

# **BENCHMARKING OF BUSINESS INCUBATORS**

**in Slovakia**

by

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The study of business incubator was executed on the business incubators located in Slovak Republic. We addressed the business incubators located in Bratislava, Banska Bystrica, Presov, Spiska Nova Ves and Kosice. We addressed the municipality in Banska Bystrica, Presov and Kosice. We addressed these institutions of purpose to get relevant and quality information, which was important for benchmark processing. Then the benchmark was processed in terms of answers from business incubators in Presov and Spiska Nova Ves, and from municipality in Presov.

### **1. Does a business incubator need to have a business plan prior its establishment?**

In Slovak conditions, the entrepreneurial incubator is relatively new, hybrid type of instrument of economic development, which integrates the functions of entrepreneurship, the business support and the seat development. The world experience shows that incubator can be an effective instrument for the creation of employment, for the commercialisation of new technologies and for the local economy development. The entrepreneurial incubator will provide the entrepreneurs with the premises for realisation of their business plans, together with equipment, support, educational and advisory services, information supply and necessary contacts provision.

Under the term of the entrepreneurial incubator, you must imagine an organisation which systematizes the process of creating new successful companies by offering premises and complete integrated range of services. Not all services and equipment are offered internally, though. The majority of incubators provide the access of their clients to complete services through the combination of internal sources and external providers networking.

According the opinion of respondents of questionnaire, it is important to have a business plan prior the establishment of business incubator.

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

The criteria of success of a business incubation process are:

- Strategy,
- Connection on requirements, impulses and facilities of the environment,
- Stimulation of economic environment,
- The needs of the region,
- The aim of business incubator,
- Experiences, which can lead to higher quality of offered consulting and advisory services,
- People,
- Sources (funds, building and equipment and so on),
- Building arrangement of incubator (size in m<sup>2</sup>, type of area, size of collective area, and so on),
- Area occupancy,
- Solvency and payment discipline of renters.

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

The Entrepreneurial Incubator offers administrative premises, production and operation premises for the firms concerning the production demanding larger premises for starting entrepreneurs under more advantageous conditions right. There are offered different auxiliary services to the firms seating in the Incubator, for instance:

- Provides premises leased on fixed terms,
- Consulting services,
- Consulting services and advisory in field of promotion and public relation,
- Training of entrepreneurs,
- Shared office administration for example secretarial services (the starting entrepreneurs have them at their disposal together with access to the mailbox and the copying), reception (receptions are the parts of incubator and they provide the primal contact of the clients).
- Provides accounting for tenant,
- Provide access to financing,
- Provides marketing and advertising services,
- Provides know-how services,
- Provides insurance services,
- Provides technological services,
- Provides services in consumer protection,
- Provides coaching,
- Provides mentoring activities,
- Financial services like micro loans, credit program, intermediation of financial sources, and so on.
- Business plan processing – the incubator can help with the commercial and business plan creation – together with help with business plan creation, incubator also helps the entrepreneurs with finding the sources of their project financing.
- Information services about national and international programmes like FP6, INTERREGIIIA, B, C, cooperation in field of grants and projects.
- Telecommunication services and information technology services – access to high-speed Internet, telephone lines, electronic mail, possibility of placing information about company on Incubator web sites.
- Juridical assistance,
- Physical and industrial infrastructure - Computer rooms, conference equipment, parking spaces,
- Conference hall and conference rooms, which are part of the incubator and besides the firms in incubator they can be also used by others, external firms under commercial conditions.
- HI-TECH advisory,
- Library – library containing statute books, actual legal, accountant and other advisory literature will become a part of the incubator.
- Security services – protection of the building by security service at night and at weekend, permanently by the camera and electronic security system.
- Education, in context to support the quality of labour power, which can consequently lead to decrease of unemployment rate in region. Trainings organised under the aegis of Incubator about the principles of free-market economy and about the economic and legal conditions in the region and in the whole Slovak Republic, language courses etc. They should provide some useful advice and knowledge as well as professional expert experience necessary for the successful business activity.
- Cafeteria.

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

The firms with different orientation and on the different base can perform their activity in the entrepreneurial incubator. We can distinguish two categories of the firms, which can enter into the incubator, after fulfilling criteria. These are incubated firms and the firm on commercial base. Incubated firms are supported by advantageous rent and accessible services. The incubation period in selected business incubators in Slovakia is maximum three years. After expiration of business incubation period the firm can be either transform into commercial firm, or it can leave the incubator.

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

#### **6. Who are the stakeholders/local alliances of the business incubators?**

In general, the stakeholders of the business incubators in Slovak Republic should be:

- Municipality,
- Commercial firms,
- Business and innovation centres,
- Regional and developing agency,
- Universities,
- Slovak Chamber for Industry and Commerce.
- Slovak trade chamber.

#### **7. How to finance business incubators?**

Financial system for business incubators depends on services offer by incubator itself. In the case of balanced financial situation covers through own a source is not necessary to have additional support. The most frequent it is the combination and it looks as follow: government, municipality, self-financing, and private sector. On the other hand the multiple supporting could result to quantity, then not to quality and competitiveness.

The business incubator according the opinion of business incubators in Slovakia can be financed from sources like:

- Renting,
- Providing general consultation services,
- Government/local government contribution.

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

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

In general in the business incubator works around five people, two in manage area (chairman of the association and administrator of business incubator) and the others as a support staff (receptionist, scrubwoman, administrator of the building and so on).

The Head of the Business Incubator has usually academic education in the field of economics. The Head of Business Incubator should have long-time experiences in financing, in providing consulting and advisory services for medium and small entrepreneurs, in implementation of supportive programmes for small and medium entrepreneur, and other knowledge and experiences in requirement field.

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

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

Very important is the techno park or business incubator orientation. In the case of the techno park or incubator, the qualitative measurements are also very important, not only the measurements like number of incubated firms, number of established new work places, etc. The focus should be oriented to value added, number of qualified work positions, export volume, growth rate, meaning achievement (either global, or individual), which open possibilities to evaluate the incubating firms in the incubator, either they are enough mature to leave the incubator environment therefore enter into the normal business environment or they are not competent to enter into free market.

The performance of the tenant and the Business Incubator according the opinion of business incubators can be measured by:

- The number of successful and working firms, which left business incubator,
- The number of firms in business incubator,
- The high of value added,
- The number of qualification working places,
- Job occupancy,
- The export capacity,
- Rate of growth,
- And so on.

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

Naturally the main criterion is the financial sustainability of incubator activities, what also impacts the services structure. For self financing incubator is necessary to offer services appropriate for consumers, price is not determining. The specialization is asked. For less sophisticating services offered by incubator is necessary multi financing, which help to cover these subsidy. Techno incubators prefer the innovative technology firms.