Module 3 Entrepreneurship Development Note
MBA 2ND Semester

STARTUP

A **startup** is a young company founded by one or more **entrepreneurs** to develop a unique product or service and bring it to market. By its nature, the typical **startup** tends to be a shoestring operation, with initial funding from the founders or their friends and families.

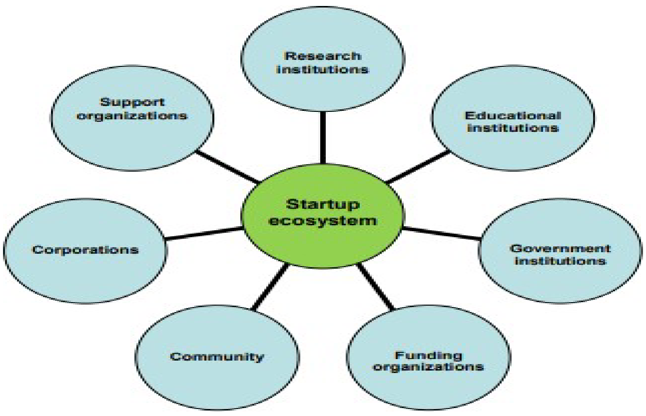
One of the startup's first tasks is raising a substantial amount of money to further develop the product. To do that, they have to make a strong argument, if not a prototype, that supports their claim that their idea is truly new or a great improvement to something on the market.

Though a vast majority of startups fail, some of history's most successful entrepreneurs created startups like Microsoft, founded by Bill Gates; Ford Motors, founded by Henry Ford; and McDonald's, founded by Ray Kroc.

STARTUP ECOSYSTEM

A startup ecosystem is formed by people, startups in their various stages and various types of organizations in a location (physical and/or virtual), interacting as a system to create new startup companies.

These organizations can be further divided into categories: universities, funding organizations, support organizations (like incubators, accelerators, co-working spaces etc.), research organizations, service provider organizations (like legal, financial services etc.) and large corporations. Different organizations typically focus on specific parts of the ecosystem function and/or startups at their specific development stage(s).



Different Role IN THE STARTUP ECOSYSTEM

A startup ecosystem is formed by people, startups in their various stages and various types of organizations in a location (physical and/or virtual), interacting as a system to create new startup companies .Different organizations are involved in specific parts of startup development stages and they contribute to the functioning and maintenance of the whole process. Their synergy results to stability in terms of the regulatory system and the support that is necessary for new business. Parts of the startup ecosystem are presented in the picture below

The role of funding organizations in the startup ecosystem

The establishment and further development of a startup cannot be imagined without the support of funding organizations. Some of these organizations, which play a crucial role in vitalizing of startups, especially in financial segment are: Banks - give a loan for startup and create special programs of support which often include mentoring programs. These financial institutions are trying to give as much support as possible to the development of startups, and on the other hand to secure their investments.

- Startup incubators and accelerators - The incubation concept seeks an effective means to link technology, capital and know-how in order to leverage entrepreneurial talent, accelerate the development of new companies, and thus speed the exploitation of technology .
- Clusters - Clusters are geographic concentrations of interconnected companies and institutions in a particular field In clusters, a balance is reached between cooperation and competition, which becomes evident in the higher productivity of the companies because of their increased access to inputs, information, technology and institutions; or in greater innovation and venture creation. The important role of the cluster is to provide incentives for the entry of new companies or startups .
- Angel investors - are high net-worth, non-institutional, private equity investors who have the desire and sufficiently high net worth to enable them to invest part of their assets in high risk, high-return entrepreneurial ventures in return for a share of voting, income and ultimately, capital gain.Angels normally invest in early stage ventures where the founding team has exhausted.their personal savings and sources of funding from family and friends .These ventures are not sufficiently developed to stand on their own, or sufficiently attractive to gain venture capital funding .
- Venture capital funds - Venture capital (VC) is an equity investment aimed at supporting the pre-launch, launch and early stage development phases of a business .Although it is commonly

assumed to be the main source of seed and early stage financing, in fact the majority of venture capital firms intervene at a later stage .The venture funds are the kind of investment funds that manage the money of investors who seek private equity in startups with predicted a high and strong growth potential.

- Crowdfunding - is the process of asking the general public for donations that provide startup capital for new ventures .This concept includes using a small amounts of capital from a large number of individuals or organizations to finance some new startup. Forms of crowd funding are: donation crowdfunding, reward crowdfunding, crowdfunded lending, equity crowdfunding. Every of these models have different form of return and motivation of the funder.

The role of corporations and other support organizations in the startup ecosystem

- The integration of corporations in the startup ecosystem is rational necessity, which requests a high level of cooperation and it's supported by a number of public organizations, movements and accelerators.
- Large corporations could provide mentoring the creation of solutions, supplying technology, financial support, expert assistance, building distribution channels for the startups, etc.
- The observation is that startup ecosystem could not exist without policy makers, investors, the integration of academic institutions and partners, who are able to provide the necessary capacity and expansion opportunities.

The role of research and educational institutions in the startup ecosystem

- Research and educational organizations have a huge impact on startups, especially in the early stages of development. This is source some of the best relevant practice and literature review, and helps a new companies grow. Experts from different institutions such as: universities, faculties, institutes could provide a functioning and efficient platforms for startups operating. Most often, this type of platform is based on the establishment of spin of companies and creating a business environment for them. According to Stankiewicz "the notion of spin-off companies implies a form of knowledge and technology transfer from academic or other public research organization to the commercial market .

- This kind of companies are the core of academic entrepreneurship and provide creating and managing companies by the students and employees of scientific institutions and research centers .
- Institutions which involved in higher education and researching, represents a critical factor in innovation and human capital development and plays a central role in the success and sustainability of the knowledge economy .
- These educational and research institutions must showcase their ability to enhance the major scientific and technical competencies required by their students and employees to be competitive in the future in a very advanced environment .
- ✓ It's very important that these institutions provide and support Entreprenuership educations and incubations, because this is the way to contribute directly to the quality and quantity of new startups, than to more directly influencing on the economic development of the country.

The role of government in the startup ecosystem

Governments all around the world are interesting for entreprenuership and startups such as potential solutions to flagging economic growth and increasing employment in their states. The primary goals for governments need to be removing obstacles for funding startups and their growth, especially in areas such as: developing a workable policy, competitive regulation on the market, unfair taxation on small companies, attracting investment capital and help them in the sensitive stages of their development.

The Role Of Big Company In The Startup Ecosystem

The integration of corporations in the startup ecosystem is rational necessity, which requests a high level of cooperation and it’s supported by a number of public organizations, movements and accelerators. Large corporations could provide mentoring the creation of solutions, supplying technology, financial support, expert assistance, building distribution channels for the startups, etc. The observation is that startup ecosystem could not exist without policy makers, investors, the integration of academic institutions and partners, who are able to provide the necessary capacity and expansion opportunities.

Large corporations have a number of contact points with startups, such as mentoring the creation of solutions, supplying technology, building distribution channels, as well as potentially involving startups in the development of new business directions and products for the corporation itself.

The integration of corporations into this ecosystem is encouraged and supported by a number of public organizations, movements and accelerators. The recent Digital Freedom Festival was one of the most visible and effective efforts to consolidate the digital world's startup ecosystem by inspiring dialogue on a comprehensive scale.

Role Of Service Provider In The Startup Ecosystem

The startup communities provide the support and incubations that foster leading companies and drive the innovation for a bring future. These communities involved a lot of different people and many nonentrepreneurs, so it's important to get leading support in every stage of development, and usually the crucial role in that process takes an entrepreneur. service providers (consulting, accounting, legal, etc.) other funding providers (loans, grants etc.)

Startup Development Phases

Basically, the business life cycle and particularly the process of startup development might be divided into the phases of the **formation, validation and growth**.

At the first stage of **formation** of business, the startup will go from mission to vision and to strategy. It is crucial to identify startup idea and do market research by answer such questions as What to whome? And Why and how?

The next stage - **validation** means we will be following from visionary idea to product creation with the market fit. At this point launching Minimum Viable product and validation/iteration is crucial to frame the startup and improve its product.

The stage of **growth** suggests that a startup will transform into the business model that has already been established. Business will continue to grow with team support.

The Stages Of A Startup Development

1. Define Ideas and Do Market Research

Product development strategy is a crucial step to determine the core principles of every successful startup. Developing an idea for a startup should consist of several steps in order to be transformed into a winning final result:

Brainstorm. This is the best way to come up with the right concept for future startup business. By write down every single idea related to business skills and interests.

Evaluate. After that have to collect of a wide range of ideas, analyzing will be the next step. entrepreneur Analyse is strengths and weaknesses. He give attention to he is passionate about this idea, or will he be developing this idea for the future.

Research. When entrepreneur are sure about the concept of the startup idea, he do proper research. Due to this, entrepreneur will find out about industry trends and size, target segments and competitors on the market including pricing and product marketing.

Kill. The final stage will be killing entrepreneur idea. Entrepreneur try to examine not only the good side of the product but also bad ones. He Think about why this product might fail in the future. This need not to discourage him, but this will help to improve startup product.

2. From idea to MVP

As soon as Entrepreneur have a hypothesis about your future product, focus on validating it. A Minimum Viable Product (MVP) is a must-have set of features that allows Entrepreneur to test the product with target audience without any sophisticated engineering. Minimum effort – maximum feedback. With an MVP, Entrepreneur can see the practical impact of their product in the real world and then further perfect it.

Example:

Airbnb started as a simple listing website that targeted the attendees of the IDSA conference that took place in San Francisco in 2007. The Airbnb founders noticed that all the hotels were overbooked for the conference dates and decided to create a quick solution. That’s how the world’s major hospitality service evolved – by solving a specific problem for a relatively small crowd of conference attendees.

The first Airbnb website was cheap and it is even hard to compare to what the service offers now. But, as the experience shows, your MVP shouldn’t be a world-saver. One practical issue you have a solution for will be enough.

3. Getting Traction

Beautiful things happen to startups at the stage of traction. Most likely, this is when Entrepreneur will acquire his first customers, and hopefully, these will be your most loyal ones. Focus on enriching his customer base while continuing to collect feedback.

Airbnb used smart growth hacks during the traction stage, which, in some ways, compensated for their lack of initial research. The startup partnered with Craigslist, a $1 billion online listing platform, to create a simple posting infrastructure. This integration opened the door to a huge crowd – hosts and owners who could easily post their proposals on the website.

4. Back To The Start: Final Improvements

If Entrepreneur did everything right, the number of clients should increase. Talking to them Entrepreneur know what customers love the most about their product. Leverage that. Try to expand the value that stands behind their product as much as possible. Common scenarios at this point include the following:

5. Aiming For Maturity

To make the leap from a startup to a mature business, Entrepreneur should be ready to take bold action. However, even the greatest growth hacks won't bring their success overnight. The average time for a startup to become an established business is 3 years. No bypassing, no instant results.

Startup business partnering

Business partnering is the development of successful, long term, strategic relationships between customers and suppliers, based on achieving best practice and sustainable competitive advantage.In the business partner model, HR professionals work closely with business leaders and line managers to achieve shared organisational objectives. In practice, the business partner model can be broadened to include members of any business function, for example, Finance, IT, HR, Legal, External Relations, who act as a connector, linking their function with business units to ensure that the technical, or functional, expertise they have to offer is placed within the real and current concerns of the business to create value.

Starting a business is notoriously difficult, and going it alone can make those challenges even harder to overcome. That's why many entrepreneurs choose to launch their company with one or more business partners who can help lighten the load.

Entrepreneurs get the partner through network list first.an entrepreneur's connections are the best candidates for potential business partners.Referrals from trusted colleagues also can be helpful to choose a partner

Once Entrepreneurs found someone who could be a great potential business partner, then evaluate whether that person is truly the right fit. Entrepreneurs considerations should be personalities, backgrounds, values

Entrepreneurs ver a partner carefully with all sources available, such as LinkedIn, company websites and former partners. Parsons also advised formally interviewing a prospective partner to better understand his or her skill set.

Finally, before sign Entrepreneurs any legal agreements,they must understand how Entrepreneurs and their partner will handle a variety of business situations. This is something to discuss at length during Entrepreneurs evaluation phase.

After get the perfect business partner. Entrepreneur and partner divide the work among them.They know their respective role in startup.This will prevent partners from stepping on each other's toes and will ultimately save the company money.

Constant honest and open communication is a must in startup. When problems arise, they need to be solved by both (or all) business partners.

Startup Culture

A startup culture is a workplace environment that values creative problem solving, open communication and a flat hierarchy. In a corporate culture, core values are typically informed by the identity of the company, including its mission statement, products and customer service.

In startup cultures, these core values tend to reflect the personalities and ethos of the people who worked for the business in the early days. Because new businesses must adapt quickly to internal and external market pressures in order to survive, a startup culture also promotes business agility and adaptability as being key virtues.

The workplace values supported by startup cultures are increasingly resonating with business leaders at large organizations. As the pace of business speeds up, quickened in part by advances in technology, large companies are realizing that they could benefit greatly by putting more emphasis on startup culture values, including the value of the individual. In some industries, the positive qualities gained by embracing a startup culture is referred to as kaizen.

CO-FOUNDER

A founder is someone who is calling the shots alone in his startup. This means he has a team working under him on salary and no one shares the equity. A co- founder is someone who is part of the founding team. He/she can be an investor and a co-founder or a skilled person working as a co-founder.co- founder are investing money in startup.

PREPARING TO LUNCH

Everyone has ideas.Some of these ideas may be decent, while others are probably not so good.Even if Entrepreneur idea is great, there's a big difference between having a great idea and creating a *successful startup company*.So,Entrepreneur consider for preparing to launch startup are-

1. Understanding Whether Product is Meeting the Demand or Creating One

The key to better understand product is to get the market validation right. Going all guns without a market validation may leave offerings without any buyer. This is where Entrepreneurs need to identify whether they are meeting the market demand or creating a new one.

2. Launch Timing is Very Important

A lot of startups miss out on this. But the launch timing of product is crucial, considering the market scenario and competition. Sure, Entrepreneur have a great idea, but is the market ready for such change? Timing an idea is like a cherry on the top where reception of product can yield overwhelming results.

Uber came out as an implausible company having a unique business model that blends with remarkable execution. The need to get drivers into the system was during the economic slowdown. The taxi drivers were unable to reach passengers that easily and had to move around, wasting gas, looking for them.

And Uber came just right in when people were looking for odd jobs and small employment opportunities.

Even YouTube came in just after the codec problem to view online videos was resolved by Adobe Flash offered. The broadband reach also witnessed a growth of over 50per cent in the USA.

SOURCES OF START-UP FINANCING

1. Personal investment

When starting a business, first investor should be Entrepreneur himself— either with his own cash or with collateral on his assets. This proves to investors and bankers that Entrepreneur have a long-term commitment to project and that he is ready to take risks.

2. Loan money

This is money loaned by a spouse, parents, family or friends. Investors and bankers considers this as "patient capital", which is money that will be repaid later as your business profits increase.

3. Venture capital

venture capital is not necessarily for all entrepreneurs. venture capitalists are looking for technology-driven businesses and companies with high- growth potential in sectors such as information technology, communications and biotechnology.

Venture capitalists take an equity position in the company to help it carry out a promising but higher risk project. This involves giving up some ownership or equity in your business to an external party. Venture capitalists also expect a healthy return on their investment, often generated when the business starts selling shares to the public.

4. Angels

Angels are generally wealthy individuals or retired company executives who invest directly in small firms owned by others. They are often leaders in their own field who not only contribute their experience and network of contacts but also their technical and/or management knowledge.

In exchange for risking their money, they reserve the right to supervise the company's management practices. In concrete terms, this often involves a seat on the board of directors and an assurance of transparency.

Angels tend to keep a low profile. The National Angel Capital Organization (NACO) is an umbrella organization that helps build capacity for Canadian angel investors.

5. Business incubators

Business incubators (or "accelerators") generally focus on the high-tech sector by providing support for new businesses in various stages of development. However, there are also local economic development incubators, which are focused on areas such as job creation, revitalization and hosting and sharing services.

Commonly, incubators will invite future businesses and other fledgling companies to share their premises, as well as their administrative, logistical and technical resources. For example, an incubator might share the use of its laboratories so that a new business can develop and test its products more cheaply before beginning production.

Generally, the incubation phase can last up to two years. Once the product is ready, the business usually leaves the incubator's premises to enter its industrial production phase and is on its own.

Businesses that receive this kind of support often operate within state-of -the- art sectors such as biotechnology, information technology, multimedia, or industrial technology.

6. Government grants

Government agencies provide financing to startup.

Getting grants fund can be tough. There may be strong competition and the criteria for awards are often stringent. Generally, Entrepreneur will need to provide:

- A detailed project description
- An explanation of the benefits of your project
- A detailed work plan with full costs
- Details of relevant experience and background on key managers

- Completed application forms when appropriate

7. Bank loans

Bank loans are the most commonly used source of funding for small and medium-sized businesses. Consider the fact that all banks offer different advantages, whether it's personalized service or customized repayment.

bankers are looking for companies with a sound track record and that have excellent credit. A good idea is not enough; it has to be backed up with a solid business plan. Start-up loans will also typically require a personal guarantee from the entrepreneurs.

BUSINESS INCUBATION

- Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts. A business incubator‘s main goal is to produce successful firms that will leave the program financially viable and freestanding. These incubator graduates have the potential to create jobs, revitalize neighborhoods, commercialize new technologies, and strengthen local and national economies. Critical to the definition of an incubator is the provision of management guidance, technical assistance and consulting tailored to young growing companies. Incubators usually also provide clients access to appropriate rental space and flexible leases, shared basic business services and equipment, technology support services and assistance in obtaining the financing necessary for company growth.
- Incubators vary in the way they deliver their services, in their organizational structure and in the types of clients they serve. Highly adaptable, incubators have differing goals, including diversifying rural economies, providing employment for and increasing wealth of depressed inner cities, and transferring technology from universities and major corporations. Incubator clients are at the forefront of developing new and innovative technologies – creating products and services that improve the quality of our lives in communities around the world.

- The earliest incubation programs focused on a variety of technology companies or on a combination of light industrial, technology and service firms – today referred to as mixed-use incubators. However, in more recent years, new incubators have emerged targeting industries such as food processing, medical technologies, space and ceramics technologies, arts and crafts, and software development.
- Incubatee come from individuals interested in promoting an innovative idea that they have so that it becomes a business, yet they may have no skills in business. Consequently they need to learn more to change the concept into business. The second category of incubatees may be people who have clear documented business concepts based on an innovative idea they already have but which again may not be converted into business due to resource constraints. They could also be businesses that are already set up and running but need to be boosted to grow. Each one of them needs a different approach to convert them into vibrant business outfits. The figure above describes the approaches that can be used to implement incubation.

Business Incubators Definition:

An organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections Business incubatorsare programs designed to support the successful development of entrepreneurial companies through an array of business support resources and services, developed and orchestrated by incubator management and offered both in the incubator and through its network of contacts

OBJECTIVES OF BUSINESS INCUBATION

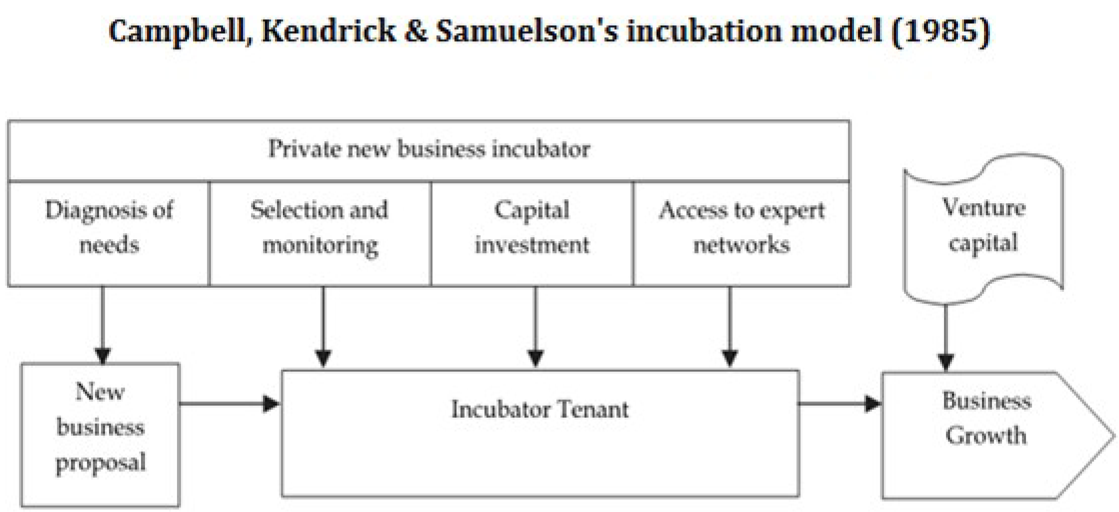
In both developed and developing economies, small and medium enterprises (SMEs) are considered crucial to fostering economic and social development and their growth is supported with a wide range of policies as outlined above. The failure rate of small new businesses in their initial years is high in both developed and developing economies. In part this reflects the competitive environment within which the businesses are launched and also the effectiveness of the specific business idea. It is also a consequence of the lack of experience of the entrepreneur who is launching the business and deficiencies in the environment (i.e. shortage of capital, legal difficulties, lack of information, etc.). A wide range of initiatives are supported by governments to try and reduce business failure rates through addressing problems in the environment (i.e. special loan funds, removing legal obstacles, reducing government administrative procedures and speeding up their operation) and by assisting new entrepreneurs to tackle their lack of experience (training programs, advisory and support services, etc.).

Two principles characterize effective business incubation:

- The incubator aspires to have a positive impact on its community's economic health by maximizing the success of emerging companies.
- The incubator itself is a dynamic model of a sustainable, efficient business operation.

Model business incubation

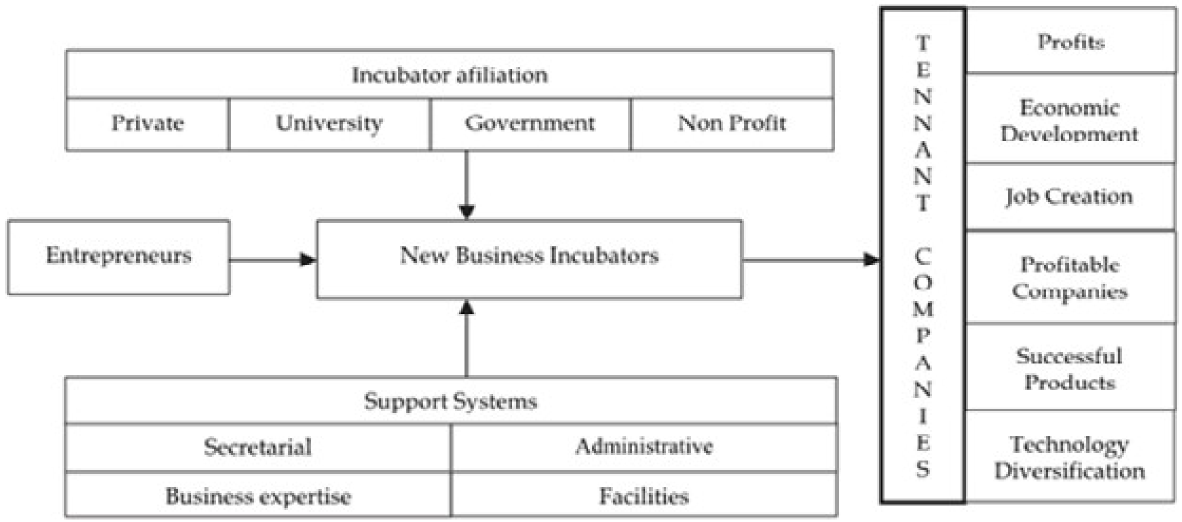
1985, Campbell, Kendrick & Samuelson, white-box, process, operations



The model stresses on process functions of incubator as main business development tool that can transform idea into a real business. The main outcome of the model: Incubation process is of key importance.

1987, Smilor, mixed, structure, operations

Smilor's incubation model (1987)

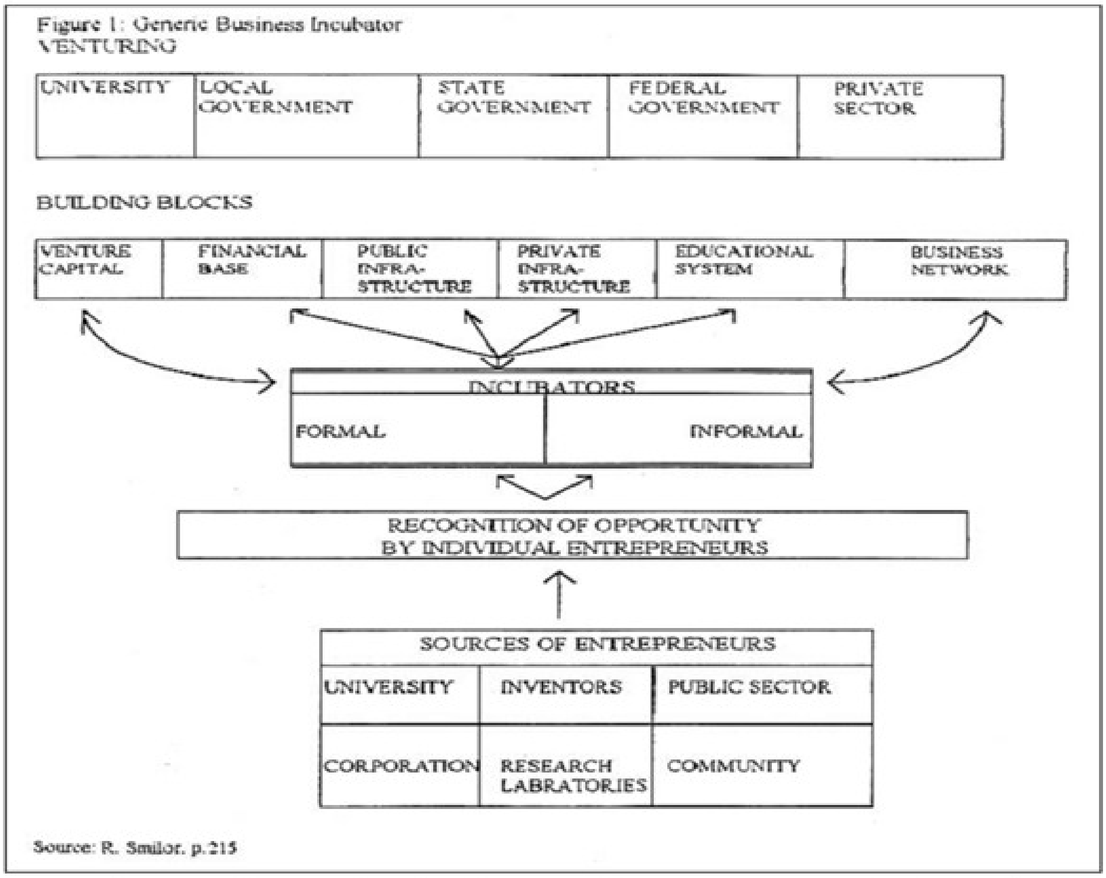


This model was developed by Smilor in 1987 by refining Campbell’s model (1985). Smilor created structure model via describing main incubator affiliates, support systems and description of main outcomes of the incubation process. He considers an incubator as a transformation mechanism that assist entrepreneur in building a venture. Even though the representation of the model doesn’t provide extensive information about particular services that business incubator supplies to tenants, Smilor categorizes the benefits that business incubators provide to their tenants through four dimensions:

- Credibility development.
- The shortening of the learning curve.
- Faster troubleshooting.
- Access to the network of entrepreneurs

1988, Nijkamp & Smilor, black-box, structure model, operations

Nijkamp & Smilor's Generic Incubator Model (1988)

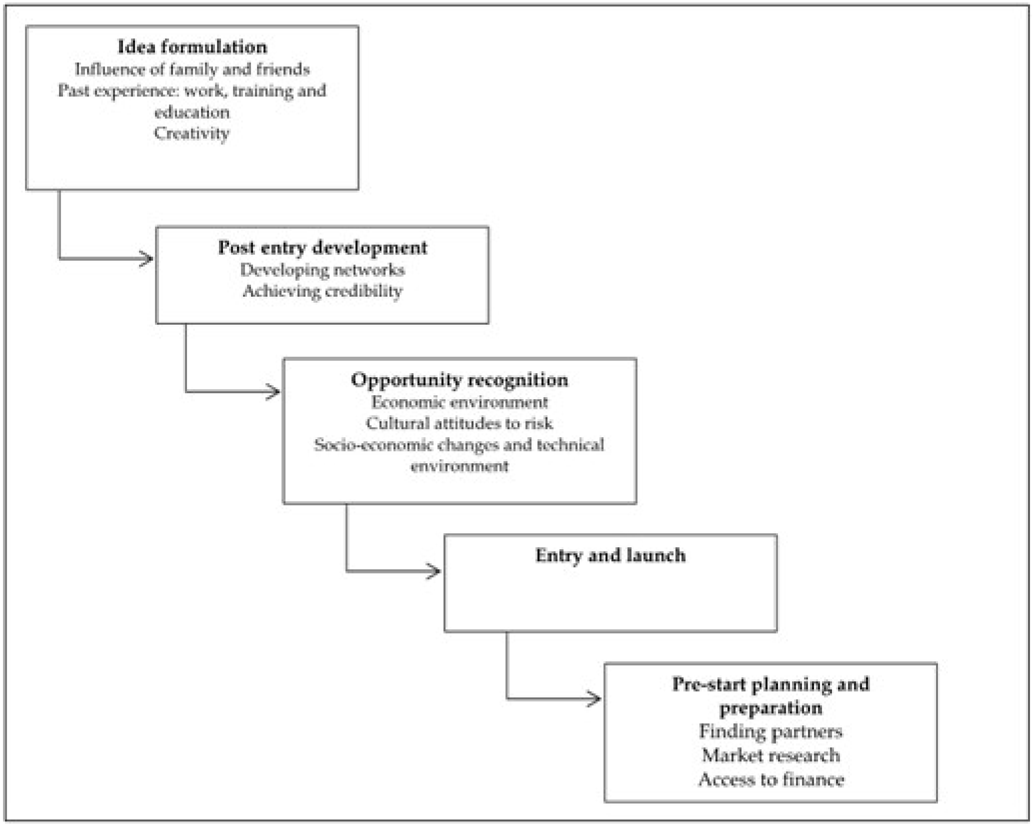


his model is the combination of two. Firstly, Smilor introduced his model and then it was extended by Nijkamp. Nijkamp's (1988) model is the interpretation of a generic business incubator. He argues that any business incubator acts as a mediator between entrepreneurs and community. Thus, successful implementation of the incubator requires combintation of at least these elements:

- Sources of entrepreneurs
- Recognition of opportunities by entrepreneurs
- Demand for business incubation services…

2000, Carter & Jones-Evans, white-box, process model, operations

Carter & Jones-Evans Process Incubation Model (2000)



This is a first true process model in a row. Carter & Jones-Evans (2000) proposed a typical five-step incubation process, as shown in the figure above. As it can be seen from Carter & Jones-Evans' (2000) model the process is organized and focused on the needs of the incubatee, which will be supported by the services provided by the incubators during the incubation process. The incubation process according to the Carter & Jones-Evans consists of the following stages: idea formulation, post entry development, opportunity recognition, entry and launch, pre-start planning and preparation.

2000, Nowak and Grantham, white-box, structure, operations

Nowak and Grantham Virtual Incubation Model (2000)

Nowak and Grantham (2000) have established their model on the following premise: “Traditional business development entrepreneurs face a common challenge: the absence of capital, human resources, and management capabilities.” So, the new model needs to provide the small business community with a structure and mechanism to easily access:

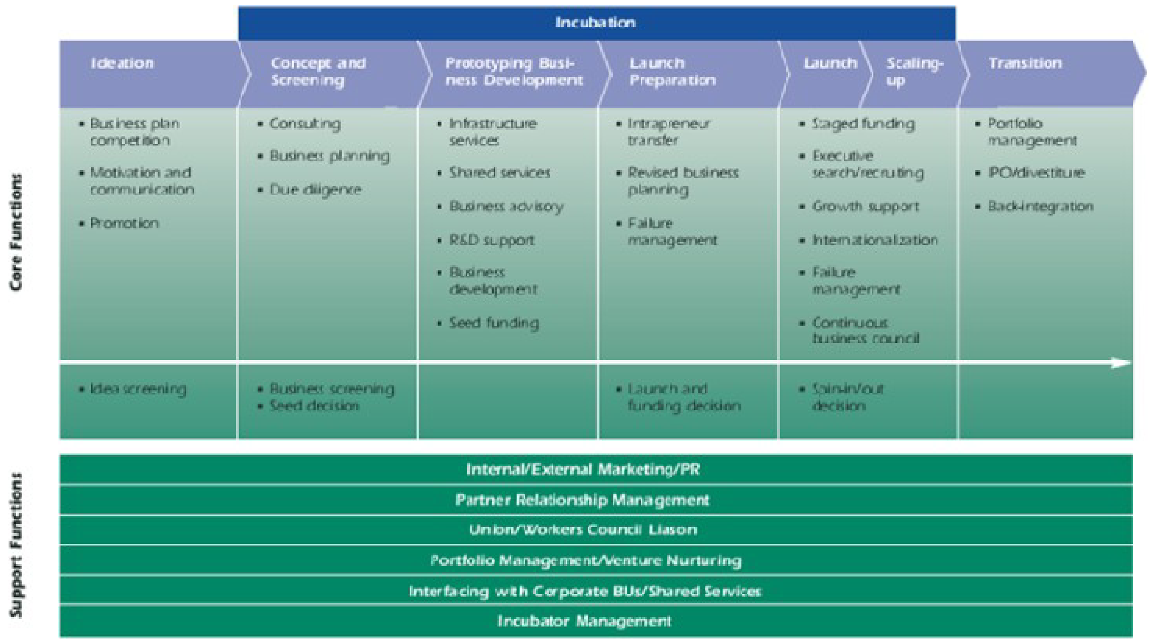
- information on “best practices” for business development
- industry and management experience
- resources for international marketing, sales and distribution

They proposed the creation of a **virtual incubation model**, based on networked innovation, which brings together, if only in a virtual sense, centers of technical and business or management excellence…

2000, Booz, Allen & Hamilton model, white-box, process, operations

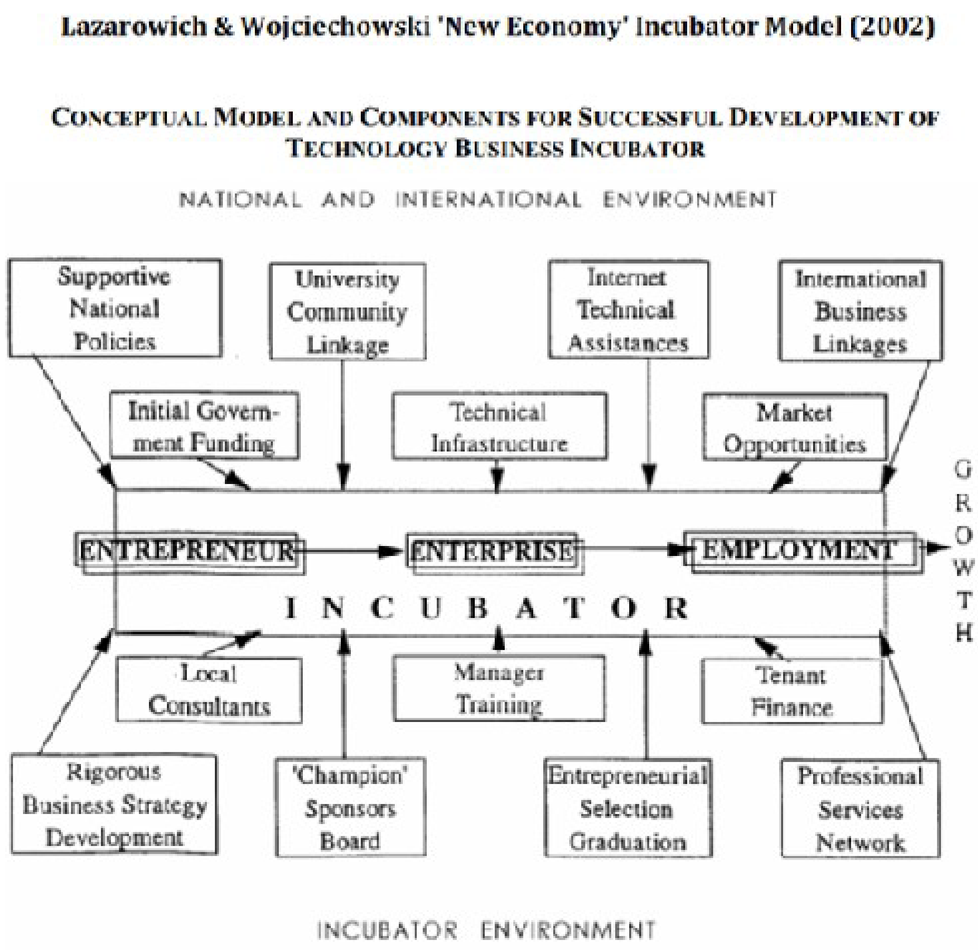
Booz, Allen & Hamilton Corporate Incubator Model (2000)

Process of Incubation and Underlying Incubation Functions



Main contribution of the model proposed by Gregor Harter, Klaus Hölbling & Steffen Leistner from Booz, Allen and Hamilton*[1]* is conceptualization of business incubation and applying it to a corporation's needs in continuous innovation. The model describes how corporate incubator could reinforce and support innovation practices…

2002, Lazarowich & Wojciechowski 'New Economy' Incubator Model, white-box, structure, operations



The model described by Lazarowich and Wojciechowski[1] explains 'new economy' incubators. They are characterized by the following:

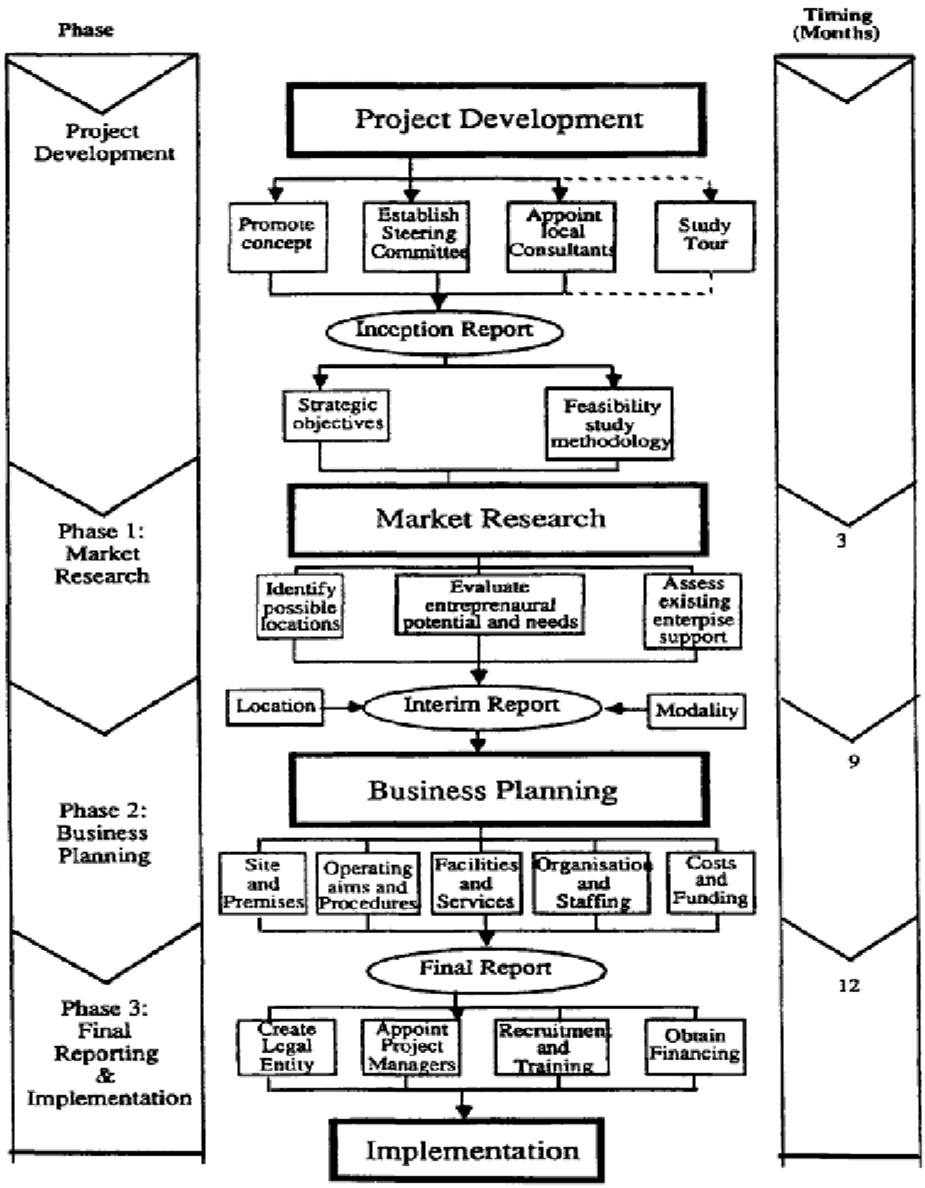
"Business incubators are private-sector, profit-driven with the pay-back coming from investment in companies rather than from rental income.

They tend to focus mainly on high-tech and internet-related activities and unlike 'traditional' incubators, do not have job creation as their principal.

'New economy' incubators often have an essentially virtual presence with financial and business services at the core of the offering unlike their 'traditional' counterparts that usually center on the provision of physical workspace."

2000, Lalkaka Incubator Development Model, white-box, process, development

Lalkaka Incubator Development Model - Planning (2000)

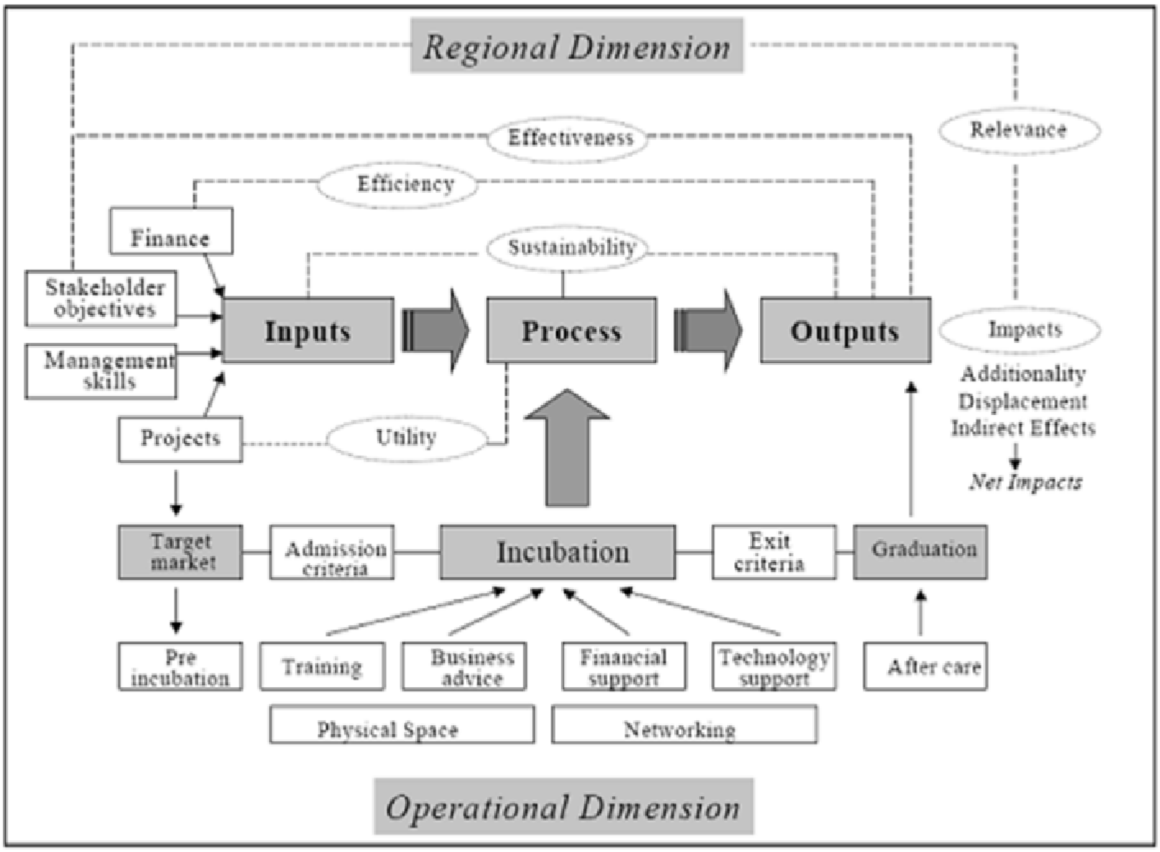


Business Incubation Blog, http://worldbusinessincubation.wordpress.com/, Ryzhonkov Vasily

This model is about the development of technology business incubator. The model was presented by Mr. Lalkaka in 2000 and was intended to guide planners, educators, sponsors and management teams in exploring and establishing a successful TBI program.

2002, Costa-David, Malan, Lalkaka, NBIA, mixed, mixed, operations

Costa-David, Malan, Lalkaka Model (NBIA) (2002)

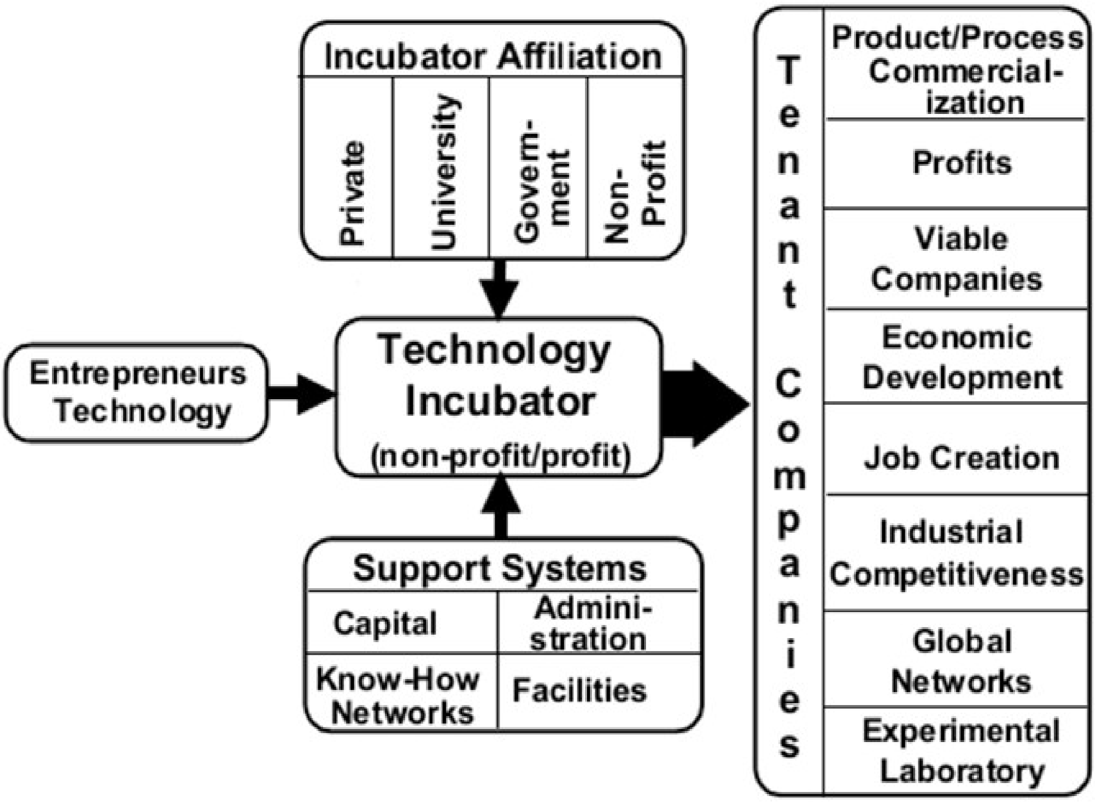


Business Incubation Blog, http://worldbusinessincubation.wordpress.com/, Ryzhonkov Vasily

This model was presented in a 2002 EU incubator benchmarking study[1] as a general 'model of incubation' based on EU-wide survey data. However, it was developed by very knowledgeable authors Costa-David, Malan, Lalkaka for NBIA. Later the Center for Strategy & Evaluation Services (EU) copied this model and used proposed benchmarks that depict incubator efficiency and performance in terms of using inputs, developing and orchestrating processes and ensuring a steady supply of quality outputs.

2003, Gibson, Wiggins, black-box, structure, operations

Gibson & Wiggins Technology Business Incubator Model (2003)

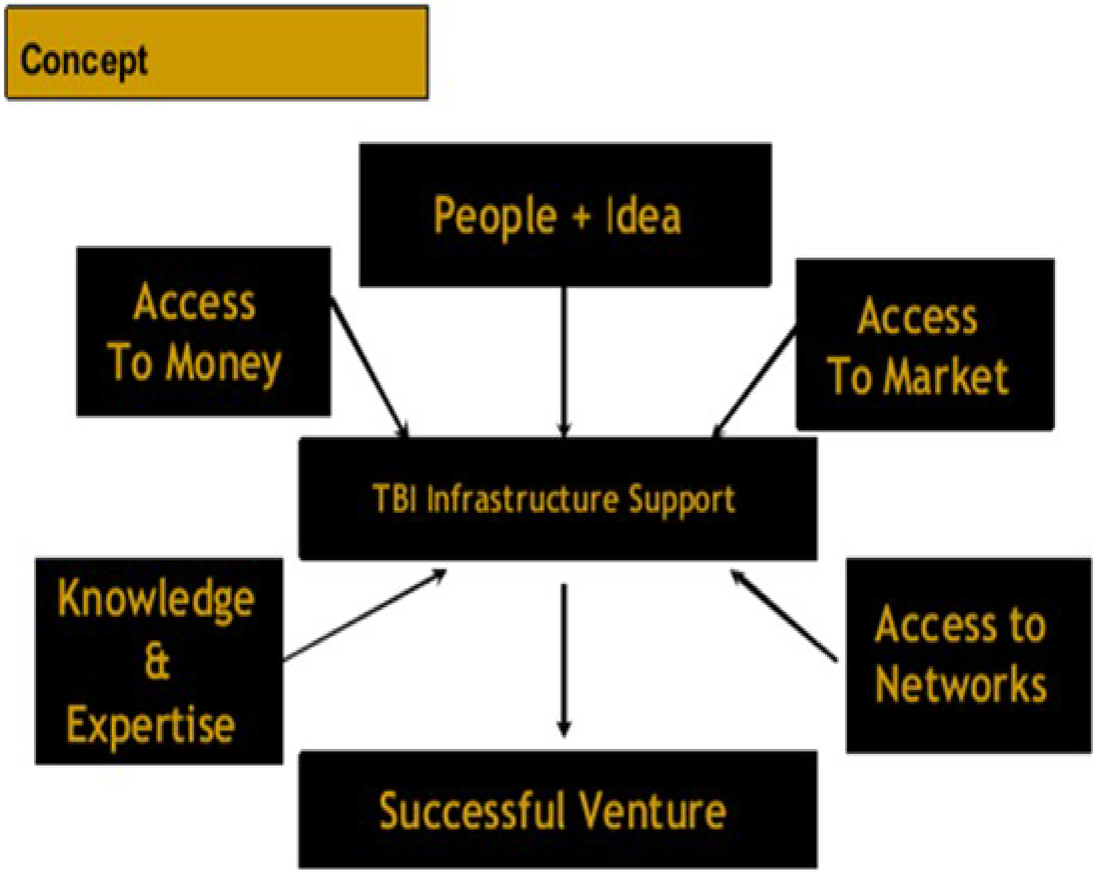


Business Incubation Blog, http://worldbusinessincubation.wordpress.com/, Ryzhonkov Vasily

This is basically a copy-paste of a Smilor model (1987).

2004, Sahay, black-box, structure model, operations

Sahay Techology Business Incubator Model (2004)

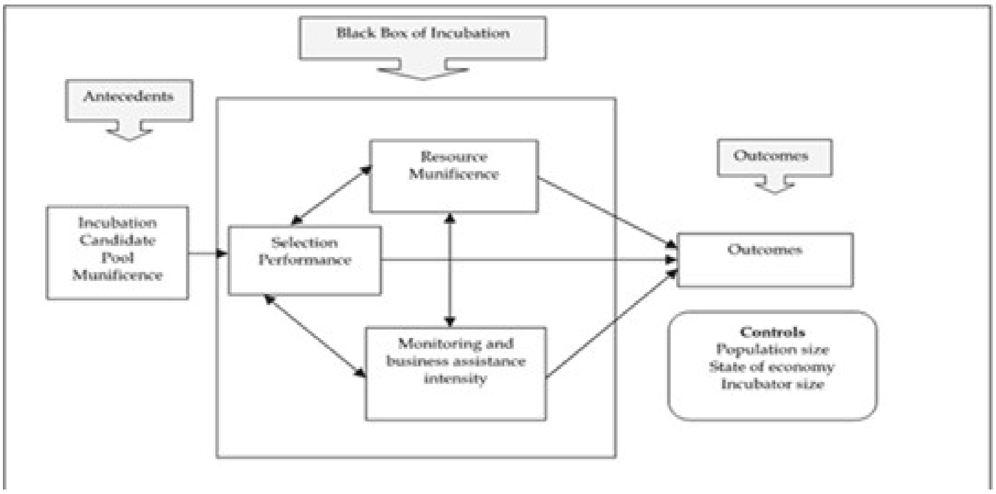


2004, Hackett & Dilts Generic Incubator model, black-box, structure, operations

Hackett & Dilts, Peters et al., Soetanto Business Incubator Model - Structure (2004)

Incubator model		
Selection	Business support	Mediation

(a)



The model is a universal business incubation model which can be used both in public and corporate purposes. In short, it is structured as black-box: inputs of the process, process activities, and outputs of the process. Authors also present a formula of Business Incubation Process. We think that this is the most successful representation of business incubator among all in the series.

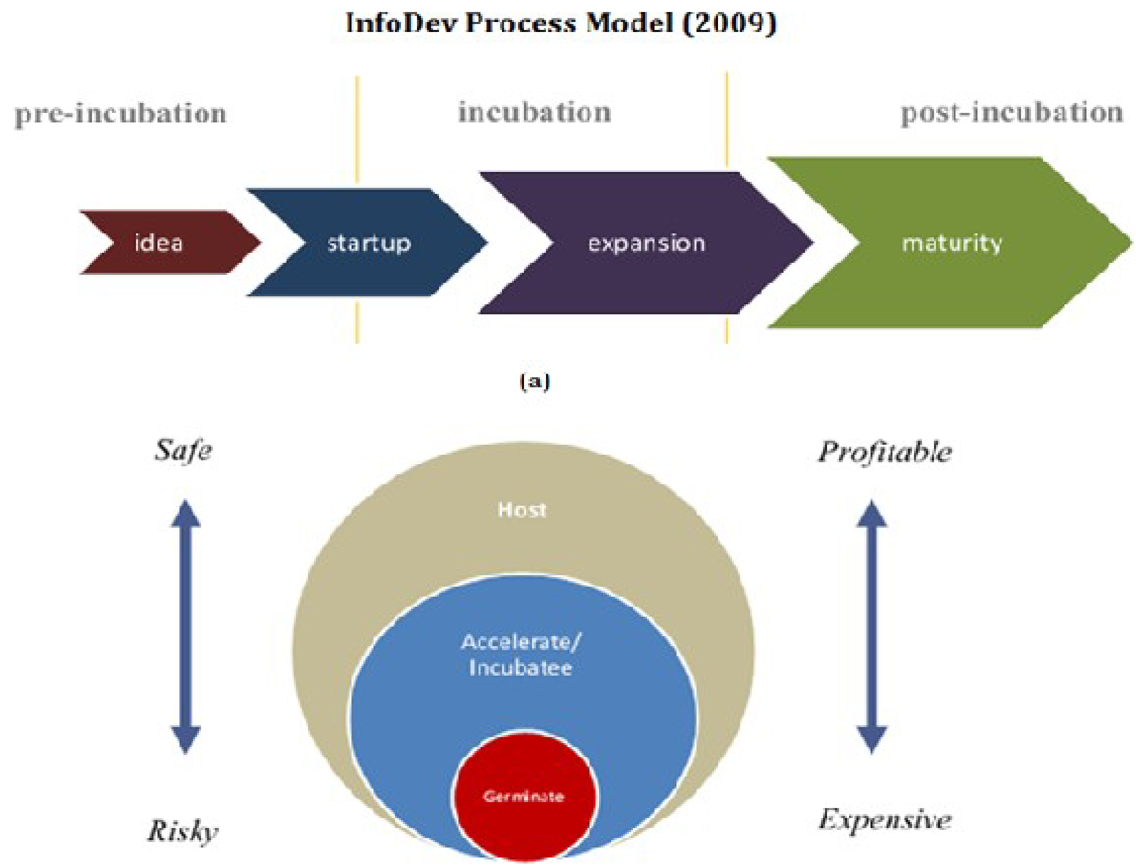
<u>2008, Bergek & Norrman model, white-box, process, operations</u>

Bergek & Norrman incubation model (2008)

Incubator Model			
Selection	Business support	Mediation	Graduation

The model of Bergek & Norrman from 2008 continues the ideas that have been developed by Hackett & Dilts (2004),Smilor in 1987 and Gibson & Wiggins (2003). On the one hand the model is centered on the results of the business incubation. On the other hand it's still process model which describes different stages of the process. So, it's easy to adapt it in the real life and build your incubator by applying this model.

2009, Infodev, Process, Internal, Operations



infoDev model is the model developed for building business incubators around the World within infoDev network. infoDev is a powerful and well-known World Bank program that "grows innovation around the world". They work in five different areas: Access to Finance, Agribusiness Entrepreneurship, Climate

Technology, Mobile Innovation, Women Entrepreneurs. One of the works they do is helping entrepreneurs by bringing them business coaching, access to early- stage financing, and better entrepreneurship environments (which are often include business incubators). They have published several materials that could be valuable for those who are creating business incubators. One of the models will be described today. An interesting point about this model of Business Incubation Series is the linkage between business incubation phases and entrepreneurial.

BUSINESS INCUBATORS

Incubation is a dynamic process of business development.Incubators nurture young firms, helping them to survive in their early stage.

Incubators provide:

- Infrastructural support i.e. office space, meeting room
- Platform to do networking
- Management assistance
- Other support services, specific to incubators

Role of Business Incubation

Business incubation has been identified as a means of meeting a variety of economic and socioeconomic policy needs, which may include

- Creating jobs and wealth
- Fostering a community's entrepreneurial climate
- Technology commercialization
- Diversifying local economies
- Building or accelerating growth of local industry clusters
- Business creation and retention
- Encouraging women or minority entrepreneurship
- Identifying potential spin-in or spin-out business opportunities
- Community revitalization