

Business incubator' will help grow entrepreneurship

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We generally take into account the performance of business and agriculture to assess gross domestic product (GDP) or gross domestic income (GDI). It is the market value of all final goods and services made within the country in a year. It is often positively correlated with the standard of living.

Currently, the contribution of agriculture to the economy is slightly higher than 10% and the rest comes from Industry, trade and services sector. The three sectors are essentially important to promote the economy and enhance standard of living of the people. The growth and development of entrepreneurship require training and support. The business incubator is one of the ways to promote entrepreneurship. The incubator is more important in developing economy like Bangladesh.

Incubators-particularly technology business incubators-facilitate the academic, government and business collaborations that produce leading-edge, next-generation systems and in the process get a leg-up in a hyper competitive, knowledge-based marketplace.

Incubators are developed to produce mature, successful business entrepreneurs, and the ventures used to go on to create jobs and offer products and services that enhance the economy. Stimulating the economy is also a prime reason for the existence of most incubators.

There has been a rapid and spontaneous burgeoning of technology-based start-up companies in recent years. But a large number of the entrepreneurs behind them had negligible experience in managing and growing a small enterprise. Assisting emerging high-tech entrepreneurs with this process is a fundamental motivation driving incubators.

The Bangladesh government has many training programmes and special funds to create entrepreneurship among the newcomers and fresh young persons. Bangladesh has special loan with low interest rate and also other facilities for new entrepreneurs.

The word 'incubator' is common and known to all. Incubator is self-contained environment that regulates the lives of chicks so they only need to worry about eating and growing.

There is a range of definitions of incubation around the world and they keep evolving as the incubation industry changes and adapts to different environments.

The business incubation environment is the wider context which should be conducive to the sustainable nurturing of growth potential and the development of enterprises. Business incubation is a public or private, entrepreneurial, economic and social development process designed to nurture business ideas and start-up companies and, through a comprehensive business support programme, help them establish and accelerate their growth and success. The business incubator is commonly a physical space or facility that accommodates a number of business to provide different support services which a new entrepreneur is unable to establish or buy or hire or in need of small services like small secretarial services, communication and others. Some of them may not need a full office set up considering the investment and buy some services from business incubator.

The idea emerged as an economic and social development tool in the early and mid 1980s, initially in the USA and Europe, subsequently spreading around the world. Today, there are about 5,000 business incubators in the world, of which at least 1,000 are in Asia (approximately half in China), 1,000 in North America, 900 in Europe and close to 400 in Latin America (with a sizeable and robust industry in Brazil). There are two or more business incubators in 70 countries and 60 national or regional business incubator associations. In some countries, such as the USA, Australia and China there is more than 15 years of experience and the industry is relatively mature, whereas in many other developed and developing countries it is a relatively new industry.

Experts have categorized the history of business incubation into three generations. This can be useful for appreciating how the industry has grown, but does not capture the extent of business incubation activity around the globe, where convergent models combining technology parks, cluster development and other initiatives are emerging as valuable strategies depending upon demand and facilities and opportunity in certain countries.

It can focus on high-tech, life sciences, manufacturing, service, or niche markets. They provide business plan development, legal/accounting advice, marketing, laboratory space manufacturing facilities.

It saves cost of business as it helps lower primary investment, access to business and entrepreneurial wisdom, easy and quick networking, sharing ideas and a culture of innovation with peers, quick and easy legal formality.

Incubators may be developed under Public Private Partnership involving all stakeholders and relevant sectors, including: government, universities, vocational institutions, private sector, financial institutions and different training and skilled development institutions.

Incubator can undertake the critical aspect of a feasibility study, analysis of the local

conditions and marketing for business incubation. A feasibility study needs to include: analyses of the entrepreneurial pool of potential clients, the support services network, the availability of suitable business premises, space, and financial cash flow estimates and coordination with government agencies and financial institutions for different support programmes. The analysis of the market for business incubation is considered to be very important. It is crucial for taking decision on any investment in any venture. The assessment of the market requires synthesis of data from a range of sources using a variety of steps and techniques.

The information and data are very short and mostly not reliable. It may require having consultations with government, stakeholders, business leaders, organisations providing support to businesses and other intermediary organisations.

Business incubation may be targeting new industries with very few businesses in the market when the feasibility study is conducted. This makes it difficult to assess the potential size of the market and requires careful judgment of other factors and strategies to stimulate development of the industry. The basic mission of any business is to develop and sell products and services that respond to market demand and the business incubator must contribute to this mission by training companies and providing them with strategic and operational support.

In a smaller and developing country like Bangladesh, it may be hard to achieve critical mass at a very general business incubation level, let alone a more specialised variant. Indeed, rather than specialisation, aggregation and convergence of different types of business incubation along with related services may be more applicable.

The traditional business incubation found in developed countries is often not relevant. Hybrid models, combining outreach, virtual and broader services with more traditional incubation, for both new and existing businesses, have emerged in many developing countries, particularly those with smaller economies, limited generic business support services, weak cultures of entrepreneurship, difficult business environments and limited resources to support innovation.

More flexible and adaptable business models have suited to local environments, often combining outreach, virtual and resident clients.

Successful incubation is not easy and requires a long term commitment from stakeholders, who will inevitably have to overcome many challenges along the way.

A progressively more important function of business incubators, especially in the developing world, is that of supporting universities and research centers in the design of new business undertakings. The challenge is to create noble ways of promoting this process and attracting teachers, researchers and laboratories in the planning and construction of new business ventures.

It needs a portfolio of services that satisfies business expectations. This is not a trivial point because business incubation programmes must quickly provide innovative and consistent services. Business Incubators must be 'laboratories for new management and business strategy practices' so that they can effectively make a difference for incubated companies.

Investment and financing are among the top reasons for

company failures in the first two years of existence. It is the business incubator's task to prepare companies to face these difficulties, while also providing them with support in getting financial resources. Business incubation programmes must be planned, developed and operated in a globalised framework. This will result in business incubation programmes that generate outcomes.

We had a good example of incubator during Pakistan period. Pakistan Industrial Development Corporation (PIDC) had established Jute, Textile and Chemical Industries and sold them to some entrepreneurs, ex-officials of PIDC and also some civil bureaucrats. We can brand PIDC as one form of Incubator. The process had made foundation of industrial base in Pakistan. Bangladesh small & cottage industries corporation (BSCIC), Youth directorate and other are already pursuing partial incubation activities. The activity of BSCIC is a part of activities of incubator. It provides land, training and feasibility study. It has a small business outlets namely Karika as marketing channel of handicrafts. BSCIC can run on more business oriented and pragmatic manner with manpower and research on business. There may have some more formal incubators in government sector, under PPP and in private sector with policy support from government.

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