

BEST BUSINESS INCUBATOR IN Georgia

1. Name of the business incubator and name of its head:

Name of the Business Incubator: Georgian Business Incubator

Name of the Head: Ms. Nino Elizbarashvilli, President

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2. The year when the Business Incubator was established: The Georgian Business Incubator was established in 1998 and since 1993 the organization was and continues to be affiliated with the The Georgian Association of Women in Business.

3. The size of the Business Incubator in m²:

- The business Incubator owns the premises in the center part of the Capital the total area of which equals 400 sq. m. (4300 s.f.). The Incubator facilities include: well equipped offices PCs, Fax machines, office furniture, internet connection, the presentation/training convention centre, and all the service businesses running and generating revenue

4. The purpose and type of the Business Incubator

- Classical business incubator with different tenants;
- Specialized business incubator oriented for certain businesses;
- Business incubators for service industries;
- Technological oriented business incubator;
- business incubator oriented for women entrepreneurs;
- Business incubator oriented for youth;
- Export processing incubator;
- Other type of business incubator (please specify)

5. What are the concept and the Vision of the Business Incubator?

GBI Mission, Purpose Goals

The Business Incubator is a not-for-profit entity in the business of economic development, focused on assisting in the creation of small businesses in Georgia. The Business Incubator is supported by revenue and contributions from a variety of private and public organizations. Since its inception, the Business Incubator has been a sustainable organization delivering an array of programs and services to assist entrepreneurs in establishing businesses, products and services throughout Georgia.

Purpose

The Business Incubator seeks to integrate the incubator program and activities into the fabric of the community and its broader economic development goals and strategies.

Mission

The Business Incubator aspires to have a positive impact on its community's economic health by maximizing the success of emerging entrepreneurs and companies;

The Business Incubator itself is a dynamic model of a sustainable, efficient business operation.

Values of the Business incubator

We believe that the promotion, development and growth of businesses, products and services in Georgia bring value to our communities.

We believe in gender equality and that all people can and should share in the benefits of business development in Georgia. We exist to help transition the Georgia economy from a command economy and communist system to a market-based, customer oriented system.

We believe that what we do benefits Georgia. We do not intend to pursue economic opportunities that present a potential economic benefit but risk sacrificing Georgia's values and integrity. We seek only those opportunities that will add to, and improve our community.

Goals

- Build an effective board of directors committed to the incubator's mission and to maximizing management's role in developing successful entrepreneurs and companies;
- Prioritize management time to place the greatest emphasis on client assistance, including proactive advising and guidance that results in company success and wealth creation;
- Develop an incubator facility, resources, methods and tools that contribute to the effective delivery of business assistance to client firms and that address the developmental needs of each company;
- Develop stakeholder support, including a resource network, that helps the incubation program's client companies and supports the incubator's mission and operations;
- Maintain a management information system and collect statistics and other information necessary for ongoing program evaluation, thus improving a program's effectiveness and allowing it to evolve with the needs of the clients;
- Assist individuals in acquiring skills and knowledge to create new businesses in Georgia. These new businesses foster economic development and employment for the benefit of all Georgians.

Objectives

- To develop our Business Incubator around the following themes or clusters: Pragmatic services; Trade and export; and Agriculture;
- To increase our capacity in order to support further business initiatives in the community;
- To support and promote key government and business recommendations for enhancing Georgia's ability to attract and maintain business relationships;
- To facilitate networking and linkages between investors and entrepreneurs;
- To champion the creation of seed capital funds to support local initiatives;
- To embrace the new economy by being a champion for the building of a market-based economy in Georgia;
- To promote the growth of Business Incubators in Tbilisi and in the regions.
- To perpetuate the Business Incubator as a sustainable organization;
- To benefit people by providing entrepreneurs with the information, training and financial assistance;
- To develop and maintain strong relationships with our customers;
- To be customer driven in all situations;
- To be responsive to market needs and opportunities;
- To improve the level of value-added services to our clients and stakeholders;

- To be leaders in the community, focusing on addressing industry gaps and developing new initiatives.

Activities

- We develop training programs in collaboration with national and international professionals;
- We conduct courses related to specific entrepreneurship needs;
- We create workshops on subjects such as taxation, business legislation, accounting to guide new entrepreneurs in creating their business;
- We provide practical training experience in services such as dry cleaning, hairdressing, baking, laundry, retail, mini-mart and tailoring in order that people can create their own businesses;
- We offer financial assistance to new entrepreneurs starting a business and to existing businesses to expand their services and products.

GAWB realized the need of tangible support in professional training and adaptation processes toward the modern market economy and therefore, offered such assistance to the women wishing to gain new skills in order to start their own businesses and succeed in the new environment.

GBI does not represent the typical model of a Business Incubator. It is tailored to the existing needs of the emerging business community and current economic environment in Georgia and is currently the only one in the country. There are a number of pragmatic businesses operating within the incubator: dry cleaning, laundry, baking, beauty salon, tapestry works, dress-maker, and printing. GBI facilitates start-up of new entrepreneurs and creation of job opportunities.

The tenants have the opportunity to gain knowledge in economic independence and address the new information to overcoming of all obstacles facing them at the start point. The tenants are encouraged to gain new qualification, learn best practices and successful stories, and get familiar to all necessary facilities, Information and Communication Technologies and basic business management skills. Namely, during the recent 3 years the Incubator supported preparation of 160 business start-ups, among them 112 have successfully registered their own small enterprises and start business activities. Among those 112, fourteen (14) companies benefited from practical support offered by the Business Incubator – i.e. they were offered to use the Incubator's well equipped and comfortable venue (at a low rent) for opening a Dry cleaning, a Laundry, a Beauty Saloon, Sewing and Tapestry, a Baking, Restaurant and Hospitality Management, and a Print service. All graduated tenants have established their sustainable businesses beyond GBI's walls, and the business Incubator and GAWB still monitor their progress and success.

The major obstacles facing the tenants in their business start-ups are: (i) lack of financial resources, (ii) lack of knowledge in business basics, (iii) lack of IC Technologies and (iv) no access to credit and market information. All these impede establishment of success-oriented businesses in the country.

6. On which initiative was the Business Incubator created (Government, local authorities, business communities, others – please specify)?

Background

The Business Incubator was created by the Georgian Association of Women in Business in 1998. GAWB realized the need to assist women who have been forced into a market economy situation without preparation or the necessary skills to succeed in the new environment. Command Economy and the Communist System had provided for each family and when these two systems collapsed,

women needed assistance in many forms to cope with their new roles. Furthermore, in 1993, a new political situation across Georgia created a second group of people in dire need. Ethnic cleansing and internal turmoil ended with the loss of as many as 12,000 lives and as many as 300,000 Internally Displaced Persons who are to this day still homeless in Georgia.

7. Do you have a Business Plan?

- Please see attached appendix

8. How is/are the owner(s)/stakeholders of the Business Incubator?

?????

9. What is the legal status of the Business Incubator?

- NGO; Not-for-profit association
- Taxes paid on salaries and revenues derived from business operations

10. What kind of services is provided by the Business Incubator management?

- Provides premises leased on fixed terms;
- Consulting services;
- Training of entrepreneurs;
- Shared office administration;
- Provides accounting for tenant;
- Provide access to financing;
- Provides marketing services;
- Provides technological services;
- Provides services in consumer protection;
- Provides services in quality management;
- Provides services in environment services;
- Provides coaching;
- Provides mentoring activities;
- Other services, please specify.

11. In average how many tenants do you have?

- Seven

12. What is the incubation period – maximum year to be stay at the Business Incubator?

- One to Two years

13. How many businesses left the Business Incubator from the year of establishment?

- Twenty-three businesses have graduated since 1998

14. How many businesses survived for those who left the Business Incubator?

- Twenty one businesses have survived

15. How is the Business Incubator financed?

- Renting;
- Providing general consultation services;
- Providing special services;
- Government/local government contribution;
- Donor contribution; (UNDP, UMOR)
- Additional financing sources.
- Income from Business Operations

16. How many people manage the Business Incubator?

- Four

17. How many support staff has the Business Incubator? Please specify these people.

- One

18. What is the education background of the Head of the Business Incubator? Please specify also his/her entrepreneurial background.

- Business Internship Program, California/ USA
- Business Training Course /Columbia, USA/,
- Graduate Studies, Department of Economic History, Tbilisi State University
- Bachelor's degree, Economic-engineer, Moscow Institute of electric- communication

- Owned and operated a small service centre (DEKA) responsible for helping small businesses. Offered printing information, consulting and advising entrepreneurs

19. SWOT analyses of the Business Incubator

You are kindly requested to list the main important characteristics in each category like Strength – Weakness – Opportunity and Threat (maximum 5 in each categories) starting from the most important feature and ending in the least important one.

STRENGTH:

- Sustainable organization
- Support to the poor and women
- Material and technical skills
- Access to government and international organizations
- Comprehensive programs and services

WEAKNESS:

- SME's represent only 10% of Georgia's GDP
- Access to government funding
- No national SME agency
- Legal, regulatory and infrastructure needs further development

OPPORTUNITY:

- Expand Business Incubator to serve all regions of Georgia
- Increase rental revenue with more tenants
- Foster networking and skills and knowledge transfer amongst entrepreneurs
- Potential to find additional sources of seed capital

THREAT:

- Ongoing financial stability and sustainability

20. Does your Business Incubator reach the status of sustainability?

- Yes

21. What are the critical success factors in a business incubator operation?

- Leadership
- Initial seed financing
- Nurturing environment for entrepreneurs

22. How do you measure the performance of the tenant and the Business Incubator as a whole?

- Number of graduates leaving the business Incubator and starting their own business
- Micro loans – value and number of clients
- Rents to subsidize Incubator operations

23. What kind of assistance do you need to improve the operation and services of your Business Incubator?

- Additional funding to expand scope of business incubator
- Better taxation structure
- Government support

24. Is your incubator stand-alone or part of a national incubator network?

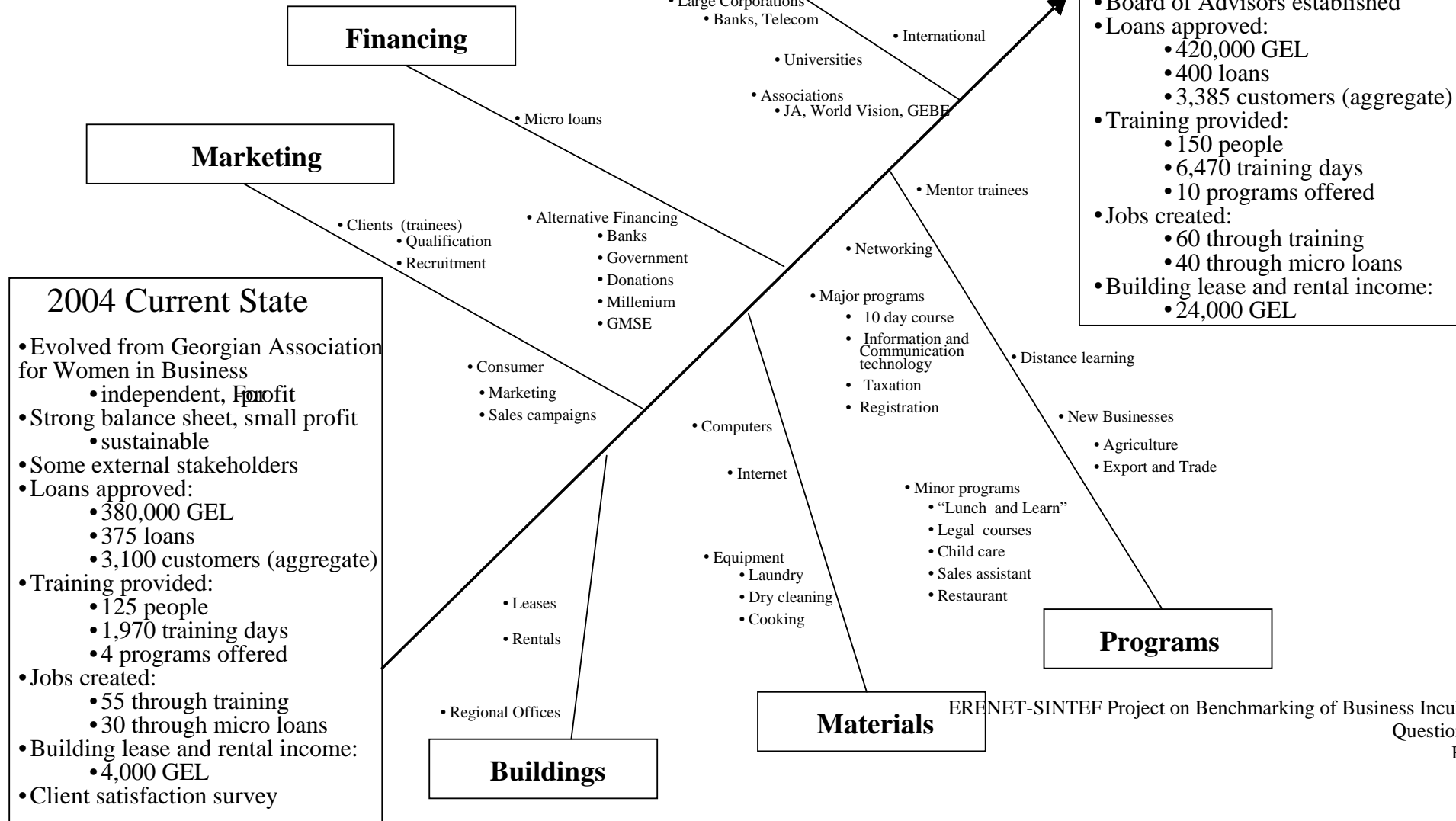
- Stand-alone but trying to expand to regions and obtain more government involvement

25. Any further issues, which you consider as important why designing and establishing business incubators.

- Government should be promoting and facilitating business incubation and SME's generally

Date of providing information: April 30, 2006

**Georgian Business Incubator
2005 Business Plan**



Stakeholders

- Government
 - Economy
 - SME
 - Municipal
 - Member of Parliament
- Board of Advisors
 - Professionals
 - Accounting, Legal
 - Chamber of Commerce
- Large Corporations
 - Banks, Telecom
- International
 - Universities
- Associations
 - JA, World Vision, GEBE

Financing

- Micro loans
- Alternative Financing
 - Banks
 - Government
 - Donations
 - Millenium
 - GMSE
- Client (trainees)
 - Qualification
 - Recruitment
- Networking
 - Mentor trainees

Marketing

- Consumer
 - Marketing
 - Sales campaigns
- Major programs
 - 10 day course
 - Information and Communication technology
 - Taxation
 - Registration
- Distance learning
 - New Businesses
 - Agriculture
 - Export and Trade

2005 Future State

- Transition to Non-profit
- Sustainable organization
 - Profits spent improving the Business Incubator
- More external stakeholders
- Board of Advisors established
- Loans approved:
 - 420,000 GEL
 - 400 loans
 - 3,385 customers (aggregate)
- Training provided:
 - 150 people
 - 6,470 training days
 - 10 programs offered
- Jobs created:
 - 60 through training
 - 40 through micro loans
- Building lease and rental income:
 - 24,000 GEL

2004 Current State

- Evolved from Georgian Association for Women in Business
 - independent, Non-profit
- Strong balance sheet, small profit
 - sustainable
- Some external stakeholders
- Loans approved:
 - 380,000 GEL
 - 375 loans
 - 3,100 customers (aggregate)
- Training provided:
 - 125 people
 - 1,970 training days
 - 4 programs offered
- Jobs created:
 - 55 through training
 - 30 through micro loans
- Building lease and rental income:
 - 4,000 GEL
- Client satisfaction survey

Buildings

- Leases
- Rentals
- Regional Offices

Materials

- Computers
 - Internet
- Equipment
 - Laundry
 - Dry cleaning
 - Cooking
- Minor programs
 - "Lunch and Learn"
 - Legal courses
 - Child care
 - Sales assistant
 - Restaurant

Programs

- Distance learning
- New Businesses
 - Agriculture
 - Export and Trade