

## SME Internationalization through Business Incubation Partnerships

### Break-out Session

infoDev is preparing to pilot a first ever international co-incubation scheme that seeks to help newly incubated enterprises gain access to foreign markets. The program will leverage infoDev's global network of more than 280 business incubators across 80 countries to help small enterprises increase their competitiveness and scale by securing suppliers, customers and/or partners abroad. The program is envisioned to create both south-south and south-north business opportunities.

The Global Forum break-out session was designed to gather inputs from the members of infoDev's global network. The participants in the session included professionals from Bulgaria, Armenia, Brazil, Thailand, Senegal, Ethiopia, Kuwait, Romania, Mongolia, Iran, Egypt, Indonesia, Dominica, Antigua, St. Vincent, India, China, Germany, Australia, Indonesia and Cambodia, - providing a good indication of the interest in the forthcoming program, as well as a good representation of the diverse needs and experiences of SMEs across the world.

Key take-aways from the discussion included that an SME internationalization program must:

- Prepare the enterprise for internationalization. The participating business incubator managers should be trained in
  - 1) Helping incubates assess their "internationalization opportunities." Many of the participants pointed out that almost all the enterprises they work with say they want to internationalize, but most of these enterprises have not gone through the trade-off analysis necessary to determine whether internationalization is the right step.
  - 2) Assessing their incubates "internationalization readiness." This includes for example evaluating whether or not the business has sufficient cashflow and human resources to support internationalization, and ensuring that the incubate understands the risks involved. Several participants cited examples matchmaking efforts that failed due to enterprise's lack of internationalization readiness.
  - 3) Familiarizing incubatees with internationalization tools such as "letters of credit" etc. It was suggested that a general toolkit that could be rolled out via the business incubator network would help business incubators to familiarize SMEs with common tools and terminology.
- Prepare the host business incubators for receiving the foreign enterprise. Examples were cited of previous attempts at bilateral co-incubation or "soft-landing" schemes that failed due to the lack of "after-care" ones the match has been facilitated between the respective enterprises. It would therefore be important that the program includes a "preparedness package" for the host business incubator.

- Allow for a testing period, after which the enterprise determines whether or not to pursue the internationalization lead. While leads may appear promising in theory, details pertaining to the lead discovered in the implementation process may render it un-feasible. Previous bilateral internationalization attempts have wasted funds on continuing to pursue such leads for too long. It would therefore be important that the program builds in a point at which the lead will be re-evaluated, and pending the outcome of this review, the project will be closed or continued.
- Ensure a success-sharing mechanism. It is important that the incubate as well as they two partnering incubators have something to gain from the internationalization endeavor. Otherwise the incubators will not have an incentive to prepare and push for success. It was suggested that success-sharing mechanisms could be built in as incentives.

It was agreed that the discussion on infoDev's SME internationalization program will continue on-line. Please sign up for the idisc newsletter to stay up-to-date on the launch of the discussion list, as well as any updates pertaining to the SME internationalization program.

Inquiries pertaining to the program can be directed to [info@infodev.org](mailto:info@infodev.org) Please mark your request "Global Forum SME Internationalization."