University of Technology with the Sponsorship of the Department of Science and Technol-

ogy of Ho Chi Minh city to assist budding entrepreneurs like you to incubate your technology venture.

The HCMUT-TBI helps technology start-up businesses with, all the necessary infrastructure support, technology/ prototype development support, research assistance, help in getting funding, business consulting assistance and do whatever is necessary to make the start-up a success and grow as a mature business.

In particular we offer:

- Free month-to-month lease terms
- Secure building
- Private, locked office space
- Shared copier, fax, kitchen, conference room and restroom facilities



- Optional data communications and server closet access
- Seed Support System
 - Product development
 - Testing and trials
 - Test marketing
 - Mentoring
 - Professional consultancy
 - Filing of patents
 - Man power
- Any other activity as deemed necessary and recommended by the Management Committee constituted by HCMUT-TBI.

The TBI focuses on:

- Biotechnology and life science
- Specialty chemicals and high performance materials
- Industrial informatics, automation and mechatronics
- Renewable energy and energy conservation

- Environmental protection and enhancement technologies and services
- Information technology and software development

Stakeholders and awareness raising:

Two important stakeholders: the **University** that provides the building and the **City Government** that provides financial fund.

In almost every meeting in the university issue of TBI was raised. The discussion was: if the university does not initiate TBI first nobody/ nowhere else would do that. Setting up TBI is therefore the university's accountability to society.

Thanks to Ms Thuy Trang from HCM City Department of Science and Technology (DOST) the TBI issue was put to the agenda of the City Committee.

The TBI team convinced the City government for this project. The City government supported fund for conducting the Feasibility Study and the Business Plan and then for first phase of the development of TBI.

Some awareness activities were carried out during the phase of conducting the Feasibility Study and the Business Plan. However, beside its website, only a few activities about TBI have been introduced to public these days.



The Feasibility Study and our experiences & difficulties encountered: + time involved, specific values received from performing the Study:

a) Confusion between a FS for TBI and one for a company when we insist on financial feasibility. Not easy to explain that difference to board of appraisal for project evaluation.

b) Not easy to explain the difference and similarity between Technology Incubation and Business Incubation and TBI, as some stakeholders just want to create or improve technology and then to transfer it to some companies (they do not care about its commercialization - that means to embody technology in a product or service). That happened in the university when people insist on “pure” technology, not on business!

c) When FS is conducted by an academic team, it is easily biased by scientific research practice: to find enough evidence to satisfy statistical analysis (the guideline from InWEnt does not ask for this. A note for this point could be helpful (no statistics here!))

d) FS from the guideline does not ask for financial analysis and economical analysis. That is not common for an FS. A note for this must be helpful, too.

To my understanding, a TBI is very far from financially feasible. It must be economically feasible (if well managed, of course). Trying to prove the TBI's financial feasibility is a waste of time!. As being economically feasible only,

TBI must be supported by government, especially local one, who is responsible for economic condition of the region.

4.7 QUANG TRUNG SOFTWARE BUSINESS INCUBATOR, (SBI), HO CHI MINH CITY, VIETNAM (MR. LÊ ĐÌNH THẮNG)⁷

INTRODUCTION:

Quang Trung Software Business Incubator Ltd., (SBI Ltd.), is officially registered at DPI in HCMC,



as enterprise with limited liability. It has a non profit status, with Quang Trung Software City (QTSC) and Ho Chi Minh City Computer Association (HCA) as shareholders.

SBI facilitates the foundation of new and stimulates the growth of existing software enterprises

by fully catering their needs through an array of business support services and capacity-building programmes, providing them physical, technical and networking supports and services.

SBI was founded and financed within the framework of the EU VPSSP Program ("Vietnam Private Sector Support Program") which started 26th of May 2005 and will end at the 31st of December 2008. It had been extended until Dec 2011 by the support of local government and EU.

VISION:

To drive the growth of innovative SMEs and high grade employment in Vietnam by creating a centre of excellence that will deliver a highly replicable best practice for technology incubators in general and ICT incubators in particular.

MISSION:

To actively enable the creation of innovative and dynamic small software enterprises while encouraging the growth of existing small business in the software sector through the delivery of high quality Office and Business Development Services, well integrated into the context of QTSC.

OBJECTIVES:

- ✚ It will serve an average of 15 companies (mainly are incubatees, others are strategic partners and clients).

⁷ SBI is not a InWEnt pilot TBI project, but members of the management team joined some of the InWEnt planning workshops, conferences and the Train of Trainer program.

- ✚ Helps to reduce the business failure rate to 25 per cent.
- ✚ Fully equipped office that helps clients ready to do their business.
- ✚ Full services for business development of the clients.
- ✚ The secondary market of External Clients (non-tenant) is represented by enterprises, which are running operations outside of the physical incubator will be serviced through a Virtual Business Incubator (Web Portal).

CURRENT SITUATION:

1. Office and facilities:

There are total of 31 rooms (2,088 m²) available for operation. In which, SBI uses 11 functional rooms (meeting, training, conference and business club, computer lab, technical room, SBI offices, Pre-incubation area) with a total of approximately 800 m². Additionally, In-house-clients can apply for more than one unit. Therefore the number of enterprises actually in the incubator may not correspond with the number of available units. Rooms for lease are all based on a contractual basis with: office space (varying from 52 to 140 m²): One office workplace (basic incubation package) consisting of: 1 Office desk, 1 Swivel chair, 1 Book shelf, 1 Personal Computer, Internet connection and 1 fixed telephone line –SBI will do the processing and acquire the line. The Incubatee will pay the monthly fee.

Additional office furniture and equipment may be leased from SBI if available.

2. Other equipment and tools:

- ✚ Fully equipped training room for 24 Participants.
- ✚ Colour and B/W printers and multifunctional photocopiers.
- ✚ 3 meeting rooms, one additionally equipped with a video conference system.
- ✚ Conference room for about 30 persons.
- ✚ Mobile video conference system for use in remote regions.
- ✚ Computer – lab consisting of a server based Ethernet LAN and 12 client-PCs, which can be used under different operating systems and with different network protocols.
- ✚ Various licensed business and system software packages and different software development tools.
- ✚ Various File Servers.
- ✚ Fax machines.
- ✚ Pre-Incubation Facility consisting of 8 work places with computers.
- ✚ Business Club Facilities.

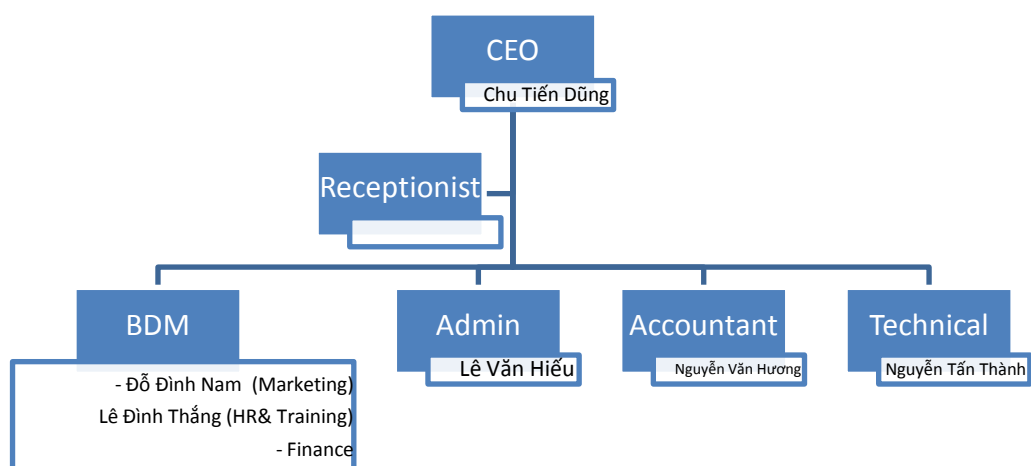


3. Services

- ✚ Consultancy with SBI BDMs for revision, update and evaluation of existing Business plans and for the support of Incubatees in all relevant economic fields.
- ✚ Access to the SBI network of local consultants, trainers, strategic partners, QTSC members, other SBI clients, business contacts and the public sector.
- ✚ Human Resource Development: Support in identifying, selecting, recruiting, training and retaining of staffs for Incubatees and external clients.
- ✚ Training for all target groups in various economic fields, methodologically based on the principles of action learning.
- ✚ Organisation of events and meetings to help Incubatees in networking and showcasing their products and services.
- ✚ Organisation of meetings with visitors of QTSC and SBI from all over the world.
- ✚ Organization of joint advertising /promotion activities, for Incubatees and external clients.
- ✚ Secretarial services for Incubatees.
- ✚ Moderation of client processes.
- ✚ Design of Advertising Material, Preparation of exhibitions.

4. STAFF

Organization chart



5. CLIENTS:

- ✚ Renting the office: There are 11 clients (including incubatee and non-incubatee) working in the incubator.
- ✚ Use other services:
 - Training
 - Renting room for training
 - Renting functional rooms such as computer lab, meeting room, business club and others
 - Networking among the clients and with other organizations (HCA, VCCI, etc.)

How we raised awareness among stakeholders and clients

Raising awareness through many networking and promotion activities, such as to promote its information on its website, on QTSC website, on HCA website, registered as a member of VCCI (Vietnam Chamber of Commerce and Industry), cooperating with Saigon Computer magazine to promote the BI concept and SBI, working with DPI to get the new register in the software development, road show and seminar tour at technology and ICT universities, etc.

The Feasibility Study and our experiences & difficulties encountered: + time involved, specific values received from performing the Study

There is a lot of information received from the feasibility study that helps to have a general image of the ICT market and how the TBI can fit it in to support the development of the ICT market. It also contained much information about the need of services, including business development services which need to serve. However, the feedbacks were not quite exactly what they meant and the time to bring the project into realization was too long (it took about 3 years, from 2005 until the end of 2007) to have its physical infrastructure then those interested in and those hot for the project were cold. Moreover, there were many changes of economy and ICT field during the year of 2008 – 2010 that make the result of FS out-of-date.

The Business Plan and our experiences & difficulties encountered + who composed it, + specific values received from writing the Plan in the amount of detail.

The BP was composed by the managers and long-term experts. It was not so difficult to have a business plan because the main inputs were in the overall work plan (OWP) already, it means that the objectives and activities were set; moreover, the staffs are high-level of education (most of them are MBA). Through the BP, every function knows how to build their action plan and direct their activities to achieve the request output as planned.

The difficulties when building the BP were based on the OWP so there were some activities over its capacities. It means that even there were some changes of the economy condition and the situation of the business, the BP must follow the OWP; for example, the commercialization objective said that the TBI needs to help to commercialize some ideas to market, however, most of the companies work in software development are outsourcing which don't really have their product (based on clients' requests) or start-ups which need

time to build their product, because of the OWP, the BP have to notice that it needs to do something to commercialize some ideas that are difficult to plan.

Timing of the development phase

SBI started in 2005. The development phase was prolonged nearly 3 years, it was delayed mainly because of the building. As planned, the building must be operated in 2006; however, not until the end of 2007 was the building ready to use (officially grand opening on March 2008). That led to missing many chances with potential clients, moreover, the time of promote and promise was too long, that leads to losing the interest of potential client and it make it more difficult to convince the potential ones later on.

Stakeholders and Financials

Stakeholders: MPI (Ministry of Planning and Investment), DPI (Department of Planning and Investment, HCM City), ICT-HCM (Information and Communication of Technology of HCM City HCA (HCM Computer Association), VINASA (Vietnam Software Association), QTSC (Quang Trung Software City).

SBI chose these stakeholders because of following reasons:

First, SBI exists by the result of a VPSSP project between EU and Vietnam Government, and then as a result, local departments of government such as DPI and ICT-HCM are the supporter of SBI. **QTSC and HCA are main shareholders.**

VINASA is the Vietnam software association which provides support for the development of the whole industry.

The financials: mostly support from EU and Vietnam government, in which EU supports for the experts, trainings, consulting, staffs salary and facilities; Vietnam government contributes the building including the fee of renting land. As the BP, it will be supported until 2011 and then after that, the TBI have to stand on its own feet.

GLOSSARY: TERMS & ABBREVIATIONS

A

Annex = the listing at the end of a document that includes full copies of various forms, documents, and outlines. Also referred to as *Appendix* and *Attachments*

B

BI = business incubator

BIC = business incubator center

BISEA = Business Incubation in Southeast Asia (an InWEnt entity), also see [‘bizi]

BP = business plan

C

CEO = chief executive officer

Clients = term for all incubator target groups such as incubatees, graduates

D

Demand Side analysis = the wants, needs, and requirements of potential clients of the TBI

E

F

Field Work = fieldwork, that research dependent upon going to other locations and/or meeting with others in interviews or discussions

For-profit organizations and businesses = those enterprises that make a profit and are not restricted in how they may spend their income

FS = feasibility study

G

GC21 = Global Campus 21, InWEnt’s e-training and interactive website that contains, among many other activities, documents related to the TBI projects.

Graduates = clients who have successfully completed the incubation program and have usually left the incubator and settled down in the regional environment

H

I

Incubatees = a term used in some countries to mean clients, the incubator’s core target group of clients: potential entrepreneurs (pre-incubatees), start-up companies, young SME at an early stage of business development who are located at the incubator and are part of the classical incubation program

In-wall company = resident client of a TBI; also *inwall* (used primarily in Southeast Asia)

J

K

L

Ltd. = Limited Liability Company

M

MD = managing director of a TBI

N

Non-profit = not-for-profit organizations that, although they may successfully make a profit, cannot use it for unusually high salaries and expensive fixtures that for profit enterprises can use their profits for.

O

Out-wall company = non-resident client of a TBI; also *outwall* (used primarily in Southeast Asia)

P

P & L = Profit and Loss (statement)

Plc = Public Limited Company

PR = public relations

Pre-incubatees = a group in training at the TBI made up of entrepreneurs planning a company or who have a very young company but who do not have the knowledge to become accepted applicants

Q

R

R&D = research and development

S

Self-sustainability = a situation in which an organization or business receives sufficient income that it can be expected to continue in existence

Shareholder = those who have some ownership of a business in exchange for investments

SME = Small and Medium size Enterprises; MSME = Micro, Small and Medium size Enterprises

Sqm = square meter

Stakeholder = those for whom the activity's (a TBI) success is important

Stand-alone TBI = independent organization, outside of any larger sponsor such as a university

Steering Group = is the group of representatives of the initial sponsors and others to oversee the creation of a Feasibility Study and a Business Plan

Supply side analysis = the groups that provide services to the TBI clients

SWOT = the analysis of strengths, weaknesses, opportunities, and threats to a region or enterprise

T

TBI = Technology Business Incubator

TBI Project Team = is a group of workers who have the task of creative the TBI Feasibility Study

Technopreneur = an entrepreneur developing a technology and building a business around its commercial products

Tenants = subgroup of an incubator's resident companies who use the incubator preferably as a provider of space; also called 'commercial tenants'

U

UNIDO = United Nations Industrial Development Organization

UP = University of The Philippines

V

W

X

Z

ANNEX

The annex to the Development Guidelines contains just a few matrices of major importance; a far wider selection can be found in the e-learning platform Global Campus 21, as explained earlier.

A CHECKLIST FOR PREPARING A DETAILED WORK PLAN

1. List main activities
2. Break activities down into manageable tasks
3. Clarify sequence and dependencies of tasks
 - a. Sequence: In what order should related activities be undertaken?
 - b. Dependencies: Is the activity dependent upon the start-up or completion of another activity?
4. Estimate start-up, duration, and completion of tasks/activities
 - a. It is important to make realistic estimates.
 - b. The most common problem is to underestimate the amount of time required and the impact of mistakes and interruptions.
5. Summarise scheduling of main activities including start-up, duration and completion of main activities
6. Define milestones
7. Define expertise (types of expertise required to accomplish each task)
 - a. Check on availability of expertise within the Team and among other supporters as necessary
8. Allocate tasks among the TBI Project Team and others as appropriate. (ensure that team members understand what is required of them)

RESEARCH MATRIX FOR DESK RESEARCH

Information required	Sources available
Identifying key characteristics of the pilot region(s)	•
<ul style="list-style-type: none"> • Local support • Strengths, weaknesses, opportunities, threats of the region • Type of services already available in the region • Type of R&D being undertaken in the region • Legal and fiscal regulations 	•
Options identification	
Location <ul style="list-style-type: none"> • Development priorities of government • Entrepreneurial potential • Strength of small business sector • Local R&D activities • Scope for technology transfer and commercialisation • Premises suitable for the incubator • Communications and access to markets • Attitude of local authorities toward new business activities • TBI project in particular 	•
Target market <ul style="list-style-type: none"> • Type of businesses • Economic priorities • Type of technology priorities 	•
Context for surveying	•
Existing infrastructure in the proposed area <ul style="list-style-type: none"> • Transport and telecommunication links (quality, quantity) • Availability of land, buildings, space for enlargement, etc. 	•
Economic analysis <ul style="list-style-type: none"> • Market side: trends, reasons for success or failure, emerging sectors, specialised sectors • Financial side: financial institutions and programmes supporting employment, enterprise and tech. development, etc. 	•

<p>Technology analysis for determining the technology level of the TBI project</p> <ul style="list-style-type: none"> • Level of education and technical skills • Presence of R&D facilities, development levels • General entrepreneurial behaviour to gauge • Extent of technology specialisation • Quantity and needs of potential customers of the TBI • Technology level of existing enterprises • Expenditure on R&D • Technological content of product • Percentage of engineers in labour force 	<ul style="list-style-type: none"> •
<p>Political framework</p> <ul style="list-style-type: none"> • Regulations for procuring facilities, for licensing activities • Bureaucratic/ administrative procedures • Stability, transparency of policy framework • Government-industry relations • Industrial incentives 	<ul style="list-style-type: none"> •
<p>Socio-cultural framework</p> <ul style="list-style-type: none"> • Demography level • Level of basic education • Entrepreneurship as a model of success • Cooperation as cultural attitude 	<ul style="list-style-type: none"> •
<p>Entrepreneurial framework</p> <ul style="list-style-type: none"> • Entrepreneurial behaviour and strategies vary depending on whether the entrepreneur is • product-oriented • marketing-oriented • innovation-oriented • Quality and quantity of enterprises (birth/ mortality rate, fluctuation) • Entrepreneurial support system, possible synergies, avoiding duplications, integrating activities if possible 	<ul style="list-style-type: none"> •

(Source: UNIDO Manual; modified)

STAKEHOLDER MATRIX

Stakeholder and basic characteristics	Interests in and how affected by the TBI , financial support if any	Attitude towards entrepreneurship, new business activities, the TBI project	Possible actions to address stakeholder interests (e.g. to involve them into the project, to use their services as complementary offer, for cooperation, networking etc.)
Municipal, county or regional authorities (Public promoters)	•	•	•
Academic institutions (Promoters of technology)	•	•	•
Training institutes (Promoters of technology)	•	•	•
Research centres (Promoters of technology)	•	•	•
Chambers of commerce (Non-profit interest)	•	•	•
Trade unions (Non-profit interest)	•	•	•
Local development agencies (Non-profit interest)	•	•	•
Large companies (profit motive)	•	•	•
Private investors (profit motive)	•	•	•
Estate companies (profit motive)	•	•	•
Banks, financial institutes	•	•	•

Stakeholder and basic characteristics	Interests in and how affected by the TBI , financial support if any	Attitude towards entrepreneurship, new business activities, the TBI project	Possible actions to address stakeholder interests (e.g. to involve them into the project, to use their services as complementary offer, for cooperation, networking etc.)
(profit motive)			
Business associations	•	•	•
Associations of engineers	•	•	•
Technology transfer institutions	•	•	•
Other providers of business incubation services (competitors? or cooperation)	•	•	•

(POSSIBLE) STRUCTURE OF A FEASIBILITY STUDY

1. Introduction and summary
2. Methodology
 - 2.1. Methodology for background analysis
 - 2.2. Methodology for supply side analysis
 - 2.3. Methodology for demand side analysis
 - 2.4. Work plan for Feasibility Study
3. Findings
 - 3.1 SWOT analysis
 - 3.2 Beneficiary analysis (Demand side)
 - 3.2.1 Market
 - 3.2.2 Needs and requirements
 - 3.3 Supply side analysis
 - 3.3.1 Supporting institutions, measures and instruments
 - 3.3.2 Stakeholders identified
 - 3.4 Miss matches/ gaps of demand and supply

- 3.5 The proposed incubator building
- 3.6 Financial scheme for the incubator:
 - 3.6.1 Planning
 - 3.6.2 Building related investments
 - 3.6.3 Infrastructure
 - 3.6.4 Operating
- 4. Conclusions GO/ No-Go
 - 4.1. Is the TBI project feasible? Why?
 - 4.1.1 Risks
 - 4.1.2 Most appropriate design
 - 4.2. Next steps
- 5. Sources of information
- 6. Annex
 - 6.1. Data – analysis demand side
 - 6.2. Data – analysis supply side
 - 6.3. Demand Side questionnaire
 - 6.4. Supply Side interview guide
 - 6.5. Cover –letters
 - 6.6. List of Demand Side interviewees
 - 6.7. List of Supply Side interviewees
 - 6.8. List of TBI set up team

EVALUATION FORM FOR A FEASIBILITY STUDY

Pilot TBI Team	Name
Contact person	Name Email:
Re 1 Methodology of Background Analysis, Market Testing (Demand Side analysis) and Supply-Side analysis	
•	
Re 2 Miss Matches identified	
•	
Re 3 Focus of TBI and Target Markets and Design	
•	
Re 4 and 5 Potential Incubatees and other TBI customers (first clients)	
•	
Re 6 Level of support from Stakeholders	
•	

Pilot TBI Team	Name					
Re 7 TBI location and building						
•						
Re 8 Financial framework						
•						
Re 8 Risks of TBI project						
•						
Re 9 Conclusions of Feasibility study drawn by the elaborators						
• Go/ No-go -->						
Other remarks						
•						
Scores for quality of the FS:						
Scores: 5 = excellent, 4 = good, 3 = adequate, 2 = poor, 1 = very poor	SCORES					
	Evaluator 1	Evaluator 2	Evaluator 3	Total	Rank	Qualitative statement
Coherence of FS						
Quality and sufficiency of analytical work						
Coherence of identified demand with proposed target market						
Coherence of proposed TBI model with identified miss matches						
Composition and expected support of proposed stakeholders (Annex: MOUs)						
Adequacy of TBI building						
Viability and adequacy of financial framework (Annex: MOUs)						
Coherence of risks, problems and assumptions						
Viability of FS for Business plan and beyond						

POSSIBLE STRUCTURE OF A TBI BUSINESS PLAN

1. Mission/ vision

- 1.1. Definition
- 1.2. Mission
- 1.3. Vision

2. Ownership

3. Market

- 3.1. Demand analysis
- 3.2. Supply analysis
- 3.3. Competition
- 3.4. Prices
- 3.5. Trends
- 3.6. Estimations of occupancy rate, utilization of services

4. Definition of infrastructure

- 4.1. Spaces (Size according to usage, Units, Costs)
- 4.2. Services (Capacities, costs)
- 4.3. Physical infrastructure (definition – IT, media etc., costs)

5. Management

- 5.1. Managers including requirements
- 5.2. Staff including requirements
- 5.3. Org chart including duties
- 5.4. Estimations of salaries + trends = costs
- 5.5. Head hunting, preparation of aquisition

6. Networking

- 6.1. Positioning of incubator (crossborder, local, regional, national)
- 6.2. Relevant networks (national, international)

7. Pricing

- 7.1 Costs of spaces (division, trends, ranges)
- 7.2 Services lumped within rent
- 7.3 Services charged
- 7.4 Services supported from other public resources
- 7.5 Pricelists

8. Financing

- 8.1. Income from rent
- 8.2. Income from services
- 8.3. Income from public resources
- 8.4. Income from projects
- 8.5. other income
- 8.6. Costs of spaces
- 8.7. Costs of services
- 8.8. Financial costs
- 8.9. Fixed costs
- 8.10. Other costs

9. Financial projection (5 years)

- 9.1. Profit loss
- 9.2. Cashflow/ liquidity

EVALUATION FORM FOR A BUSINESS PLAN

Pilot Team	TBI	Name of TBI
Contact person for Business Plan		Name : Email:
Re 1 Mission, vision & strategic objectives		
•		
Re 2 Market		
•		
Re 3 TBI design / TBI model		
•		
Re 4 and 5 Legal structure & proposed organisation		
•		
Re 6 Operational & procedural framework		
•		
Re 7 Risks, problems & assumptions		
•		
Re 8 Financial framework		
•		
Re 9 Implementation strategy		
•		

Other remarks							
•							
Scores for quality of business plan:							
Scores: 5 = excellent, 4 = good, 3 = adequate, 2 = poor, 1 = very poor	SCORES						
	Evaluator	Evaluator	Evaluator	Total	Rank	Qualitative statement	
Coherence of mission, vision, objectives and TBI model (Chp. 1 & 3)							
Competence demonstrated in tapping market (Chp. 2)							
Quality of TBI model (Chp. 3)							
Adequacy of legal and organisational structure for implementing TBI as suggested in TBI model and operational / procedural framework (Chp. 4, 5 & 6)							
Quality and expected competence of proposed management team (Chp. 5)							
Quality of operational / procedural framework (Chp. 6)							
Coherence of risks, problems and assumptions (Chp. 7)							
Coherence of business plan (text) with financial framework (Chp. 8)							
Financial framework (Chp. 8)							
Coherence of im-							

plementation strategy (Chp. 9) with previous statements in business plan						
Level of support demonstrated from stakeholders (Annex: MOUs)						
Viability of business plan for Phase 4 and beyond						

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InWEnt – Qualified to Shape the Future

InWEnt – Capacity Building International, Germany, is a non-profit organisation with worldwide operations dedicated to human resource development, advanced training and dialogue.

InWEnt works together with people in key positions, assisting them in shaping change processes in their own countries. Our capacity building programmes are directed at experts and executives from politics, administration, the business community, and civil society. InWEnt qualifies people who pass on their knowledge, thereby working towards long-term, structural change.

Our Clients

As an organisation of international cooperation, we are commissioned by the German federal government, the German business sector, and the German Länder or federal states and make an important contribution to an equitable and sustainable development. 60 percent of all our programmes are implemented at the request of the Federal Ministry for Economic Cooperation and Development (BMZ). In addition, we conduct programmes for other German federal ministries. We are also working in cooperation with German companies in public private partnership projects.

On an international level, InWEnt works together with the European Union, the World Bank, the International Monetary Fund, the World Trade Organisation, and the United Nations.

Our Programmes

The programmes for people from developing, transition and industrialised countries are tailored to meet the specific needs of our partners. InWEnt offers practice-oriented advanced education and training, dialogue sessions, and e-Learning courses through our own internet platform Global Campus 21[®]. After the training programmes, our participants continue their dialogue with each other and with InWEnt via active alumni networks.

InWEnt provides support for the activities of the German business sector in developing and transition countries. We are increasingly focusing on the successful model of public private partnerships (PPP) that can be designed to incorporate economic, social, and environmental goals.

InWEnt also prepares experts from the field of international cooperation for their time abroad. By offering exchange programmes and arranging scholarship programmes, InWEnt thus provides young Germans with the opportunity to gain professional experience abroad.

Our Offices

InWEnt gGmbH is headquartered in Bonn. In addition, InWEnt maintains fourteen Regional Centres throughout the German Länder, providing convenient points of contact for all regions. Our foreign operations in Beijing, Cairo, Hanoi, Kiev, Lima, Managua, Manila, Moscow, New Delhi, Pretoria, São Paulo, and Dar es Salaam are usually affiliated with other organisations of German Development Cooperation.