

BUSINESS INCUBATORS IN SLOVENIA

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SME development in Slovenia, 1990-2006
Process of Development of Business incubators, Science/Technology Parks
Existing network of incubators and technology parks and plans for future
Case 1. Inkubator Sezana
Case 2. Ljubljana Technology Park

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SLOVENIA BEFORE 1990

Fairly strong small private business in crafts, catering, trade, transportation, tourism and agriculture

Limitations: number of employees, resources

Weak support services to private firms

Relative openness to international markets

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SLOVENIA SINCE 1990

Independent since 1991

Strong wave of new venture creation, 1990-1994:

- q Entrepreneurs "in waiting"
- q Low capital and legal entry barriers
- q Push for a slow privatization process

Problems of new ventures:

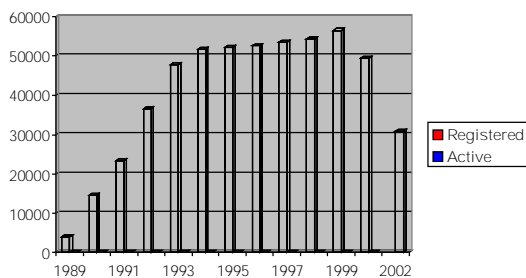
- q Location and premises
- q Finance: start-ups and early stages
- q Soft support: lack of counselling skills

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NUMBER OF REGISTERED / ACTIVE COMPANIES IN SLOVENIA



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SOME FINDINGS ON THE SME AND ENTREPRENEURSHIP DEV'T

Existing situation: over 90.000 business units, average: 6 employees/unit

However:

- q Slow entry, more exits
- q Lack of growing and high-tech ventures
- q Weak academy-industry collaboration

GEM Study: low entrepreneurship potential, a number of barriers to entry, low survival

Need for further support

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DEVELOPMENT OF BUSINESS INCUBATORS & TECHNOPARKS

1987-1992: Collecting know-how, first incubators
1992-1996: Establishment of incubators, BIG – Business Incubators Group (16)
1996-2001: Crisis period of incubators – unsettled institutional setting
2001-2005: Period of revived government support, legal basis developed
2005-: Investment in premises

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PHASE 1: 1987-1992: KNOW-HOW AND FIRST INCUBATORS

Training abroad: SPEED network in USA (Pittsburgh)
First incubators:

- q Municipalities
- q Large companies

Goals: fighting unemployment, exploiting opportunities
Opportunity: JLA barracks, privatization
Environment not ready for incubators

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PHASE 2: 1992-1996: BUSINESS INCUBATORS GROUP

2 technology parks (Ljubljana, Maribor);
BIG – Business Incubators Group
Incubators established as nuclei of business support
Sponsor: Ministry of Small Business
Problems:

- q "Virtual" incubators: no real premises
- q No stable financing
- q No strong local ties

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PHASE 3: 1996-2001: CRISIS IN INCUBATOR MOVEMENT

Background: absence of clear concept of SME support, lack of finance
Alternative projects: network of local business centres ("voucher" system of counselling), clusters
Sales of premises to businesses
Few incubators survived

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PHASE 4: 2001-2005: REVIVED INTEREST, LEGAL BASIS

PHARE project on business infrastructure – university incubators, technology parks, business zones
Cross-border projects
Search for a sustainable model
Law on SME Support: business, finance and innovation environment

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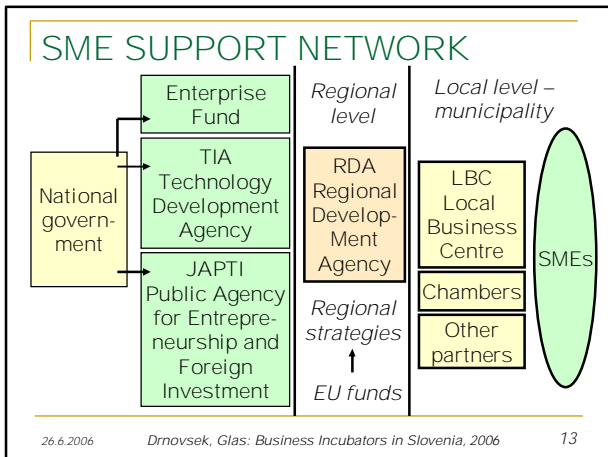
PHASE 5: 2005+: INVESTMENT AND SUSTAINABILITY CONCEPT

Slovenia: member of the EU
Goals: academy-industry collaboration, high-tech ventures, regional development
Regional authorities start to develop – a regional infrastructure supported
Sustainability model not developed yet

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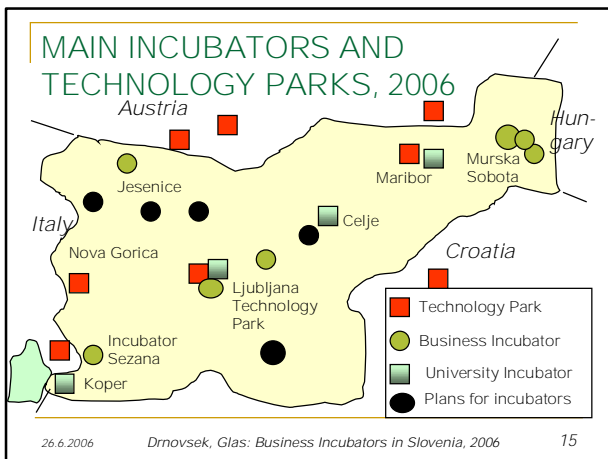
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ENTREPRENEURSHIP SUPPORT INFRASTRUCTURE

- Academic pre-incubation centres
- Centres for technology transfer, IRC, innovation
- Business incubators
- Science / Technology parks
- Business / Enterprise / Crafts zones
- Technology centres (in companies), centres of excellence
- Clusters, mini-clusters
- Networks, technology platforms
- Financial institutions

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TECHNOLOGY PARKS

	Ljubljana TP	Littoral TP Nova Gorica	Styria TP (Maribor)
Founded	1991(1995)	1999	1994
Full-time staff	3	4	3
Experts	70	n.a.	30
Annual budget	€1 Mio	€0.67 Mio	€0.18 Mio
Premises, m ²	5.456	1.400	2.600
Tenant firms	59	23	16
Finance (%): gov't/mun/own/projects	36 / 3 / 60 / 2	15 / 40 / 25 / 20	35 / 0 / 45 / 20

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BUSINESS INCUBATORS

- Inkubator Sežana (case)
- Smaller incubators sponsored by int'l programmes (Cross-border, PHARE): Zagorje, Jesenice
- Network incubator Pomurje: 3 units
- Company incubator: Smart incubator
- "managed workspace": CIOS Ljubljana
- Plans for regional and small incubators

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CONCEPT OF THE NETWORK

- 2 large technology parks (Ljubljana, Maribor) with university pre-incubation
- 2-3 smaller technology parks (Celje, Koper, Nova Gorica, Novo mesto)
- 10-12 regional business incubators
- Pre-incubators elsewhere
- School incubators

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Case 1

Business incubator

INKUBATOR SEŽANA

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PROFILE

Established	1992
Address	Partizanska 82, 6210 Sežana
Head	Stojan Gorup, dipl. oec.
E-mail	inkubator@siol.net
Founders	Municipality of Sežana (80 %), Sloveneta d.o.o. (20 %)
Space (m ²)	Gross 11.500, premises 7.000, rented 5.050, 3.000 construction
Tenants	2004: 22 firms – 154 employees
Until now	45 firms

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INCUBATOR PROFILE

Local incubator with diverse companies
 Started in the premises of a bankrupt company owned by municipality
 Initiative: municipality and a private consulting company Sloveneta (knowhow)
 Characteristics: low entrepreneurship potential of the local area

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INKUBATOR SEŽANA

VISION	To be the key development institution for small business in the region and one of the best incubators in Slovenia
GOALS	<ul style="list-style-type: none"> - Providing premises to start-ups or early stage companies - Re-activate the premises of failed company - Create new jobs in the region - Offer counselling and other services - Creating other support institutions

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STRATEGIC POSITIONING

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SERVICES PROVIDED TO SMEs

Lease of premises (subsidized rent):

- q Month 1-6: 20% (production)-25%(office)
- q Month 7-12: 40% of market rent
- q Month 13-18: 60 %, month 19-24: 80 %
- q After 2(1) years full market price
- q Discounts on jobs created

Consulting, training, mentoring services
 Support in the access to finances
 NO: accounting, tax, legal services
 Comment: LIMITED RANGE OF SERVICES

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INCUBATION PERIOD

Experience: 3-5 years too short for most manufacturing firms
Basic incubation period 4 years, usually renewed for another 4 years
Problems to find premises / locations outside the incubator

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INKUBATOR SEŽANA AS A HUB FOR OTHER SUPPORT TO SMEs

Established Business Support Centre – independent since 2005 as Local Dev't Agency
Active part of regional strategic planning
PHARE Cross-border programmes
Collaboration with Italian associations
Management of regional guarantee scheme

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SWOT - STRENGTHS

Quality premises available from the start (extended in 1998)
Experienced manager
Involvement in a number of cross-border programmes (co-operation enabled)
Good relationship with municipality
Canteen as a meeting point

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SWOT - WEAKNESSES

Limited services to tenants
No focus on sectors (less co-operation)
Limited capabilities for additional space for growing companies
Lack of higher education institution in the vicinity
Limited local entrepreneurial potential
Sloveneta located elsewhere

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SWOT - OPPORTUNITIES

New facility of the Business Innovation Centre
Proximity of Area Science Park, BIC
Third university in Koper
InPrime: technologically focused project of regional transformation

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SWOT - THREATS

Neighbouring incubators and TPs (BICs)
Lack of space for future (also for "graduating" companies)
Lack of entrepreneurs – business ideas
Difficulties in marshalling local financial resources to match EU funds

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LESSONS LEARNED

Collaboration with local government, other dev't institutions, also cross-border
 Incubator as a local centre of SME support
 Dev't through new, higher level activities
 Starting with own facilities to support the sustainability
 Collaboration with firms also after leaving – support for the business zone

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Case 2

Technology incubator / park

LJUBLJANA
 TECHNOLOGY PARK
 (TPLj)

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PROFILE

Established	1992 (1995)
Address	Teslova 30, 1000 Ljubljana
Head	Mag. Iztok Lesjak
E-mail	info@tp-lj.si
Founders	Institute Jožef Stefan + 2 institutes, 3 companies, MO Ljubljana
Space (m ²)	Gross 7.000, premises 5.500, rented 5.000, Technology Zone Brdo under construction
Tenants	2003: 51 firms – 264 employees
New entry	5-10 firms annually

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LJUBLJANA TECHNOLOGY PARK

VISION To become an active and internationally recognized support environment for innovative technology and knowledge-based entrepreneurship

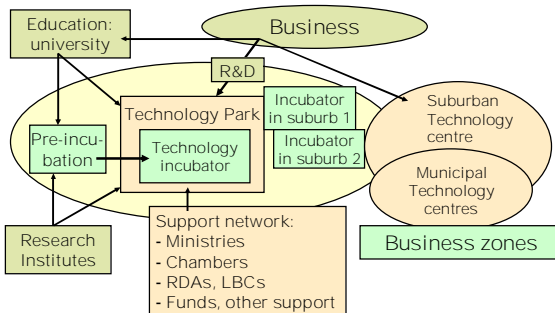
MISSION Monitoring, identifying, valorizing and motivating regional potential as integrated service for incubating and growing technology and knowledge-intensive high potential companies

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CONCEPT OF ENTREPRENEURSHIP NETWORK: LJUBLJANA



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SERVICES PROVIDED

Phase of conceptualizing the business idea: motivation, training, finance, legal, business plan preparation

Phase of business operations: training, legal services, premises, IP, internationalization, 2nd stage financing

Phase of maturing: finding skilled staff, marketing and internationalization, training, management, new premises

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INCUBATION PERIOD

Pre-incubation: 6-15 months
Entry procedure: business plan
Initial development: 2-3 years
Growth stage: 1 year
Maturization: problems of specialized equipment and installations
Experience: up to 5 years

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SWOT - STRENGTHS

Good location – research and academic institutions around, centre of Ljubljana
Good physical access to researchers and students
Range of services offered
Possibilities of licensing equipment
Support in preparation of EU projects
Industry specific focus

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SWOT - WEAKNESSES

High rents for office space
Limited expansion possibilities
Difficult consensus building of partners
Lack of co-operation among companies
Weak co-operation with university
Lack of mentoring for CEOs
Until 2006 – no clear long-term prospects

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SWOT - OPPORTUNITIES

Development of Technology Zone Brdo – 23 buildings on 100.000 m²
Central position in Slovenia
Co-operation with research institutes in applications for international projects
Specialized tenants
Becoming a hub for university-industry collaboration

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SWOT - THREATS

Incubators and technology parks in the neighborhood – best potential leaving
Lack of strong in-country potential in specialized industries

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NEED TO IMPROVE SERVICES TO TENANT COMPANIES

Access to beneficial financial resources (plans of the Ministry of Economy), own venture capital fund (?)
Specialized business training (co-operation with university)
Joint presentation on foreign markets / networking with partner TPs

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LESSONS LEARNED

Need for own physical infrastructure
Need for high quality premises (image, good climate)
Mentoring of high-tech entrepreneurs on business / financial aspects
Strong expert nucleus of specialists
Relationship with the city-hall (mayor) and high-tech companies

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SLOVENIA - LESSONS

Very turbulent history of incubators, TPs
Strong strategic vision / co-operation needed at the national, regional and local level
Availability of premises key – no “virtual” incubators successful in long-term
High quality support services – expert staff
Sustainability through premises and services / international projects
Stable support programmes for SMEs and incubators / TPs

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THANK YOU FOR
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