

ABSTRACT

PRELIMINARY RESEARCH ON THE PLANNING, DEVELOPMENT AND STRATEGIC ORIENTATION OF THE BSEC BUSINESS INCUBATOR FOR SME START-UPS

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Business incubation currently constitutes a well established practice for developed economies across the global business environment and an effective strategy to nurture the spirit and culture of entrepreneurship and innovation. Considering the conditions characterizing emerging economies, business incubation can be a dynamic mechanism to promote economic growth and reinforce sustainability in transition environments, within a strategic framework of achieving positive social impact through the support of business motivation and new and dynamic venture ideas.

The research project undertaken under the initiative of the BSEC Permanent International Secretariat on the prospect of establishing a Business Incubator for SME Start-ups aims to shed light to the conceptualization and distinctive philosophy characterizing business incubation practices across the world, and provide a solid developmental framework, which can guide the creation and strategic orientation of a prototype model for the BSEC Business Incubator for SME Start-ups.

The purpose of this research is to provide a conceptual framework of business incubation in terms of strategy, patterns, management, internal organization, objectives and best practice. The ultimate objective of this project is to propose a BSEC model for the development of a Business Incubator for SME Start-ups in relation to the vision, mission, core values and principles, objectives, areas of interest and activity, incubation and business services, financing options and networking.

The BSEC Business Incubator should aim to provide an environment for the development of incubation practices across the BSEC Member States under the central objective of supporting new business ventures, creativity, innovation, sustainable economic growth and regional cooperation, and achieving its mission to generate positive social impact.

Under the conditions characterizing transition economies as in the case of the BSEC region, there is an immense significance for the development and support of new and successful business ventures as they can constitute dynamic units of local growth that generate employment opportunities, enable the transfer of know-how and expertise across countries through forms of collaboration and the establishment of FDI projects.

Beyond the economic and business related impact, the support of entrepreneurial activity under initiatives of international organizations, as in the case of the Organization of BSEC, can reinforce principles and ideas about the significance of regional business activity and creativity, cross-country cooperation and entrepreneurial culture ties.

The proposed framework for the BSEC Business Incubator through its flagship mission and ultimate objectives aspires to build a **'region of knowledge, innovation, science, creativity, and dynamic entrepreneurial activity'** based on the principles of transparency, fair opportunities and the importance of establishing common paths to development and reinforcing links of collaboration among the BSEC Member States.

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DEFINING '**BUSINESS INCUBATION**'

'Business incubation is a unique and highly flexible combination of business development processes, infrastructure and people designed to nurture new and small businesses by helping them to survive and grow through the difficult and vulnerable early stages of development' (UKBI, 2012).

'A business incubator is an organization that seeks to give form and substance, in the sense of structure and credibility to start-up or emerging ventures. Consequently, a business incubator is a facility for the maintenance of controlled conditions to assist in the cultivation of new companies' (Smillor and Gill, 1986).

RESEARCH OBJECTIVES

➤ Provide a framework to guide the creation and strategic orientation of a prototype model for business incubation under the direction of the Organization of BSEC across Member States

➤ Design the practice of business incubation in terms of:

- Strategy
- Financing Sources
- Patterns
- Management
- Internal Organization
- Objectives
- Best Practice
- Collaboration Channels

➤ Propose a BSEC Model for the development of a Business Incubator based on the elements that will contribute to define the:

- Vision & Mission
- Core Values & Principles
- Areas of Interest & Activity
- Type of Incubation & Business Services
- Network

THE IMPORTANCE OF BUSINESS INCUBATION IN EMERGING ECONOMIES

The tool of the new economy is 'Creativity, Innovation and Entrepreneurship'

Business Incubation

A strategy to nurture the spirit and culture of entrepreneurship and innovation

A dynamic mechanism to promote economic growth and reinforce sustainability

A framework of achieving positive social impact through the support of business motivation and new and dynamic venture ideas

EXPECTED IMPACT

The development
of new and successful
business ventures

Dynamic units
of local growth
&
Employment
opportunities

Transfer of
Know-how
&
Expertise

Collaboration
at a regional
&
Cross-country
level

FDI
&
Links to the
world economy

SELECTIVE CASE STUDIES OF BUSINESS INCUBATION: EUROPE, ASIA, GULF COUNTRIES, UNITED STATES, BSEC REGION

Armenia	.The Enterprise Incubator Foundation
Bulgaria	.Business Incubator-Gotse Delchev, Entrepreneurship Promotion Center
Georgia	.The Georgian Association of Women in Business
Moldova	.Innovation Incubator 'INOVATORUL'
Romania	.CITAf Technology and Business Incubator Center
Russian Federation	.Zelenograd Innovation and Technology Center
Turkey	.Inovent, Sabanci University .The Incubation Lab, Koc University .Bilkent Cyberpark .Metutech .Pendik Kismem-Incubator for Women Entrepreneurs

ECAbit – infoDev, World Bank

ECAbit Network of Business Incubation

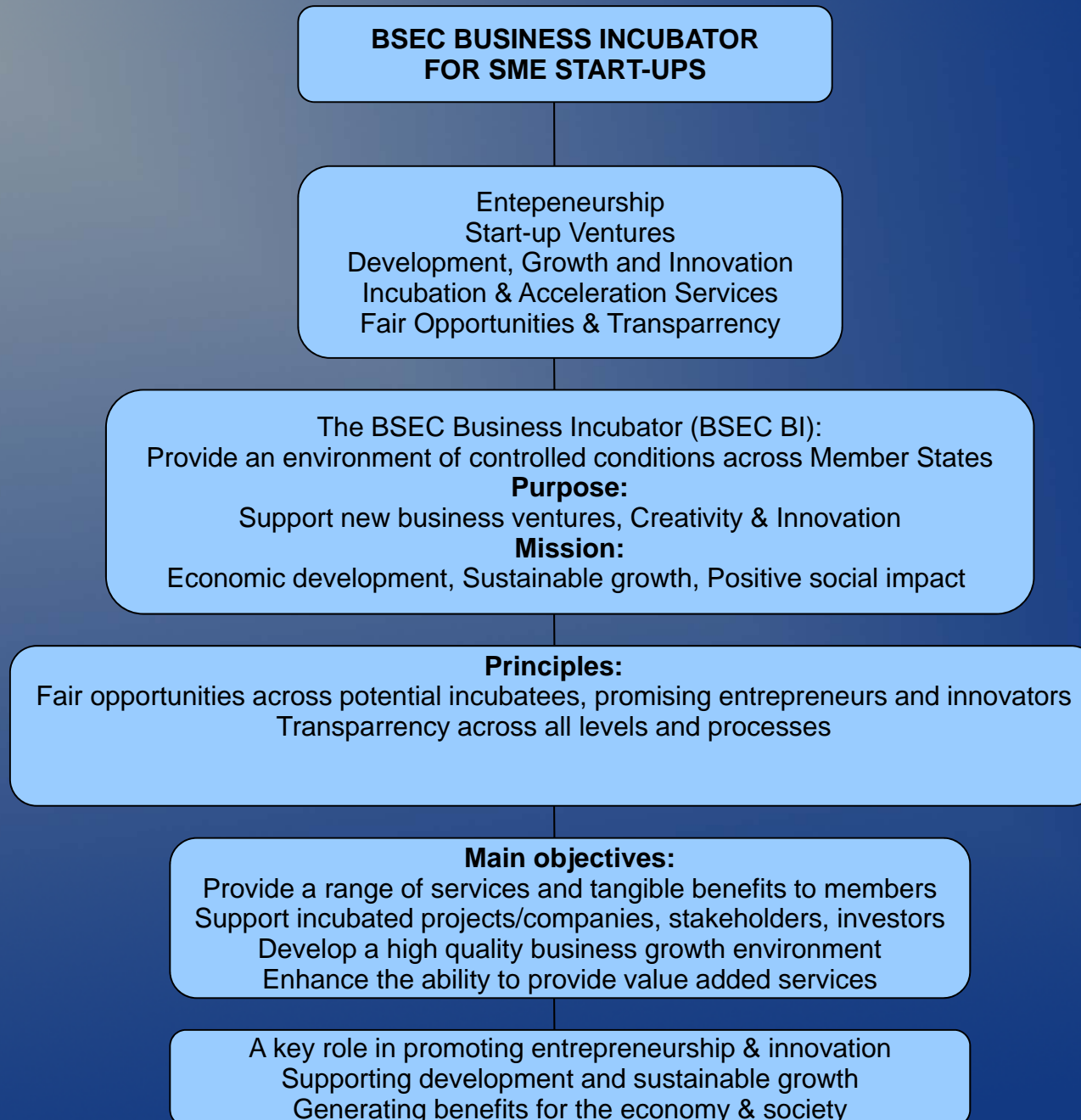
Fostering and
strengthening innovation
&
entrepreneurship

Exchanging information
&
knowledge

Supporting collaboration
among incubators
& entrepreneurs
in the ECA region

Disseminating knowledge
about national SME
& innovation development
policies and programs

A GENERAL FRAMEWORK OF THE PURPOSE, PRINCIPLES AND AIMS OF THE PROPOSED MODEL FOR THE BSEC BUSINESS INCUBATOR



A BSEC MODEL FOR BUSINESS INCUBATION PRACTICE: STRATEGIC ORIENTATION & POLICY RECOMMENDATIONS

Model Parameters

Vision & Mission
Core values & Principles
Objectives & Areas of interest and activity
Services and facilities of the Business Incubator
Type of incubation
Potential sources of financing the incubator and start-up ventures
Number of clients, Incubation fees, Equity stake, Incubation period
Best Practice

A BSEC MODEL FOR BUSINESS INCUBATION PRACTICE: STRATEGIC ORIENTATION & POLICY RECOMMENDATIONS

<p>The Vision, Core Values and Principles:</p>	<ul style="list-style-type: none"> ◆Aspire to ultimate social values, the future of societies and new generations through the mechanism of business incubation ◆Aid economic development and sustainable growth ◆Support true needs and interests of new and talented entrepreneurs ◆Promote collaboration across all levels: ➢Forms of cooperation among incubated projects/companies ➢Cross-country collaboration between BSEC Member States ➢Establish links to the world economy ➢Create a 'network' to support incubation activity
<p>The Purpose and Objectives:</p>	<ul style="list-style-type: none"> ◆Supporting regional development and sustainable growth ◆Fostering entrepreneurship and innovation ◆Contributing to job creation, income generation, community revitalization ◆Supporting research and technology commercialization ◆Building an environment of knowledge, science, and entrepreneurial activity
<p>Financing Sources:</p>	<ul style="list-style-type: none"> ◆Financing business incubation practice: <ul style="list-style-type: none"> ➢Government grants ➢EU funds ➢Funding programs of International Organizations ◆Additional financing for incubated projects/ventures: <ul style="list-style-type: none"> ➢Angel Investors ➢Venture Capitalists ➢Foundations ➢Crowdfunding
<p>Type of Proposed Business Incubation Model:</p>	<ul style="list-style-type: none"> ◆For profit – Mixed use
<p>Possible Partners:</p>	<ul style="list-style-type: none"> ◆UKBI ◆ECAbit – infoDev, World Bank ◆UNIDO, United Nations ◆EIF
<p>Incubation Fees/Equity Stake</p>	<p>Fees: A minimum of 2 years period; Range: 2-4 years period Equity stake: 10% to 40%</p>

PRIORITIZED AREAS OF INTEREST & ACTIVITY

- Technology & Innovation
- Bio-technologies & Agri-technologies
- Environmental Research, Renewable Energy Sources, Clean Technologies
- Primary sector production, with emphasis on organic production
- Web development, Support of online presence of incubated start-up projects/companies, sales, and networking

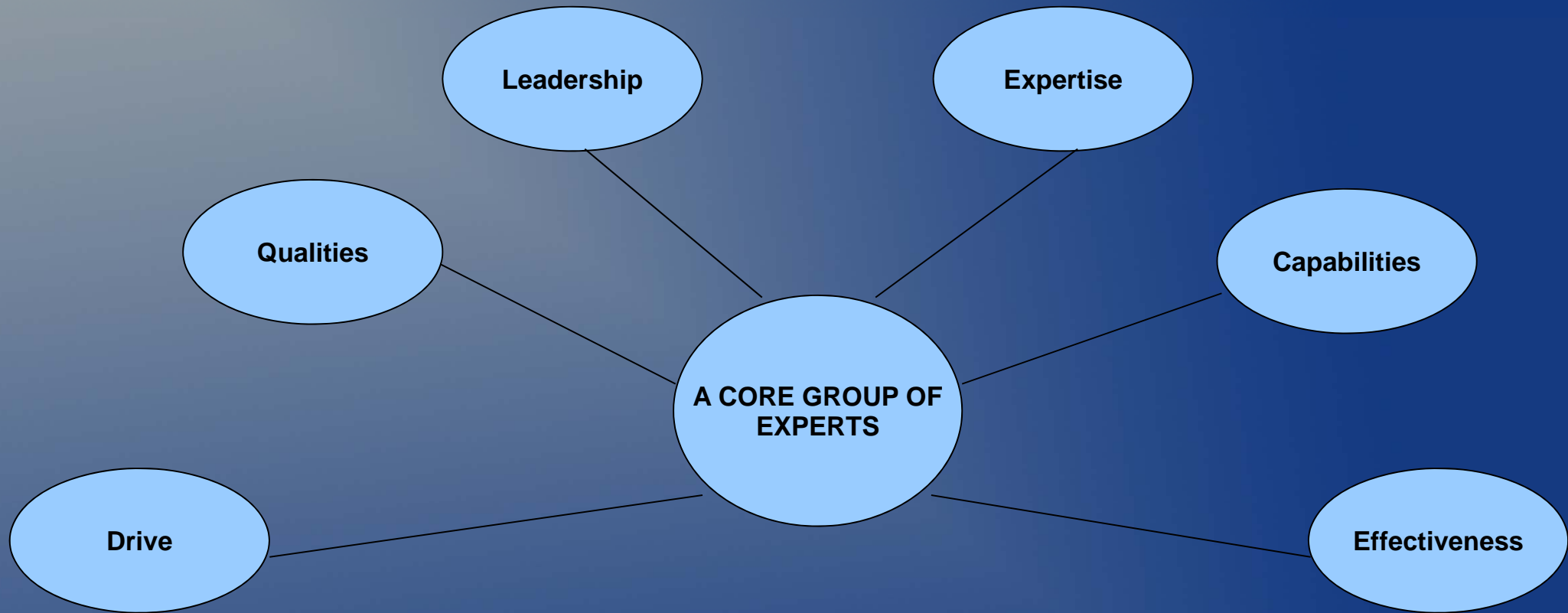
EMERGING AREAS OF INTEREST & ACTIVITY

- Internet-based Technologies
- Mobile communications and applications
- Bio-tech and Agri-tech
- Health sectors

CRITICAL INPUTS FOR SUCCESSFUL BUSINESS INCUBATION

- Management style
- Performance and effectiveness
- Pro-active strategic approach
- The adoption of a solid **business philosophy** and **internal culture** in line to the **vision, mission, and flagship core values and principles**, shared by the Board of Directors, Management and human resources, incubated entrepreneurs, stakeholders, investors, mentors and the surrounding network of experts

HUMAN RESOURCES & EXPERTISE



Strategic Goal

The creation of a policy framework in support of business incubation as a powerful mechanism and holistic approach to:

- ◆ **Boost development**
- ◆ **Achieve sustainable growth**
- ◆ **Contribute to economic stability**
- ◆ **Support the regeneration of local communities**

Ultimate Aspiration

The development of '**a region of knowledge, innovation, science, creativity, and dynamic entrepreneurial activity**', based on principles of transparency, fair opportunities, and the importance of establishing common paths to development, and reinforcing links of collaboration among BSEC Member States, and to the world economy

'Impact' is the key element that can connect an Organization to the real business world