

The Smart Guide to Innovation-Based Incubators (IBI)

Foreword



The EU's Cohesion Policy has been supporting authorities and stakeholders to deliver innovation in their regions for many years.

Promoting incubation and growth of small innovative firms is singled out in the EU2020 strategy, proposed by President Barroso, as one of the ways of creating value by basing growth on knowledge.

Given the huge diversity of regions across the EU27, and the great complexity of innovation processes, we need to gather forces for this task. This guide shows that Commission departments working together can make it happen and reach a larger number of Managing Authorities and stakeholders.

It is an easy-to-read guide for those directly involved with delivering innovation in the regions - those who create and design the projects that make innovative businesses thrive, that bring new entrepreneurs to the market place, and that help to transform ideas into action.

We are proud that the European BIC Network, launched in the mid 80s under Cohesion Policy, is now an independent organisation globally recognised for its expertise in incubation processes and the provision of high quality services to businesses and innovation. This guide owes much to their existence.

We hope that you will find it a valuable tool for action.

A handwritten signature in black ink, appearing to read 'K. Mathernová'.

Katarína Mathernová
Deputy Director General
DG Regional Policy



New knowledge and new ideas are created every day across Europe. Transferring them into real innovation - a new economic activity that creates jobs and wealth - is facilitated by supporting those that have been inspired by new ideas and knowledge.

Business incubators have a long history in supporting research

and development based start-ups from academic and research institutes. But with the changing nature of innovation, the incubators and the support services they provide must also be open to change.

Business incubation for knowledge intensive services or in the creative industries has to respond to needs which are different from those for biotech companies. The case studies included in the guide show this immense diversity of creativity as source for innovation.

Good incubation services have to cover a broad range of innovation support services in the region and in Europe. Ever more start-up companies are 'born-globals', based on a business idea that immediately addresses an international market.

The guide provides several examples of how incubators acting as networks successfully support young companies to make the most of the opportunities offered by the EU.

A handwritten signature in blue ink, appearing to read 'F. Le Bail'.

Françoise Le Bail
Deputy Director General
DG Enterprise and Industry

The Smart Guide to Innovation-Based Incubators (IBI)

The guide was prepared by the EBN team, Mr Giordano Dichter (Quality & Technical Assistant Manager), assisted by Mr Gonçalo Reis (Quality Officer) and by Mrs Nathalie Marchand (Communication Manager). It was supervised by Mr Philippe Vanrie (CEO).

Contents

1.	To start with, a few questions... and their answers.	4
1.1	Why a Smart Guide on Innovation-Based Incubators?	4
1.2	What is innovation?.....	4
1.3	What is incubation?.....	5
1.4	What is an incubator?	6
1.5	What is an innovation-based incubator (IBI)?.....	8
2.	Setting up an Innovation-based incubator.....	11
2.1	The Mission statement and the strategic goals.	11
2.2	The preconditions.....	12
2.3	Positioning an IBI.....	13
2.4	Engineering the IBI	16
2.5	A focus on the services of an IBI.....	19
2.5.1	Services in the pre-incubation stage	19
2.5.2	Services in the incubation stage.....	20
2.5.3	Services for existing SMEs	23
2.6	Organization of an Innovation-based incubator	24
2.7	Cost and income Model.....	27
3.	Networking of an IBI – for the benefit of an entrepreneur.....	29
4.	The impact assessment of an IBI	33
4.1	First some questions... and their answers...	33
4.1.1	What is “monitoring”?.....	33
4.1.2	What is “Benchmarking”?	33
4.1.3	Why monitor and benchmark?.....	33
4.2	Indicators.....	34
4.3	Applying indicators to the incubation process.....	35
5.	To summarize... 12 tips if you are planning to set-up an IBI	37
6.	Bibliographic references.....	38
6.1	Publications	38
6.2	Websites.....	38

Table of Figures

Figure 1: the incubation process	6
Figure 2: IBIs, where entrepreneurship meets innovation	8
Figure 3: breakdown of project typology within the Business Innovation Centres (source EBN quality system)	9
Figure 4: Vision, Mission, Goals of an IBI	11
Figure 5: the pre-conditions for setting up an IBI	13
Figure 6: factors influencing the positioning of an IBI	14
Figure 7: Incubators within Science and Technology Parks (Source: IASP).....	15
Figure 8: public support to the regional systems for innovation	15
Figure 9: main issues concerning the set-up of an IBI.....	16
Figure 10: the legal status within the EBN network (source: EBN quality system).....	17
Figure 11: target beneficiaries and end-users of an IBI	18
Figure 12: key qualifications within the EBN network (Source: EBN Quality system)	19
Figure 13: the pre-incubation stage	19
Figure 14: the incubation stage.....	20
Figure 15: some numbers on physical incubation in Europe (source: EBN Quality system).....	21
Figure 16: breakdown of access to finance services offered in Europe by the BICs (Source: EBN Quality system)	22
Figure 17: main services for SMEs offered by an IBI	23
Figure 18: tools to ease the incubation process	23
Figure 19: services most often provided in the UK IBIs (Source: UKBI)	24
Figure 20: issues to consider when planning the internal organization of an IBI	24
Figure 21: the needed infrastructure	25
Figure 22: the human resources.....	26
Figure 23: the size of the BICs networked by EBN (Source: EBN Quality system)	27
Figure 24: main sources of income of an IBI	27
Figure 25: main categories of expenses of an IBI	28
Figure 26: examples of national networks of IBIs	31
Figure 27: example of special-purpose networks for IBIs	32
Figure 28: SMART Indicators	35
Figure 29: some indicators associated to the incubation process	36

1. To start with, a few questions... and their answers.

1.1 Why a Smart Guide on Innovation-Based Incubators?

Innovation-based incubation is not the most recent subject in Europe per-se. It is over a quarter of a century that the European Commission has triggered the phenomena through the establishment of policies and actions aimed at boosting innovation within Europe as a method to support regional development practices and SME competitiveness. Indeed it was over 25 years ago that DG-Regio launched the concept of the “European Commission Business and Innovation Centres” (EC-BIC). This was later on taken on board by DG Enterprise and Industry which developed a quality system to manage the EC-BIC Label. Over 150 fully certified BICs are now working in EU27 on more than 200 sites, networked and supported by EBN (the European BIC Network), an NGO based in Brussels, created 25 years ago at the initiative of the EC, as well! Many other non-EC-led experiences have sprung around Europe, and innovation-based incubators are now a reality all over the world. After over 25 years of practices and policies lessons have been learned on the concept of innovation-based incubation and more specifically on the concept of innovation-based incubators (IBI). It is nowadays possible to understand what are the key elements of their success, what to take into consideration when a region, or a local territory, is thinking to resort to this tool to strengthen and carry out policies for innovation and SME support, and, mostly, *what to do* and *what not to do* when positioning, engineering and organizing an IBI. Hence, the aim of the Smart Guide is to provide the local stakeholders of a region including the Managing Authorities of Cohesion Policy Funds an insight on the scopes of IBIs and on the paths and steps needed to set up successful ones. This Smart Guide is addressed to them. It is composed of two parts, the first one highlighting the conditions to meet, the actors to gather, the services to develop, the costs to face and the targets to measure, ²to create successful IBIs, the second one describing study cases which have been analyzed in Europe and beyond¹.

1.2 What is innovation?

Probably there are as many definitions of innovation as the number of innovation-practitioners on the field, so when assessing what innovation is, it is advisable to use the widest definition possible. Whereas it can be stated that *“To innovate is the application of something new for a specific use”*. Whoever will use the innovation will therefore perceive an added value in its introduction, added value which may be measured in many ways, not only in financial terms. This leads to the following definition of innovation:

“Innovation is a change that creates and/or adds value, and provides a competitive advantage HERE and NOW”

¹ To view the study cases please refer to the following URL:
http://ec.europa.eu/regional_policy/sources/docoffic/working/sf2000_en.htm

To innovate implies a very sharp understanding of the reality, and a high degree of creativity. Understanding how things work, how they can be improved and what is actually missing (yet non-existing). Applying creativity and imagination to create, scout and find novelties which users would perceive as having an added value, therefore providing a wider, if not completely new, market for them, and therefore highlighting the existing links among innovation and entrepreneurs.

Already in 1934 the Austrian economist Joseph Schumpeter, the first economist to address the importance of innovation within the economic cycles, considered entrepreneurship with a specific emphasis on innovation. In his view, still valid today, innovation deals with:

- new products,
- new production methods,
- new markets,
- new forms of organization

Moreover innovation and entrepreneurship are profoundly embedded in their territorial realities, which in the EU27, differ enormously not only in terms of economic sectors, but also in terms of their history, their cultures, their traditions and their political background. Therefore, while the basic concepts of entrepreneurship, innovation and incubation and the associated terminology must be commonly accepted and shared, when putting into practice actions towards the creation of new IBIs, the different realities and situations must be taken into account since different worlds will have different needs and therefore different answers to satisfy them.

1.3 [What is incubation?](#)

Incubation is a process which tends to be activated whenever there is a need to support entrepreneurs in developing their own business. The concept of innovation is not yet being considered as innovation and entrepreneurship are two separate phenomena, albeit intertwined to a great extent. The same definitions of entrepreneur vary within a range where at one extreme an entrepreneur is “anyone who is self-employed or in business”, and at the other an entrepreneur is “a person who pioneers change”.

The process, or parts of it, is put in place whenever there is a need of nurturing would-be entrepreneurs to think over and further develop the business idea and transforming it into a viable and sustainable activity.

There are three stages of incubation:

Pre-incubation relates to the overall activities needed to support the potential entrepreneur in developing his business idea, business model and business plan, to boost the chances to arrive to an effective start-up creation. It usually implies a first assessment of the idea, training, and direct one-to-one assistance necessary to put the client in the conditions to write a fully complete business plan. University-affiliated incubators are usually pre-incubators.

Incubation concerns the support given to the entrepreneur from the start-up to the expansion phase. Typically this is a mid-term process, lasting usually for the first three years of activity of the newly established company, which are the years in which it is safe to say whether the new venture is successful and has a good chance to develop into a fully mature company. The actions activated generally are access to finance, direct coaching and mentoring services, as well as hosting services and specific training. Therefore physical incubation, although a very important service, is a subset of the overall incubation process.

Post-incubation, relates to the activities to be carried out when the company has reached the maturity phase, and therefore is ready to walk on its own feet. It is the time when, if it has been physically incubated, the company will leave the incubator. Various services might still be needed by the SME for example to increment its sales or improve its productive processes, such as internationalization services or innovation introduction through scouting and detection activities. Incubators positioned as “post incubators” sometime rename themselves as “accelerators”.

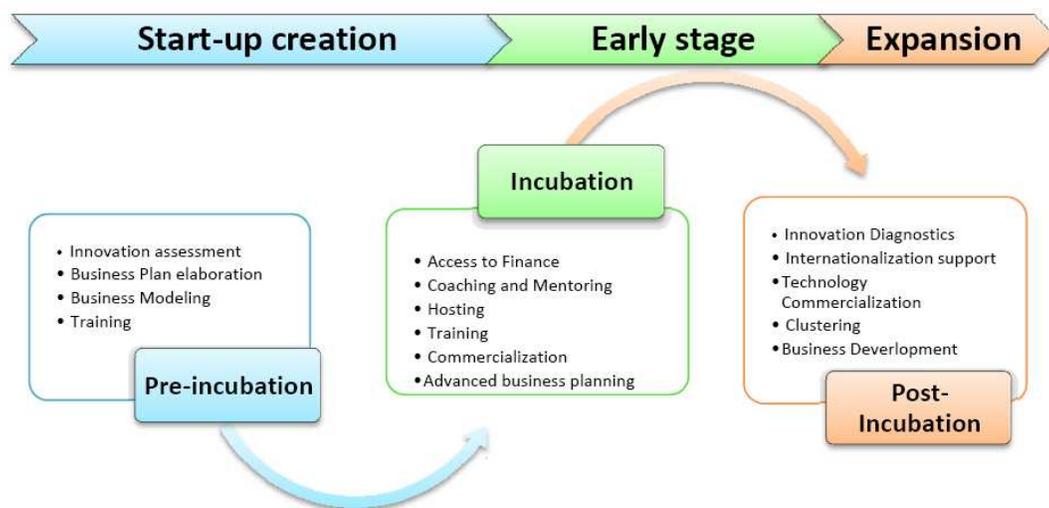


Figure 1: the incubation process

1.4 What is an incubator?

An incubator is a place where the incubation activities are carried out, and where the would-be entrepreneurs and the existing SMEs find a suitable place, in terms of facilities and expertise, to address their needs and develop their business ideas, and transform them into sustainable realities.

An **incubator** may still be an incubator even if it doesn't provide physical incubation services, and concentrates on virtual incubation².

² Virtual incubation: this terminology applies to “incubators without walls” and to e-platforms of online services deployed by incubators with physical premises.

Typologies of incubators:

Pre-incubators typically offer the services related to the pre-incubation phase of incubation. They offer the expertise (coaching and direct advice) and the facilities (minimum a workstation) to support potential entrepreneurs in the development of their business ideas and in the elaboration of the business plan.

Academic incubators are based in universities and research centres and provide support to those business ideas which either are elaborated by students or are spin-offs of R&D activities.

General purpose incubators provide all the set of services from the pre to the post incubation phase and provide the support to all those who have a feasible idea notwithstanding the provenance and the economic sector involved.

Sector-specific incubators provide all the set of services from the pre to the post incubation phase and provide the support to all those who have a feasible idea within a specific economic sector (e.g. environment, agro-food, chemicals, etc.), which is the expression of the real endogenous potential of the territory where the incubator is located. According to the specificities of the sector, these may require specific infrastructure to meet the needs of the client companies.

The Esinet Network, bringing together IBIs active in Space & Sat technologies

ESINET was launched in 2002 with the main objective to create an interactive community of start-ups, spin-off, entrepreneurs and early stage ventures sharing common interest for innovative Space & Sat technologies, systems and applications.

ESINET has become the platform of successful space and satellite tech transfer applications that leads to company creation and acceleration, anchored on a limited number of flagship Innovation and Incubation Centres: the ESA-BICs, which are located in ESA sites (Noordwijk, Frascati-Rome, Darmstadt, Redu-Wallonia, Vila Franca-Madrid) or ESA associated sites (Oberpfaffenhofen, Toulouse, Harwell, etc), and EBN Incubation Centres (Bordeaux, Barcelona, Liège, Stevenage, Nottingham, Burgos, Trieste, Sofia, Luxembourg, Caen, and others).

Moreover, **ESINET** brings together a community of SMEs and large corporate from both the space sector and non-space sectors, major regional stakeholders and established entrepreneurs, all supported by ESA and EBN on their road to success.

<http://www.esinet.eu/>



Enterprise hotels, while providing business services to the supported entrepreneurs, concentrate their effort mainly in physical incubation activities and are a common reality in large metropolitan areas, where production and office space represent an impeding factor.

All the above, could or could not be an... *innovation based incubator*.

1.5 What is an innovation-based incubator (IBI)?

An **IBI** is a business development center for new entrepreneurs and SMEs that intend to develop innovative ideas

There is a subset where the domains of entrepreneurship and of innovation find a common ground, where ideas are both innovative and profitable, which can be translated in sound businesses addressing specific markets. If entrepreneurship can exist without innovation, the inverse cannot be stated. An innovation requires entrepreneurship to finally exploit the added value the innovation generates.

In this case the entrepreneur can be seen as the “agent” of change... the person who can create value from an innovative idea in a context of change and uncertainty and the market is the trigger for it to happen.

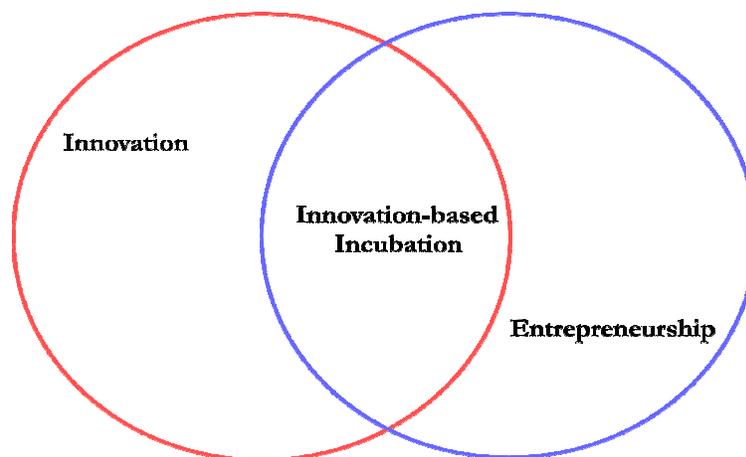


Figure 2: IBIs, where entrepreneurship meets innovation

Innovation-based incubators work in the intersection between the sets of innovation and entrepreneurship supporting entrepreneurs to profit from the added value of innovative ideas.

Demand-pull innovation

- originates from the intention to satisfy the needs expressed by the market
- generates incremental innovation
- usually fits into already existing markets and their evolvments

Technology-push innovation

- originates for R&D activities and from competitive advantages provided by new technologies
- generates more radical innovations
- generates new markets

Innovation-based incubators support innovative business projects which could be either technologically-oriented or non-technologically oriented. Technology therefore is not the only unit on which to measure the degree of innovation of a business idea.

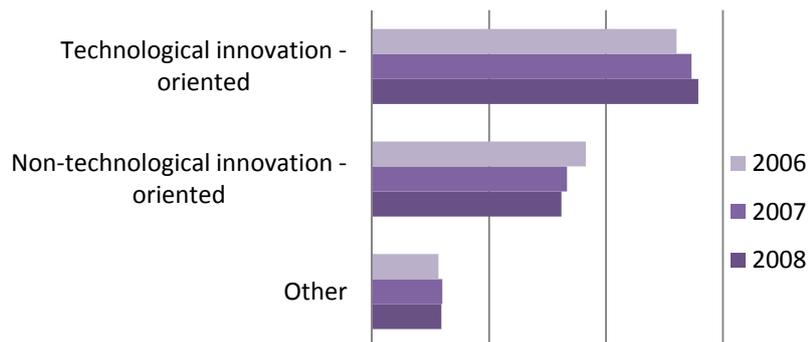


Figure 3: breakdown of project typology within the Business Innovation Centres (source EBN quality system)

Innovation can be found indeed in technology, but also in downstream applications (of a generic technology), in advanced and in knowledge-intensive services, in business models, in marketing and customer-led processes, in design, in standards, in organization and management,...

The EC-Business and Innovation Centres (EC-BICs)

BICs are support organizations for innovative small and medium sized businesses (SMEs) and entrepreneurs.

They are recognized through a quality certification scheme, which enables them to obtain the EC-BIC Label (the only EC label qualifying IBIs at European level and beyond).

The BICs are an instrument for regional development developed initially by the European Commission DG-Regio in the mid 80s and has subsequently been adopted in all Europe and beyond.

Their mission is to contribute to the overall economic and social development of the regions through the implementation of support services to entrepreneurs, helping them to transform into reality their innovative business ideas, and the delivery of tailored services to existing SMEs, aimed at modernizing and innovating them.

To this end Business and Innovation Centres offer a tailor-made, integrated system of services, making sure that the overall incubation process is being delivered, networking its services and activities with those of the other key actors of the regional system for innovation.

BICs can assume many forms and can organize themselves in different ways, as long as they respect the EC-BIC Quality Mark Criteria, which rule the granting of the EC-BIC Label.

Today there are more than 150 BICs networked by the European BIC Network, the major network in Europe dedicated to innovation-based incubators, covering more than 200 operational sites.

For more information <http://www.ebn.eu>



2. Setting up an Innovation-based incubator

2.1 The Mission statement and the strategic goals.

Innovation-based incubators are local economic development tools, which favoring the conditions for the creation and growth of novel business activities, contribute actively to the development of the regions where they operate. In this sense IBIs also have a mission of “public interest” and therefore need to be counted as an actor, among others, which can influence regional development. An actor who targets a very specific domain of regional development and very specific end-users, ultimate beneficiaries of its actions being the entrepreneurs with innovative business ideas and the innovative SMEs of the region.

So when defining the mission statement and the strategic goals of an IBI, it has to be taken into consideration that the main issue is to globally refer to SMEs and innovative entrepreneurs as the direct beneficiaries of the action of an incubator, and to define the quali-quantitative levels of support needed according to the specificities of the region they intend to serve.



Figure 4: Vision, Mission, Goals of an IBI

Although the exact definition of the mission of an IBI depends massively on the characteristics of the territory it intends to serve, it must always relate to the stimulation and the development of innovative businesses in all forms.

IBIs therefore must concentrate on fostering the creation of new innovative enterprises and/or developing innovation in existing SMEs.

After this general overview, the IBI needs to go a step ahead, and take into account the specificities of the region, in particular:

- identifying those economic sectors which hold a strategic position as being those with sound innovation potential;
- identifying the network with which it will work to accomplish its mission, especially if the region is active in R&D.

An IBI will hardly accomplish its mission if it doesn't cooperate with the other actors in the region involved in local development actions.

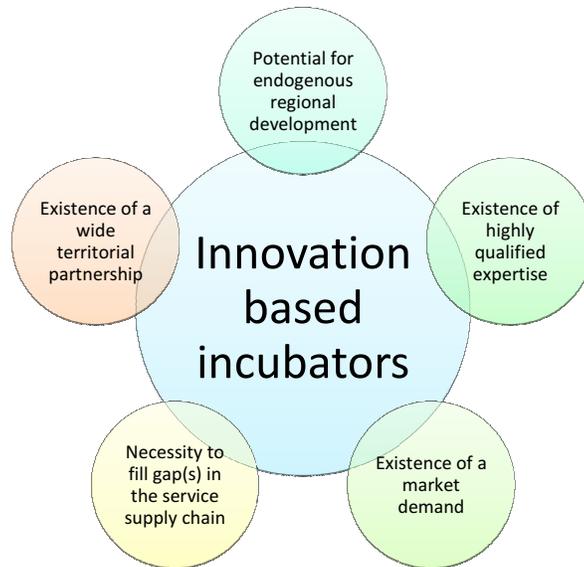
Strategic goals are even more closely related to the specificities of the regions in which an IBI operates because they will be directly linked to the definition of the services and actions it will undertake in the area it serves. They define clearly the direction that the actions of the IBI will follow, as well as the quali-quantitative objectives they should reach in the mid-term

Given the mission statement, which should have already identified the areas of competitive advantage, setting up strategic goals means mainly to have a vision of the future of the region in the mid-term and to quantify realistic and feasible quali-quantitative objectives, and therefore being able to identify the relevant actions and services that an IBI should put in place.

2.2 The preconditions

Before setting up an innovation-based Incubator it is necessary to analyze the region and verify the existence of some preconditions which, if absent, would impede its success.

- ***The potential for endogenous regional development*** – an innovation-based incubator will work supporting local entrepreneurs to develop sustainable businesses in those sectors where there is a competitive advantage and where innovation is an essential ingredient.
- ***The existence of a specific local and global market demand*** – an innovation-based incubator should be set up where there is a request, although maybe not yet expressed, of incubation services. It might be necessary to make the demand emerge through proper communication and networking activities before the actual start-up of the incubator, but a proper market research must be undertaken in order to understand whether there is a need for such a specific instrument or if it is better to start with other forms of business support organizations.
- ***A real need to cover gap(s) in the service supply chain*** – an innovation-based incubator, as any “public-interest” service provider should be set up when real added value will be delivered in the region. This means that among all the other business service providers there is none which is tackling innovation, or that, if there is, the services delivered are different, or are directed to entrepreneurs in different sectors, hence the new incubator will not be duplicating already existing efforts.



- The existence of a wide and active territorial partnership*** – to be truly effective a wide partnership among the local actors must be put in place, mainly because of its “public interest” mission, but also because the field and the scope of the activities are very broad, therefore making it difficult for the IBI alone to be able to offer an holistic and comprehensive set of services. The public sector should be involved, since it may provide those resources necessary for the running of the incubator, for its sustainability and for ensuring that the mission, as well as the vision, of the incubator, is properly placed in the short and mid-term governmental strategies. The private sector should be involved firstly because incubators are there to serve private companies, therefore the IBI and its services can be better tailored if the private sector is involved, secondly because entrepreneurs are the “doers” in the area, those who make things happen and can enjoy a greater degree of flexibility.
- The existence of highly-specialized local expertise*** – generally, supporting new businesses to start-up and grow requires high qualified skills, mainly because you are dealing with and shaping the life of people. Of course some very specific expertise will be outsourced, but the core services needed to ensure a smooth incubation process need to be internalized. If they are missing they need to be built through proper training activities.

2.3 [Positioning an IBI](#)

Positioning an IBI depends on many factors, from the directions given from the national and regional public authorities to the expectations of the local stakeholders, from the specificities of the needs of the entrepreneurs to the partnerships involved.



Figure 6: factors influencing the positioning of an IBI

The pre-existing systems for innovation – an innovation-based incubator will not be a duplication of something already existing and should not provide services and implement activities which are being delivered and carried out by other actors already dealing with innovation issues. If a regional system for innovation already exists, it is the expression of the territory’s necessities as expressed by the entrepreneurial community and/or as interpreted by the local authorities, therefore the IBI needs to fit into it, and not completely subvert it. Although the IBI is not subverting the local innovation system, it is anyway going to produce some adjustments into it, and this can create both advantages and disadvantages for the already pre-existing actors of the innovation network. A stakeholder analysis may be necessary in order to define the positioning of the IBI so as to minimize the negative impacts. If these overcome the positive results in any positioning exercise, probably there is no need for an IBI in the region, but other, more appropriate tools must be conceived.

The partnership for innovation – a step forward, after the stakeholder analysis, is to consider what partnerships are the most convenient for the accomplishment of the IBI’s mission. As already stated, an IBI will have extreme difficulties if it intends to proceed alone, so efficacious agreements must be put in place with those organizations which, sharing the same mission, or part of it, can actively contribute to the development of the IBI. These could be, among others:

- Chambers of Commerce and Industry
- Regional/Local Development Agencies
- Science and Technology Parks / Technopoles
- Municipalities/Urban communities
- National/Governmental agencies for SME and innovation support
- NGOs
- Industrial/SME associations

Furthermore the IBI could be directly hosted within one of the aforementioned organizations (generally Chambers of Commerce and Industry, Science and Technology Parks, Regional Development Agencies, local collectivities or Industrial and SME associations), as a separate “business unit” or department.

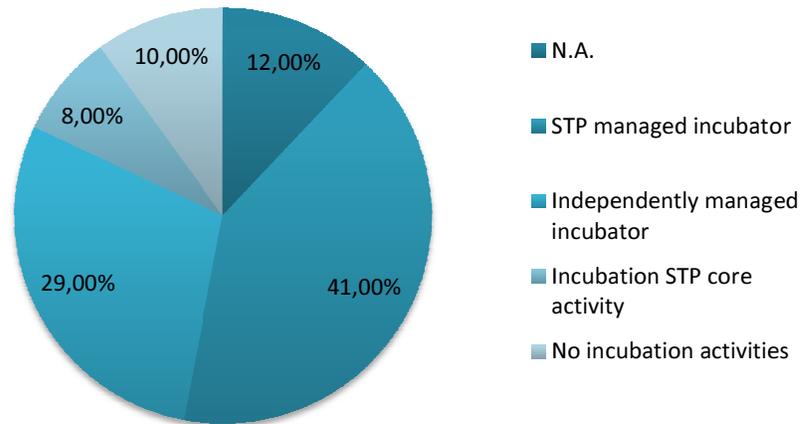


Figure 7: Incubators within Science and Technology Parks (Source: IASP)

The regional and national policies for innovation – as an IBI needs to “fit” in the regional innovation system, it needs to “fit” as well within the national and regional strategies for innovation. Innovative incubation processes should be part of the current, or future, strategies which politicians envisage to use in the effort to create new innovative companies, new stable jobs and enhanced added-value in the region. The political expression of the territory must endorse its activities and acknowledge the IBI as an actor within the system, supporting its activities also through financial efforts.

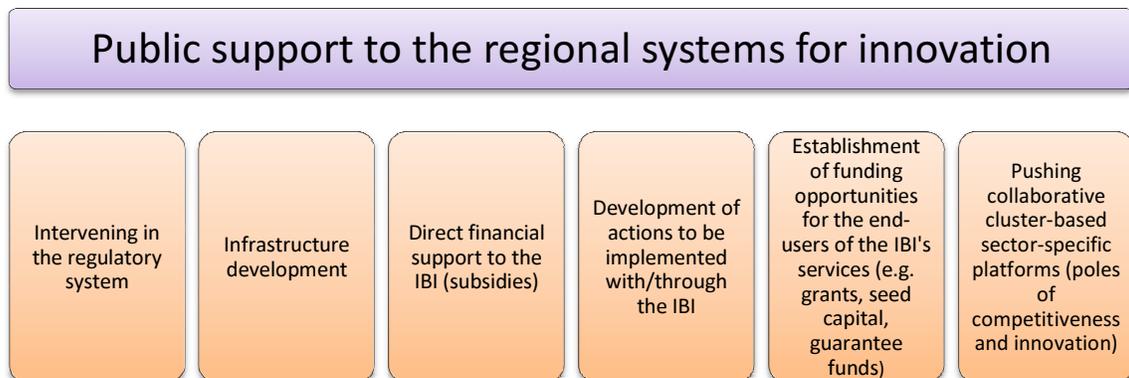


Figure 8: public support to the regional systems for innovation

The regional economic environment – IBIs should concentrate on developing the endogenous potential of the region in order to create companies with higher chances of success. So the main issue is whether the IBI should be a general-purpose or a sector-based incubator, basing the latter choice on the economic sectors in which clearly the region holds competitive advantages and where innovative enterprises could be competitive in a globalized world. Furthermore it is fundamental for the IBI to be close to the entrepreneurial community and fully accessible.

The typology of entrepreneurs and their needs – last, but not least, the aim of an IBI is to support the entrepreneurial community of a region. Therefore the intrinsic characteristics of the potential entrepreneurs as well as of the existing SMEs need to be taken into consideration so not to fall in the error of delivering non-needed services and implementing non-efficacious actions to reach the mission and wasting the available scarce resources.

2.4 Engineering the IBI

Taken into consideration the aforementioned factors, the proper positioning of the IBI should be identified, and therefore the various aspects of its development must be engineered.

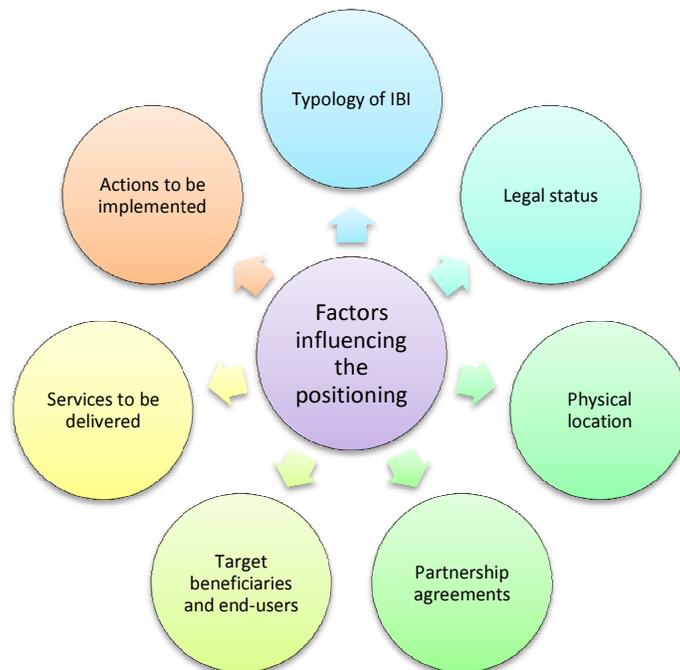


Figure 9: main issues concerning the set-up of an IBI

Typology of the IBI – the strategic element is that the incubator must operate within the innovation domain. Deciding what typology of incubator is hence fundamental as long as the innovation concept is the dominating one. As seen above innovation-based incubators can be shaped in many forms (academic, general-purpose, sector-based, etc.). The influencing factors should clearly support the identification of the best to use.

Legal status – an IBI could take the form of a private body, a public body, a public-equivalent body, or a mix public-private organization. It could be incorporated as an equity-based company or not, but is generally operating on a not-for-profit mode. The main factors influencing the decision are the activated partnership and the concrete involvement of the private and the public sectors. Another concern is whether the innovation-based incubator should be placed within an existing organization (in this case it becomes a new department or unit of a bigger hosting body), or if a new organization must be created.

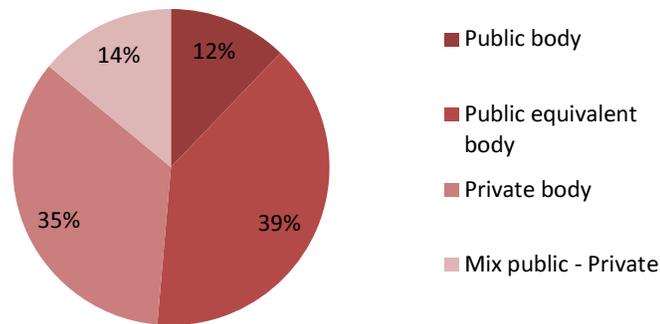


Figure 10: the legal status within the EBN network (source: EBN quality system)

Physical location – the main question to respond to is where is it most convenient to install the innovative enterprise development unit, which will activate the incubation process. The main factors influencing the decision should be:

- The regional economic context – if regional economic sectors with competitive advantages are also physically located in a specific area, the incubation services should be placed near the area (e.g. an industrial district or a specific cluster). On the other extreme there might be the need to establish more than one center in the territory to ensure the appropriate proximity to the entrepreneurial community.
- The needs of the entrepreneurs – specific needs may call for specific organization within the local environment.
- The pre-existing system for innovation and the local partnership – these factors should be considered since there is the need to not duplicate already existing services and to use the resources that the partnership can activate in favor of the IBI.

Partnership agreements - these should be prepared and signed with all the local actors with which the IBI will interact in the delivery of the incubation process, making sure that it is clear who is doing what, and how this is undertaken. This will vary according to the activated partnership for innovation. It may be the case that specific partners can act as decentralized front offices of the IBI, or that they can specialize on specific high quality services (e.g. internationalization services can be offered by the chambers of commerce to the entrepreneurs and the client companies of an IBI through the formal acceptance of a special agreement).

Target beneficiaries and end-users – who is mainly to benefit from the actions of an IBI must be clearly identified. The specificities of the regional economic and social context will help to clarify this point. The first distinction to be made is among the potential new entrepreneurs of the territory and/or the existing SMEs of the region, since this decision could heavily influence the set of services to be deployed. Then further distinction can be made according to:

- The economic environment (leading sectors of the local economy), and its industrial characteristics.
- The social environment (the presence of vulnerable groups who may need specific actions to be included through entrepreneurship). Some incubators have positioned themselves as specialists in women incubation, artists’ incubations, social inclusion incubation, immigrant incubations, etc.
- The origin of the would-be entrepreneur (e.g. from a university or a R&D institution, the academic world more in general, or spontaneously-driven entrepreneurs with innovative ideas and the will to make them profitable), or even coming out of industries in reconversion/restructuring.

Furthermore, other end-users of the actions of an IBI are Local and regional administrations which need support in rendering concrete their development strategies by pushing innovative actions as well as the knowledge-based sector, such as universities which can better channel the opportunities for students and researchers.

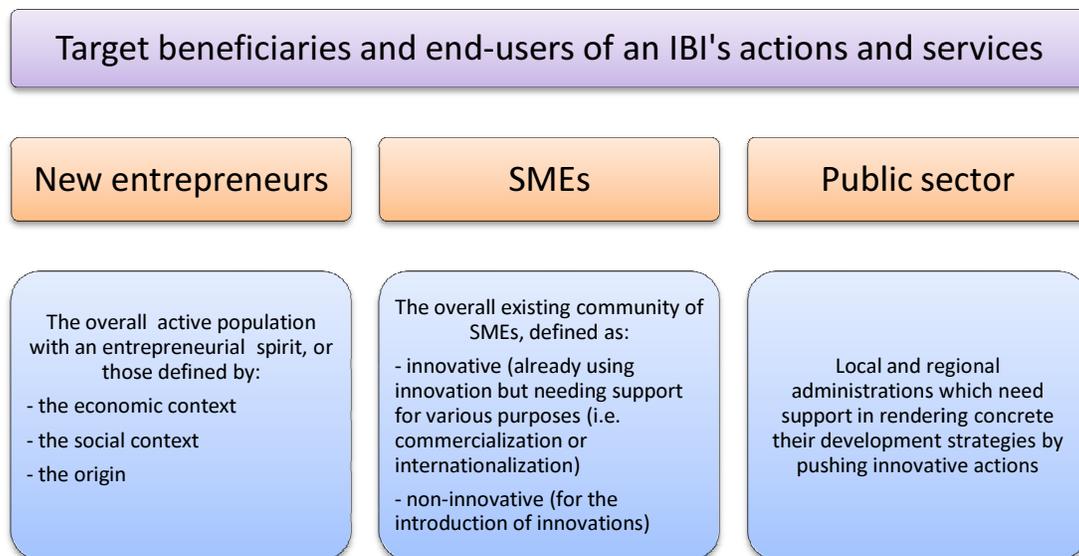


Figure 11: target beneficiaries and end-users of an IBI

Services to be delivered and key qualifications – the definition of the services, and therefore the key qualifications an IBI must hold, depends on the needs of the entrepreneurial community, on the pre-existing innovation system and on the activated partnership. As already stated the services must be expression of the real territorial needs and need to fit into the innovation support system. Partners,

on the other hand, may have knowledge, competencies and resources that could enable the IBI to concentrate on other specific key qualifications which need to be developed within the region.

Key qualifications - Area of expertise	2008
R&D / University spin-off / High-tech SME creation & support	62%
International cooperation / SME internationalization	58%
Legal advice to enterprise creation / commercial contracts / Intellectual Property Rights (IPR)	53%
SME financing / Seed capital and venture capital / Growth financing	41%

Figure 12: key qualifications within the EBN network (Source: EBN Quality system)

Actions to be implemented – these mainly refer to programs and projects designed and/or managed by the IBI to support the territory in achieving the strategic goals it has endowed itself with. These can be implemented for the local administrations and generally have the focus of improving the environment in which innovation and entrepreneurship grow and nurture.

2.5 A focus on the services of an IBI

2.5.1 Services in the pre-incubation stage

Pre-incubation goes from the definition of the innovative idea to the elaboration of the Business Plan. It is typically an engineered process which starts from a first appointment with the business development staff of the IBI where the idea is analyzed and initially assessed, and a very first filter is applied.

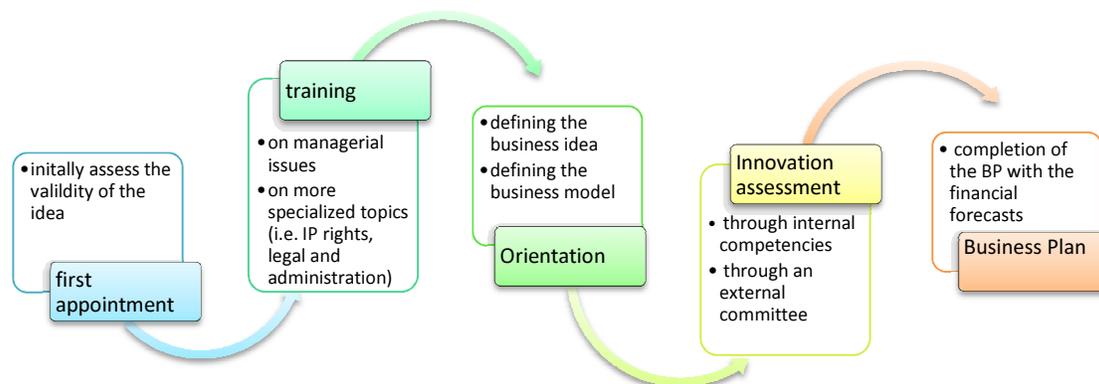


Figure 13: the pre-incubation stage

Subsequently the incubator could offer a pre-incubation space, typically a workstation with the main facilities (printing, internet connectivity, etc.), and should offer a series of appointments to help the

entrepreneur in better defining their business idea up to the full elaboration of the business plan covering all the aspects needed to understand the full feasibility of the project idea.

During the process at a certain point, the IBI should assess the degree of innovation of the business idea. It is advisable to manage this task through a committee of external experts in the related economic sector, although some IBIs prefer to internalize this function. If the idea results innovative then further support should be provided, if it doesn't the IBI will revert the idea to other business support organizations not exclusively devoted to innovation.

There may be the need to undertake training activities, mainly on managerial topics, since the would-be entrepreneurs do not always have a business education background.

2.5.2 Services in the incubation stage

The incubation stage goes from the start-up creation, through the expansion phase, up to the initial maturity of the company. It is a delicate phase in which the entrepreneur will undertake the activities needed to realize the business plan, and the services delivered by an IBI will differ according to the phase in which the new company is positioned within the terms identified by the business plan itself.

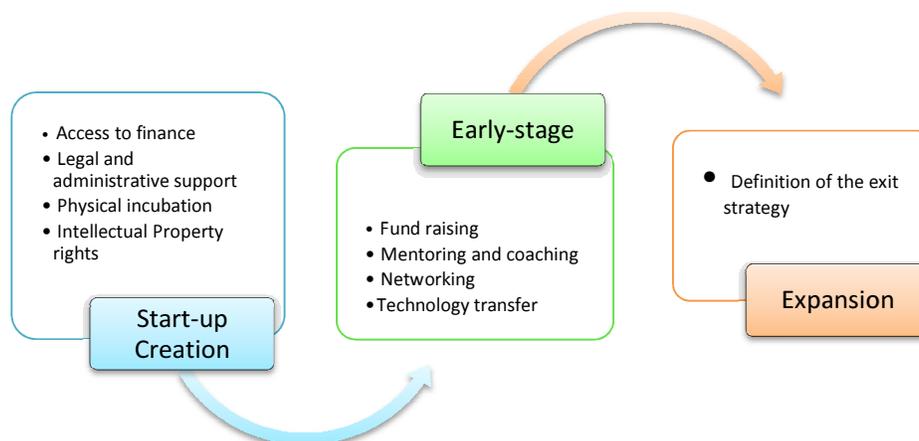


Figure 14: the incubation stage

The start-up creation phase, refers to the period when the entrepreneurs is legally and physically creating the new innovative company. Various services can be delivered to the entrepreneur, these depending on the characteristics of the company and of the territory where it will be operating.

IBIs are frequently asked to provide, among others, the following services:

Access to finance – as it is a very much requested service, as it usually represents a critical factor in many regions, the IBI must develop adequate services for the entrepreneurs to access early-stage funding opportunities, for example supporting the access to seed-capital funds, favoring the proper networking with business angels, or the access to grant schemes which could be present at the regional and national levels.

Legal and administrative support – it refers to the support needed to go through the administrative steps to legally form the company. In this sphere, the IBI, but also any non innovation-based

incubator, as well as any business support organization, could propose the public authorities to intervene in the governance sphere, simplifying the processes which in some locations could be quite cumbersome.

Physical incubation – physically hosting the new companies is usually regarded as one of the most important service an IBI can provide, although it must be stressed how this is not coinciding with the overall incubation process, but it is rather associated to the level of a service, albeit usually perceived as having a high added-value. Physical incubation is the provision of fully equipped office spaces and production spaces with the provision of other services, facilities and utilities, which are provided to the hosted companies who share them, thereby cutting the associated costs (i.e. secretarial costs, meeting rooms, printing devices, etc.).

Physical incubation activities	
Percentage of BICs offering physical incubation services	82%
Average square meters available for incubation activities	3159,02
Average incubator space occupancy rate	77,67
Average incubation time (years)	3,06

Figure 15: some numbers on physical incubation in Europe (source: EBN Quality system)

Intellectual Property rights – particularly fundamental in innovation-based incubators, since it mainly applies for the patenting of innovative products and services, the support on IP issues is also necessary for non innovative companies, if they intend to enter an existing market with products which may be already covered by patents.

Technology transfer – together with the intellectual property rights service, technology transfer falls in the sphere of the services for innovation, when specific new technologies need enter in the productive processes of start-ups and of existing SMEs as well.

The early-stage phase starts once the company has been established and makes the first attempts to enter the market, and ends when the company has reached maturity and is ready to walk on its own feet.

In this phase IBIs are frequently asked to provide, among others, the following services:

Access to funding – the need for investments might not be satisfied with early-stage funding, and other opportunities must be provided to the entrepreneurs, such as facilitating the encounters with venture capitalists, through investment readiness services and mentoring.

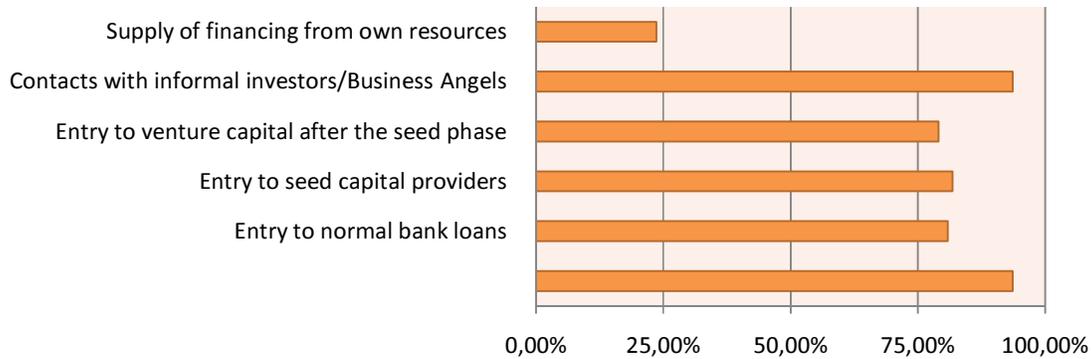


Figure 16: breakdown of access to finance services offered in Europe by the BICs (Source: EBN Quality system)

Mentoring and coaching – a very fundamental service which should constantly be delivered by the IBI. A business expert should always be present in the IBI and available for answering to the matters daily brought forward by the assisted companies. It might be a good idea to enforce monthly meetings to assess the improvements of the SME's in their path towards maturity.

Networking and clustering– the companies can benefit immensely from networking opportunities that can come from, for example, enacting commercialization services and business to business meetings, as well as from the support deriving in facilitating the entrance to the targeted markets. Providing access to clusters, or even animating/hosting clusters, is becoming a new profession for IBIs.

The assisted company will reach the **expansion phase** when it is deemed to be able to stand on its own feet and has reached a point where it has gained enough strength to exit the incubation process. To support the successful cases, an IBI should have in place exit strategies support services to ease the separation from the IBI and the full integration within the markets.

From now on the company can benefit from the services dedicated by an IBI to the existing SMEs of the region.

2.5.3 Services for existing SMEs

It might be the role of an IBI, and this sometimes can be preponderant, to support the regional tissue of SMEs through services meant to increase within them the degree of innovation.

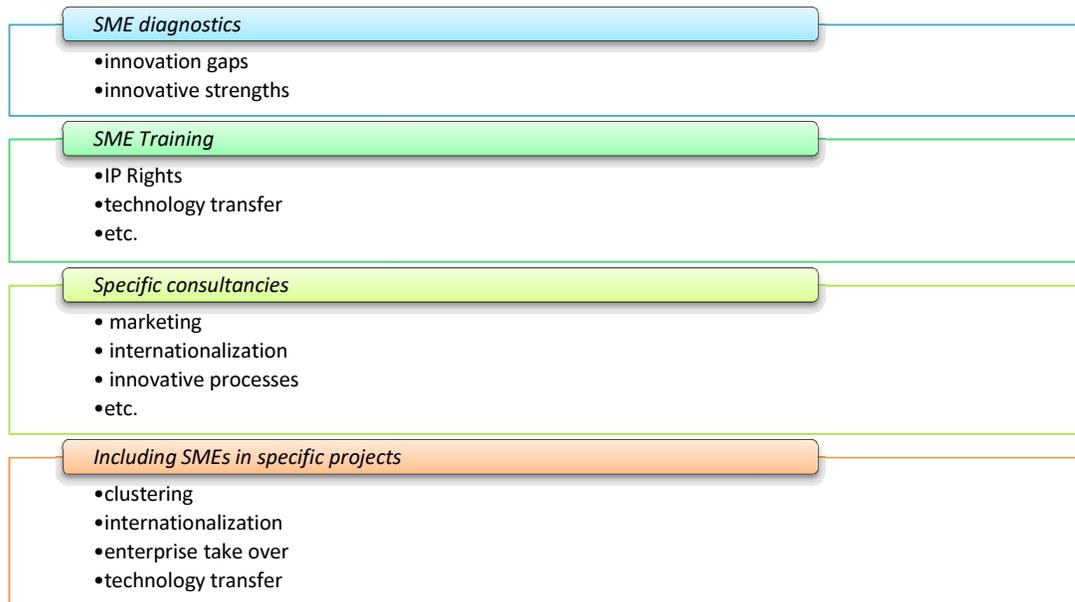


Figure 17: main services for SMEs offered by an IBI

The services provided by an IBI should be formalized as much as possible and supported by various tools that the IBI should design and/or adopt through the proper transfer of best practices.

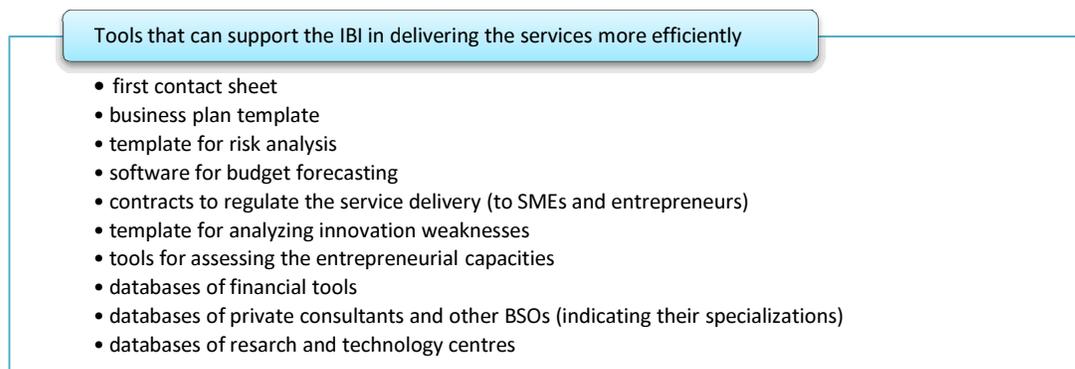


Figure 18: tools to ease the incubation process

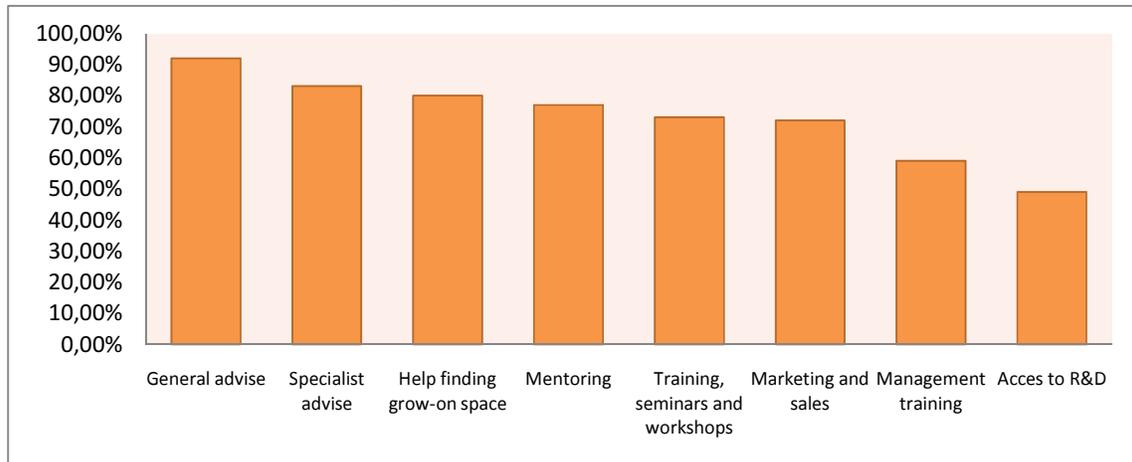


Figure 19: services most often provided in the UK IBIs (Source: UKBI)

2.6 Organization of an Innovation-based incubator

When planning the internal organization of an innovation-based incubator, there are mainly 5 fundamental issues which need to be taken into consideration, which are usually intertwined as every one of them will contribute in shaping all the others.

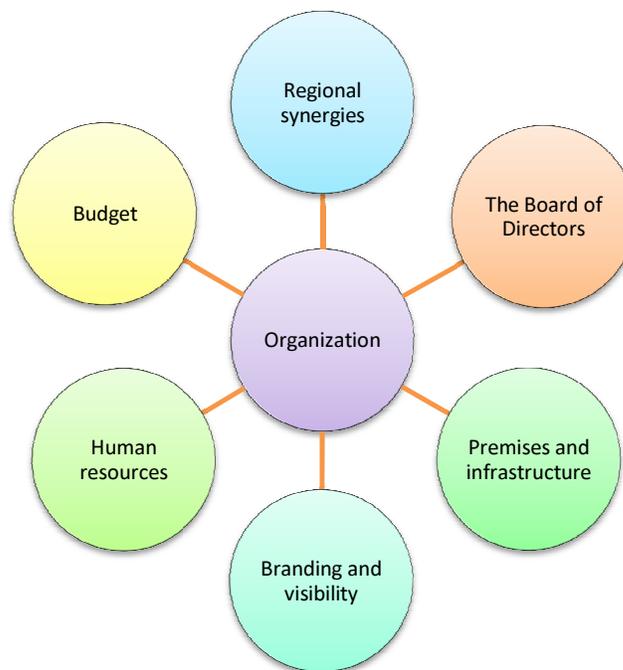


Figure 20: issues to consider when planning the internal organization of an IBI

Regional synergies – as these will have been defined during the “positioning” exercise of the IBI, when detailing the internal organization of an IBI, these need to be taken into consideration because probably some services to entrepreneurs and SMEs have already been engineered and developed. Therefore, instead of providing them directly, the IBI should develop sign-posting services, through which end-users are directed to the organization which is already providing it. This will have an influence on the human resources, the budget, the premises and the action plan.

Board of directors – the board of directors will nominate the CEO and is the actual body that will decide upon the strategic goals of the IBI. The members of the Board should therefore be representatives of the local system for innovation, ensuring that coordination takes place and that the director’s decisions are compliant not only with the mandate of the IBI, but also with the overall scopes of the regional system for innovation as whole.

Branding and visibility – the IBI must have a clear visibility in the territory. Theoretically all the potential innovative entrepreneurs and the SMEs must clearly know where the IBI is located, what services it provides, and what is the role within the regional system for innovation. Furthermore they should be able to fully recognize it as an innovation agent for the entrepreneurial community. This should be done through the development of the branding of the IBI and of a proper communicational and promotional campaign.

Premises – these should be adequate to the identified services and to their efficient delivery. Of course this factor is not only influenced by the overall positioning of the IBI, but also on the nature of the catchment area and of the target beneficiaries of the actions to be implemented and the services to be delivered.

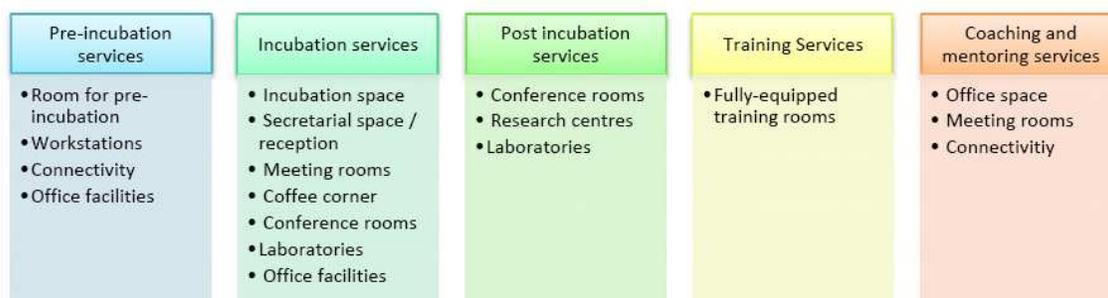


Figure 21: the needed infrastructure

Human resources – innovation-based incubators should rely on a high specialized and qualified team. In terms of dimension it needs to be appropriate to the typology of services in needs to deliver, to the actions and projects it will implement and of course to the qualitative and quantitative levels of target beneficiaries it will address.

... from the BIC Quality Mark Criteria...

“Business and Innovation Centres are managed professionally and autonomously, have a dedicated team of at least three full time staff - appropriately qualified, experienced and involved in the core activity of the business support as e.g. business advisors – of which one must be the manager/CEO with overall responsibility for the BIC.”

The European BIC Network

Innovation-based incubators need to be flexible enough, although there is the necessity (as well as the usefulness) to internalize those key qualifications which generate the added-value in the local system for innovation and that are at the basis of the core activities the IBI will undertake and of the core services it will deliver.

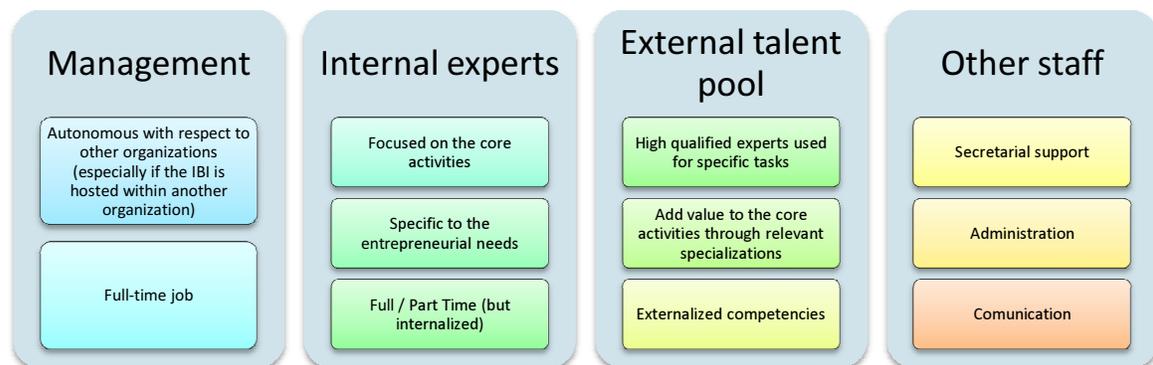


Figure 22: the human resources

An IBI needs a dynamic leader. Ideally someone who has worked in the private sector within the region, who knows therefore how the entrepreneurial community is embedded in the overall system, has an extensive knowledge of the needs expressed by the community and has a vision on how the innovation domain can support the strengthening of the SMEs in the region. Management of an IBI is a full-time job and it needs to be a fully autonomous position, with full control over the available resources.

The choice of what functions to internalize and therefore what will be the specific key qualifications of the IBI, factor which affects the selection of the staff, depends on the positioning of the IBI within the regional system for innovation. The staff needs to be internalized (preferably on a full-time basis) and will manage the core activities of the IBI, leaving to external experts, or to other organizations within the regional system for innovation, the service segments which on one side are not the core services of the IBI, and on the other require specialized knowledge.

Finally a fully operating IBI will need secretarial services which can be shared with the hosted companies (if any) and an administration staff, being an independent organization with its own budget and cost center.

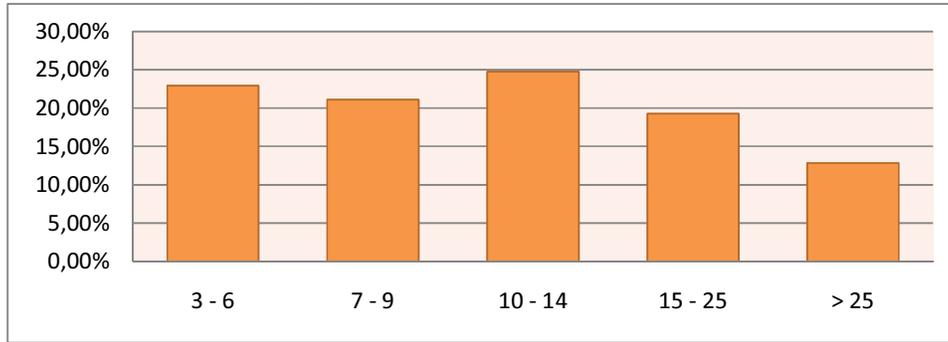


Figure 23: the size of the BICs networked by EBN (Source: EBN Quality system)

Budget – the budget necessary for operating and IBI must be:

- Sufficient to ensure the proper delivery of services and actions
- Secure enough to allow the IBI’s sustainability in the mid-term (at least 3 years)
- Independent, managed through an own profit and loss account

2.7 Cost and income Model

The sources of income of an IBI vary according to the different legal status and nature of the organization. An IBI organized as a public body will receive mainly (if not only) public funds, while these may be strongly reduced if organized as a private body (which will have different income models according to the “profit or not-for-profit” statutory models). Notwithstanding these extremely important differences when assessing the IBI’s income models on a case to case basis, generally the sources of income are those represented in figure 24.

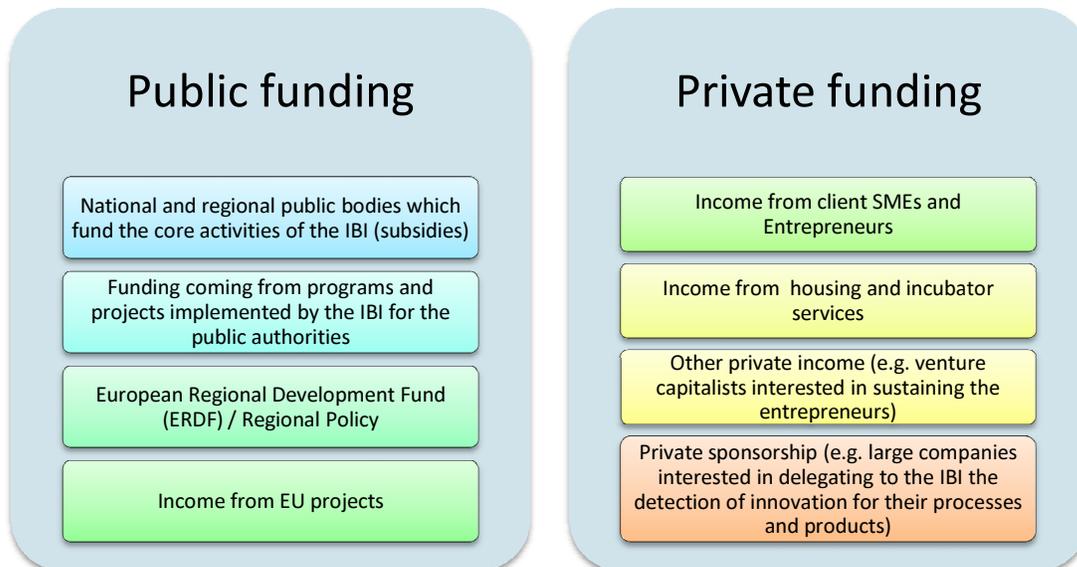


Figure 24: main sources of income of an IBI

The balance between public and private funding may very well vary according to the nature of the IBI. Mostly important is to concentrate the initial efforts in securing that the core activities of the IBI are properly funded, therefore fund-raising activities need to be concentrated more on the public sphere if the IBI is a public, or a public equivalent body, while private channels should be preferred otherwise. Of course many IBIs have developed a mix between the two options and are able to receive financial support from both public and private sources.

On the expenditure front, figure 25 reports the main cost categories incurred by an IBI in the deployment of the activities.



Figure 25: main categories of expenses of an IBI

Other typologies of costs may occur, especially if the IBI strongly depends on project management as the most relevant source of income. Anyway experience shows that an income model depending heavily on projects is not a sustainable one, rendering the IBI dependent on the various project cycles. It is convenient and suggested to make sure that the resources needed to implement the core activities are funded through more stable channels, while using project funding to realize actions in support of the core services and of the innovation and entrepreneurial governance of the region.

3. Networking of an IBI – for the benefit of an entrepreneur

The word “network” is defined as *“a large system of many similar parts connected together to allow movement or communication between or along the parts or between the parts and a control centre”*

In the case of an IBI it is possible to define two main networking domains, the first one being the region, where the main scope is to assure that the regional system for innovation, backed by the regional innovation strategies, recognizes the function and the value from the IBI. The second one is the over-regional networking, where an IBI can find grounds to network and benchmark with its own kind, other IBIs present at national and/or international level, in other regions of the country or of the world.

While it has been already mentioned why regional networking is fundamental for the IBI once it has been positioned, why should it network at an over-regional level? There are many answers, but experience has shown that the following are the most frequent:

- Networking enables to benchmark yourself with your peers, catch inspiration, and take appropriate measures for continuous improvement.
- Networking provides chances to meet other practitioners and develop common ideas that will benefit the regional system for innovation and the end-users of the IBI.
- Networking provides chances to promote the innovations at an international level, which can lead to commercialization and internationalization opportunities for the entrepreneurs supported and the assisted SMEs.
- Some innovative companies are “born global” and can access international markets from the onset. Networking projects like the “Eurooffice-Network” allow young companies to explore international markets at very low costs, supporting them to take roots in many European markets at a time (e.g. soft landing, business boosting).

All the aforementioned reasons will better support the IBI in promoting itself and simultaneously increase its sustainability over time.

Networking is essential at all levels, international and national, and many networks exist, some being dedicated solely to IBIs for more general purposes, while others try to respond to specific niches of the IBI’s incubation processes and services.

The European Business and Innovation Centre Network

About EBN

EBN is now the leading non-governmental pan-European network bringing together 200+ Business & Innovation Centres (BICs), and similar organisations such as incubators, innovation and entrepreneurship centres across the enlarged Europe.

The network is therefore an umbrella organisation bringing together over 200 BICs from all around Europe and beyond. It provides help and support to these BICs by acting as an interface with other organisations including the European Commission (which officially recognises EBN), by providing expertise in numerous areas including funding and by stimulating the sharing of best practices.

EBN follows closely the European Union Enlargement and Neighbourhood Policies and is developing 'hub and spoke' networking connections with the rest of the world.

History

1984 1st EC-Business Innovation Centre (B.I.C.) opened in Liège, Belgium

European Business & Innovation Centre Network (EBN) officially established by the EC and industry leaders such as British Steel (industry), Cockerill-Sambre, Natwest, IRI Group, Générale de Belgique, Fiat, Control Data Corp., EVCA, Philips, Barclays etc. The first chairman of EBN was Viscount Etienne Davignon, while Romano Prodi, Lord Carr and Alain Minc were other influential Board members.

1991 First B.I.C.s outside the EU opened in the Czech & Slovak Republics

1999 B.I.C.s integrated into mainstream EC Structural Funds

2002 The European Commission officially granted EBN the exclusive licence of the EC B.I.C. trademark

Increased recognition of the network by EC-DG Enterprise & DG Research & European Space Agency (ESA). Launch of the European Space Incubators Network (ESINET) as an experimental thematic platform for the transfer of knowledge and technologies in the field of space.

2004 BICs accelerate cooperation with the corporate sector (BT, Procter & Gamble, Gaz de France, HP, BASF, ...)

2007 ESA invited EBN, the European Business & Innovation Centre Network, to integrate ESINET as a structural thematic component of the EBN Network and to further professionalize and deploy its operations.

2008 Over 230 members in EBN including 155 BICs and 75 associate members in the 27 E.U. Member states and in 11 other countries (Central and Eastern Europe, North Africa and the Middle East, Canada, USA, China,...).

Establishment of sectorial networks of BICs in maritime, agro-food, 'cleantech' and ICT sectors as well as space.

2009 EBN celebrates 25 years as a reference point in Europe on innovation, spin-offs, incubation, entrepreneurship, SMEs, and regional economic development

The EC-BIC Label

In January 2002, EBN was awarded a trademark licensing contract from the European Commission, with DG Enterprise and Industry. This contract permits EBN to manage the licence of the BIC European trademark. EBN has the mandate to grant, renew and withdraw these licenses on behalf of the European Commission.

EBN implements a certification and quality system enabling the development of a network of excellence through the integration of a quality approach. The BICs that have been granted the BIC trademark commit themselves to respect their obligations within the quality process of the network.

EBN, through an engineered quality system assures that EC-BICs, the full members of EBN, respect the BIC Quality Mark Criteria, which refer to:

- Global Mission
- Organization
- Services to Entrepreneurs, Start-ups and SMEs
- Performance
- Quality

EBN, through the Quality System:

- Ensures the respect of the EC-BIC Criteria and therefore quality services throughout the entire network
- Collects annually data from the BICs from which it produces its annual BIC Observatory
- Elaborates, upon request, benchmarking actions
- Provides more accurate partnering and networking actions



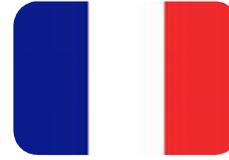
Examples of National Networks of IBIs



UKBI - UK Business Incubation
<http://www.ukbi.co.uk>



ANCES - Asociación Nacional
de CEEI Españoles
<http://www.ances.com/>



RETIS
<http://www.retis-innovation.fr/>



ADT - Association of German Technology
and Business and Incubation Centres
<http://www.adt-online.de>



NBIA - National Business
Incubator Association
<http://www.nbia.org>



PBICA - Polish Business
Innovation Centres Association
<http://www.sooipp.org.pl/>



BIC Italia-net
<http://www.bic-italia.net>



ABICs - Association of Portuguese
Business and Innovation Centres
<http://www.bics.pt/>



Finnish Science Park Association
<http://www.tekel.fi/>



Hungarian Association for Innovation
http://www.innovacio.hu/en_index.html



Association of Wallonian BICs
<http://www.ceeiwallons.be/>

Figure 26: examples of national networks of IBIs

Enterprise Europe Network

- Launched in 2008 by the European Commission, the Enterprise Europe Network combines and builds on the former Innovation Relay Centres and Euro Info Centers (established in 1995 and 1987 respectively). The new integrated Network offers a “one-stop shop” to meet all the information needs of SMEs and companies in Europe. The Enterprise Europe Network is unique both in terms of its wide geographic reach and of the wide range of integrated services it provides to SMEs and other business actors. This is made possible thanks to the coordinated action of nearly 600 local partner organisations, employing around 3 000 experienced staff working to support the competitiveness of EU businesses.
- **One-stop shop** - Instruments include business partner search within technology and business cooperation databases and fast access to information on funding opportunities. Individual on-site visits to companies to assess their needs and a broad range of promotion and information material. Representatives of the Network can also help businesses understand EU law, how it applies to their business and how to make the most of the internal market and EU programmes.
- **Exchanging best practices to boost competitiveness and regional excellence** - The Enterprise Europe Network offers easy access and proximity to local services for SMEs, thus creating regional business gateways. Regional consortia cooperate to create a coherent support structure for local companies, boosting the region’s profile and its competitiveness

• <http://www.enterprise-europe-network.ec.europa.eu>

European Association of Development Agencies

- EURADA, the European Association of Development Agencies is a non-profit making organisation aiming to promote regional economic development through dialogue with the European Commission services, interchange of good practice among members, transnational co-operation among members, regional development agencies as a concept.
- EURADA has a membership of about 150 regional development agencies from across the European Union, as well as strong international links through the Economic Development Council (IEDC) and through economic development networks in China, Japan, Australia and New Zealand.

• <http://www.eurada.org>

International Association of Science Parks

- The IASP is the worldwide network of Science and Technology Parks connecting Science Park professionals from across the globe and providing services that drive growth and effectiveness for the members.
- The members enhance the competitiveness of companies and entrepreneurs of their cities and regions, and contribute to global economic development through innovation, entrepreneurship, and the transfer of knowledge and technology.
- The IASP is an NGO in Special Consultative Status with the Economic and Social Council of the United Nations.

• <http://www.iasp.ws>

EUROOffice-Services

- EOS comprises 80 organizations, including science parks, incubators and innovation centres in locations as diverse as China, Mexico, Cyprus, USA, Chile, Turkey and much of the European Union.
- EOS is aimed at helping businesses facing international markets through various direct services such as:
- Soft Landing (discovering business locations, accessing professional experts, customised welcome to foreign investors)
- Networking (International matching, Euro expo)
- Business Boosting (Business Advisor, training, mentoring, human resources, selling across borders)

• <http://www.eurooffice-services.eu>

European Business Angels Network

- EBAN serves business angels, business angel networks, seed funds and other early stage investment professionals across Europe.
- EBAN is the representative in Brussels through direct and indirect membership of more than 250 business angel networks in Europe. These in turn federate some 20.000 angels, and receive about 40.000 business plans a year. EBAN brings together over 100 member organisations in 27 countries today.

EBAN is the networking platform enabling its members to:

- Stay on top of trends in the early stage investment market in Europe
- Build new relationships, new business opportunities by networking with peers across border.
- Get answers to day-to-day challenges: don’t reinvent the wheel, we might have the solution!
- Access the resource center and get ongoing capacity building opportunities
- Be represented under one voice representing the interests of early stage investors near European policy makers

• <http://www.eban.org>

InfoDev

- *infoDev* is a global development financing program among international development agencies, coordinated and served by an expert Secretariat housed in the Global ICT Department (GICT) of the World Bank, one of its key donors and founders.
- *infoDev*'s work focuses on three main themes:
 - **Enabling Access For All**
 - **Mainstreaming ICT As Tools Of Development And Poverty Reduction**
 - **Innovation, Entrepreneurship and Growth**
- *infoDev* helps developing countries and the international partners maximize the contribution and impact of the private sector through direct support for ICT-enabled innovation, new business and partnership models and toolkits, and networking among entrepreneurs, private sector investors and the donor community. The network of over 40 incubators around the developing world provides unique insight into the challenges facing ICT innovators and entrepreneurs in developing countries.

• <http://www.infodev.org>

Figure 27: example of special-purpose networks for IBIs

4. The impact assessment of an IBI

4.1 [Some questions... and their answers...](#)

4.1.1 [What is "monitoring"?](#)

Monitoring is the regular observation and recording of activities taking place in an IBI as well as of the results obtained. It is constituted of an intermittent series of observations in time, useful for understanding the extent to which an objective is met and/or the extent of compliance with a standard or degree of deviation from an expected norm. To be useful to all extent the observation must be systematic and undertaken through a well-defined process.

4.1.2 [What is "Benchmarking"?](#)

Benchmarking is the process of comparing the quality, the performance and the efficiency of a specific process or method to another that is widely considered to be a standard or best practice.

4.1.3 [Why monitor and benchmark?](#)

An IBI will often act as a catalyst for the production and introduction of high quality innovative products, processes and services in a community. Therefore, it is important to assess just how significant its role is in the wider business world and how the incubator meets the needs of its stakeholders and clients. This activity is even more important if considered the mission of "public interest" of an IBI and the significant role that it can play in fundraising activities, promotion, or acting as a reporting tool to its stakeholders – i.e. local authorities, shareholders and civil society.

Why monitor and benchmark your IBI?

- Efficiency and performance check-up
- Reporting to stakeholders and shareholders
- Promotion towards the end-users (entrepreneurs and SMEs of the region)
- Lobbying and fund-raising
- Networking

Monitoring and Benchmarking Systems are therefore needed to accurately measure to what extent an IBI is contributing to regional development (e.g. in terms of clients served, jobs created, improvement in turnover and growth rate of companies, and survival rate of companies) as well as to assess whether the process, the methodologies and the tools being used are the most appropriate to achieve the objectives.

Performance and efficiency check-up – some IBIs may have found more efficient ways to provide services to innovative entrepreneurs and SMEs, and these practices could be transferred to IBIs which could in their turn improve their own performances. If an IBI doesn't compare regularly with those of its own kind (IBIs with similar characteristics) it will be much harder to find ways to enhance the delivery of services, making best use of the available scarce resources.

Reporting – Shareholders and stakeholders would like to have an idea of their return on investment (ROI), and whether this can be incremented in some way, and are interested in learning if the overall regional system for innovation is producing results according to the expectations. Being able to report concrete figures and comparisons with other IBIs could highlight specific strengths (good for fund-raising purposes) and weaknesses (good for developing actions to increase the efficiency levels).

Promotion – there is nothing better than good numbers to convince other entrepreneurs and SMEs to resort to the services of an IBI.

Fund-raising – attracting more resources to the IBI to increase its potentialities can be better done if it demonstrates that there is a high return on the investment.

Networking – benchmarking provides a means to scout best practices and to understand how to transfer them to your IBI. Definitely an opportunity to start positive networking experiences with incubators which share a similar profile.

4.2 Indicators

Key Performance Indicators are quantifiable measurements, agreed beforehand, that reflect the critical success factors of an organization. They must be quantifiable and reflect the goals of the organization.

Process Indicators intend to provide an indication on the degree of efficiency reached in the achievement of the overall performances.

Specifically, performance indicators are associated to the final objectives of an IBI while process indicators are associated to the activities and services activated to reach the final goals.

Since Indicators per-se lose much of their meaning if they are not related to the reality in which they have been calculated, it is advisable to use **cost-benefit ratios**, that will allow to understand the quantified indicators in relations with the resources used to achieve the results.

Benchmarking with other IBIs requires:

1. The use of the same indicators
2. Making sure that these are interpreted homogeneously
3. Making sure that the data collection activities are up-to-date

A practical method of identifying the right indicators is making sure that they are SMART indicators.

SMART indicators

- **Specific:** *measures as closely as possible the result it is intended to measure*
- **Measurable:** *quantitative, it provides no ambiguity on what is being measured*
- **Achievable/Attainable:** *it is technically possible to obtain data at a reasonable cost*
- **Result-oriented:** *reliable, there is a general agreement over interpretation of the results*
- **Time-bound:** *data can be collected frequently enough to inform the progress and influence the decisions*

Figure 28: SMART Indicators

4.3 Applying indicators to the incubation process

Monitoring the incubator requests the development of specific tools that can be more or less sophisticated (from a regular spreadsheet to ad-hoc developed software solutions) depending on the scope of the monitoring processes and on the amount of data that needs to be collected and processed. It is anyway recommendable to have clear in mind the indicators that the IBI needs to calculate and to build the monitoring system accordingly. Figure 30 reports some process and performance indicators, as well as cost benefit ratios, which could be adopted and used for any of the aforementioned purposes.

Process indicators

- Number of events organized to promote entrepreneurship
- Number of people sensitized through the events
- Number of training events organized
- Number of people attending the training events
- Number of first contacts
- Number of project selected after feasibility study
- Number of enterprises hosted in incubator buildings
- Number of patents requested

Performance indicators

- Number of Business Plans produced
- Number of Start-ups
- Number of Jobs created in start-ups / SMEs
- Number of jobs created within tenants hosted in the incubators
- Enterprise survival rate after three years from their creation
- Number of Patents granted
- Number of SMEs supported
- Number of spin-offs (academic/research/industrial)

Cost-benefit ratios

- Cost per Job created
- Public financial contribution per job created
- Average number of start-ups created per 100K of IBI income
- Average number of jobs created per 100K of IBI income
- Average number of business plans created per 100K of IBI income
- Average number of SMEs assisted per 100K of IBI income
- Average number of start-ups per FTE (Full time equivalent) of the IBI
- Average number of Jobs created per FTE (Full time equivalent) of the IBI
- Average number of Business Plans per FTE (Full time equivalent) employee of the IBI
- Average number of SMEs assisted per FTE (Full time equivalent) employee of the IBI

Figure 29: some indicators associated to the incubation process

5. To summarize... 12 tips if you are planning to set-up an IBI

Define a clear vision ,mission and strategic goals: How will the innovation and entrepreneurial systems be in the mid-term? what will be the contribution of the IBI?

Make sure the Pre-conditions are met - better work on them first if they are not.

Fit the IBI in the national and regional strategies for innovation.

Secure Public/Private support through a wide and active partnership.

Fit the IBI in the regional system for innovation - Do not duplicate!

Engineer the services on the real needs of the entrepreneurial community.

Look for best practices - participate in regional, national and international networks (such as EBN).

Don't blindly replicate... Adapt a model to the realities of your territory... or build a new one!

Make sure to get the best expertise - it's the life of people you will contribute to shape!

Secure proper funding for the years to come... better an yearly allocated budget than relying solely on projects.

Monitor and benchmark constantly your performances, inform your stakeholders about them.

Engage in proper communication efforts... be transparent on the achievements and performances.

6. Bibliographic references

6.1 Publications

- “The European Business and Innovation Centres (BICs), European Commission, DG Regio Regional Policy, 2000
- “Benchmarking of Business Incubators”, European Commission, DG Enterprise and Industry, February 2002
- “BIC Observatory 2007” , European BIC Network, 2008
- “BIC Observatory 2009”, European BIC Network, 2009
- “Incubators’ manual for innovative projects – A guide throughout MEDA countries, Ahmed Gdoura, Lassaad Mezghani, Pedro Almeida, Medibitkar Program, June 2009
- “Measuring Your Business Incubator’s Economic Impact – A Toolkit, Meredith Erlewine, NBIA, 2007
- “The BIC Quality Mark Criteria”, approved by the BIC Quality Mark Committee and by the EC Commission, DG Enterprise and Industry on June 2008.
- “The Business Incubation Landscape in the UK”, UKBI Mapping Survey 2008

6.2 Websites

- European Commission, DG Regio: http://ec.europa.eu/regional_policy/index_en.htm
- European Commission, DG Enterprise and Industry: http://ec.europa.eu/enterprise/index_en.htm
- European Business and Innovation Centre network (EBN): <http://www.ebn.eu>
- UK Business Incubation (UKBI): <http://www.ukbi.co.uk/>
- International Association of Science Parks (IASP): <http://www.iasp.ws/>
- European BIC Network Quality Website: <http://quality.ebn.be>
- European Space Incubators Network (ESINET): <http://www.esinet.eu/>
- National Business Incubation Association (NBIA): <http://www.nbia.org/>
- Information for Development Program (InfoDev): <http://www.infodev.org>

Consult this website for further information:

http://ec.europa.eu/regional_policy/index_en.htm

Responsible editor: Mikel LANDABASO © European Commission, Regional Policy
The texts of this publication do not bind the Commission.