BENCHMARKING OF BUSINESS INCUBATORS

in Poland

by

Krzysztof Zasiadly
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1. Does a business incubator need to have a business plan prior its establishment?

   YES it does.

   Most of early Business Incubators had no professional business plan in Poland. Usually it was rather feasibility study. Next, within Micro-Enterprise Development programme financed by Polish Ministry of Labour and Social Policy old and existing Business Incubators were assisted by Polish and American experts in development of Business Plans in 1994-1997. Moreover, Model Incubator Business Plan was developed to serve other incubators. It was translated into Russian in Ukraine and Kazakhstan. After EU accession technology business incubators financed by Structural Funds have had to submit Business Plan, Feasibility Study and Report on environmental impact of BI.

2. What are the criteria of success of a business incubation process?

   (1) Sustainability – all business incubators in Poland are sustainable within 2-3 years
   (2) Number of jobs created: total and new jobs
   (3) Number of firms incubated
   (4) Number of graduates
   (5) Number of firms surviving in the market
   (6) Range and quality of services offered
   (7) Involvement in transfer of technology and innovation, collaboration with R&D,

3. What kind of services should a business incubator provide?

   (1) Space – production, service, office, warehouse
   (2) Consulting and advisory
      - legal
      - financial
      - technology transfer
      - managerial
      - marketing
      - information
   (3) access to capital
   (4) seed capital fund
   (5) mentoring and coaching
   (6) networking - national and international
   (7) data base

4. How long incubation period to chose for a tenant?

   3-5 years. Usually Polish Incubators declare maximum 3 years. However in practice companies which stay longer are not rejected.

5. How many incubator place do you need and what kind of facility?

   3000 sq.m and more. This is benchmark in Poland which enables self-financing. Space should be flexible, different size rooms to enable growth of tenants. Production space, office space, warehouse, park place and open air space. 24 hours access to facility. Free of dangerous materials due to ecological and safety regulations: asbestos, oil in the earth, fire protection, etc. ICT infrastructure, including broadband.
Meeting places.
Seminar halls.
Elevator.
Loading platform

6. **Who are the stakeholders/local alliances of the business incubators?**
   (1) Local authorities
   (2) Universities and R&D institutes
   (3) Business associations
   (4) Trade unions
   (5) NGOs
   (6) Business
   (7) Developers

7. **How to finance business incubators?**
   (1) External funding at the beginning: feasibility study, business plan, starting of operations. In Poland it has been funding from: local authorities, Polish government, foreign aid programmes.
   (2) After accession to EU private investors have started financing of Business Incubators. They just can get subsidiary financing from Structural Funds.
   (3) When BI starts operations more and more incomes come from services offered to tenants and external business and governmental clients.
   (4) Starting from late 90-ies crucial funding comes from EU projects.

8. **How to create clusters and network of enterprises?**

Networks and clusters need promotion and external support at the early stage of development. The following steps are required:
- Collaboration of many actors: regional and local authorities, enterprises – suppliers, manufacturers, logistic, quality management, clients, R&D, business support organizations,
- Changes in mentality towards understanding and supporting cluster concept and operations
- Sector studies and analysis
- Common goals recognition, tasks settlement
- Linking Opportunity and Capacity
- Attracting cluster partners
- Training on clusters
- Development of the broker institution managing the cluster
- Strong Leader of the cluster
- Development of the appropriate and effective network structure
- Promotion of the cluster
- Data base
- Financing of the mutual projects: products, fairs and exhibitions, international cooperation,
Managements of BI/STP develop manufacturing networks asking tenants and clients to join their efforts to implement activities which are too difficult for single company: common products development, fair and exhibitions, marketing, training, exchange of information, updated information on technology, cooperation between small and large companies, etc. Sharing costs and making many activities more cost effective make clusters interesting for BI/STP tenants and clients.

In the region with specialized industry profile Polish Government offers grants for training on clusters, operational expenses of cluster management, mutual events, promotion, etc.

9. **How to select the best possible incubator manager?**

BI management’s responsibilities cover such a broad spectrum of areas that it is nearly impossible to find someone who possesses all the skills necessary to manage such facility and attendant business development program.

That problem could be overcome by hiring more than one person to manage the incubator, each with a different set of skills, but it is difficult to pass this increased overhead costs on to the tenants without pricing the facility beyond their means. For this reason most incubators operate with one manager who is expected to either have one or be able to acquire the skills to manage the real estate, both physically and financially, and supply business assistance to the tenants firms.

We have been trying to address this problem in Poland by professional development framework for the incubator managers, management trainings for current and potential BI managers and developers, but more importantly by encouraging project managers to seek out and collaborate with other skilled service providers in the community so that the manager can focus on areas where h/she has some competence while building a network of business assistance.

In Poland we have found that if the manager has been selected in an open community-wide competition on the basis of his or her qualifications, then the job is seen to be a professional job rather than a political appointment. The manager chosen by means of competition often seems more confident and secure and as a result more open to encouraging teamwork among the staff and collaborating with others. We have adopted this process of managers selection as our recommended and required method of manager selection.

BI Manager should be able to perform at least the role of (following Durham University Business School):

- The CEO
- The landlord
- The rent collector
- The arbitration
- The professional business consultant
- The social worker
- The ambassador of all
- The friendly, ever-available counselor
- The policemen
- The health and safety officer
- The project manager
- A business trainer
- The housekeeper
- The tough buyer
Sometimes this roles can be very conflict with one another.

10. **How to select the business incubator supervisory board?**

- Develop the clear mission of BI which can be understood and accepted by all board members.
- Develop solid basis for BI manager selection and assessment. Then let BI manager to manage everyday operations.
- Develop the BI structure and strategy protecting BI against board interfering everyday operations.
- Select members of the board representing different competencies.
- Develop scope of the work for board members.
- Make the creation of BI policy main task of the board.
- Make external obligations important duty of the board. Let BI manager focus mainly on internal problems.
- Develop procedures for eliminating not effective and destructive member of the board.
- Develop effective system of information flow.
- Make optimum number of the board members – not less and not more. Say 3 to 10 members. If for any reason number is bigger make the Executive Presidium. You can also work with other than members of the board professionals within working groups.
- Develop procedures for changing, or replacing members of the board in the process of BI development.

11. **How to evaluate the activities of the business incubators, science and technoparks?**

Measures and methods can be quantitative and qualitative. Benchmarking, monthly, quarterly, annual reports, evaluation by tenants and clients, evaluation by local authorities and community, and BI/STP management self-assessment including (following NBIA best practices incubation program):

- Impact on community’s economic health by maximizing the success of emerging companies.
- BI/STP is a dynamic model of a sustainable efficient business operation.
- BI/STP has obtained consensus on a mission that defines its role in the community and has developed a strategic plan that contains quantifiable objectives to achieve the program mission.
- BI/STP has effective board of directors committed to the incubator’s mission and to maximizing management’s role in developing successful companies.
- BI/STP has recruited and appropriately compensates management capable of achieving the mission of the incubator and having the ability to help companies grow.
- BI/STP has prioritized management time to place greatest emphasis on client assistance, including proactive advising and guidance that will result in company success and wealth creation.
- BI/STP has developed and Incubator/STP facilitate, resources, methods and tools that contribute to the affective delivery of business assistance to client firms and that addresses the developmental needs of each company.
- Seeks integrate the Incubator/STP program and activities into the fabric of the community and its broader economic development goals and strategies.
- Is supported by stakeholders, including a resource network, that helps the incubation programme’s client companies and support the Incubator/STP mission and operations.
- Maintains the management information system and collects statistics and other information for on-going programme evaluation, improving effectiveness and evolving with the needs of the Incubator/STP and its clients.

Currently in Poland in financial measures of BI/STP operations and effects equal quantitative. It means that European Community and Government call for investment effectiveness. However Polish Business and Innovation Centres Association care about qualitative measures. It focus on BI/STP benchmarking, best practices collecting and dissemination as well as BI/STP toolbox development. Poland was the first country in the world which used BIC benchmarking in 1966. We also use later NBIA, ADT, UKBI and New Zealand/Australia benchmarking experience.

12. **What are the criteria of the sustainability of business incubators, science and technoparks?**

Sustainability by mission: effective network of partners and good governance

Financial sustainability: social venture capital at start and self-sustainable business model through mixed revenues sources (facility, training and consulting services)

Sustainability by motivation: learning organization, international aspects as incentives

Strong image and positioning in the local business environment