The Role of National Association in Incubator Development
- Thoughts from Japanese Experiences -

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Today’ Presentation

- Preface
  - Objectives, Presenter Profile

- Association
  - Why?, Activities, Start, Perspectives, etc.

- Japanese experiences
  - Business Incubation in Japan, Indicators, Training Programs
  - Linking with the AABI activities

- Concluding Remarks
Preface:
Objectives of the Presentation

- Make an overview of the role and importance of the association / network in incubator development
- Describe Japanese experiences from perspectives of association and its development
- Present some thoughts and lessens that can be learned from experiences of Japan

Note: The purpose of this presentation and slides are solely for the Asia & the Pacific Incubator Conference purposes, in order to facilitate discussion and sharing the experiences for better environment of business incubation worldwide, not determining the organization's management either good or poor.
About the presenter

- **Research Institution - Association -**
  - 2000-2003
    - Researcher & Secretary
    - Japan Association of New Business Incubation Organizations (JANBO)
    - International activities of JANBO and incubation manager (IM) training programs
    - Establishment of the AABI, the first secretary

- **IT focused Business Incubator**
  - 2003-2006
    - Assistant Director & Incubation Manager, Kitakyushu Telework Center, Japan
    - Business support services, networking, holding seminars, overall management of the program

- **University Collaboration Office**
  - 2006-Present
    - Collaboration Manager, Shimane University
    - University's collaborative activities, facilitating the cooperative researches with private sectors, supporting university spin-offs, etc.
Why Association?

- “Network effect”
  - the same as entrepreneur!
  - Resources such as accessible information and human network, which each manager has, is limited.

- “Stage effect”
  - New managers can learn from others’ past experiences

- Sharing the issues, problems or geographic region in common for better serving client entrepreneurs

- Provide the network **hub** and the knowledge **base** for the managers in the industry
Association - How does it start?

- Government policy based
  - National or local government organize the association or network and in charge of the administration

- Derived from existing organization or network
  - Existing org. or network, such as SME development or trade promotion form a new group when new interests occurs

- More autonomous approach
  - When groups of people found in need, establish the association or network in need
Activities of Association (1)

Such as...

- Holding seminars and events
- Publish newsletters and research reports, etc
- Website, industry calendar, mailing list/discussion group
- Holding training program for the managers and policy makers
- Organizing the study trip or visit
- Giving award for the best incubator and entrepreneurs
Activities of Association (2)

Such as...

☐ Play as a gateway role for contacts and inquiries
☐ Grasping the managers’ need and interest for the next steps of development
☐ Collect and update statistical information on incubation activities
☐ Conduct evaluation and impact study
☐ Apply for the grant from the government or international institutions
☐ Enlightening activities for better understanding and perception of BI in the society

And many others...
Perspectives for Association

Such as...
- Secretariat – who is going to run it
- Relationship between the association and incubator
- Money flow – memberships or the grant from 3rd parties
- Geographic – the regions to cover

More importantly...
- Mission and Vision
- Clarify who are the “Clients” of the association
- Benefits of the Clients
Business Incubation in Japan

Background

- 1990s are called “Lost Decade” in Japan after the burst of bubble economy.
- The need for structural reformation and the new engine of economy – New Business & Entrepreneur
- For more endogenous economic development, based on the region coherent resources
Business Incubation in Japan

- “The Law for Facilitating the Creation of New Business” was enacted in Feb. 1999.
  The competent authorities: Ministry of Economic Trade & Industry

- The law sets construction of a comprehensive support system (Regional Platform) for new business creation in 47 prefectures and 11 major cities.

- JANBO forms an organization with Core Support Institutions (As JANBO’s General Member) and other support organizations composing of regional platform (Support Member and Forum Member).

Source: JANBO
BI Indicators in Japan (1)

1999 “The Law for Facilitating the creation of New Business” is enacted.

2000 JANBO established

2000 Incubation Manager Training Program started

Source: JANBO [2007]
BI Indicators in Japan (2)

Definition of BI:

(1) An organization which has facilities of rental workspace for entrepreneurs

(2) An organization which provides business support services to startup companies by experts like incubation managers (IM),

(3) An organization which has selection process of client companies, distinguished from commercial rental offices,

(4) An organization which has a graduation policy, making clear difference between “graduation” and “just leaving incubator”

Definition set by JANBO [2005]
# BI Indicators in Japan (3)

Results from the questionnaire survey conducted in 2006

<table>
<thead>
<tr>
<th>190 &quot;Business Incubator&quot; meeting with 4 Definitions</th>
<th>323 Facilities fitting in &quot;Support Organization&quot;</th>
<th>345 Responses in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>42 facilities with Managers assigned in charge</td>
<td>133 &quot;Rental Office&quot; type facilities / Organizations meeting with not all definitions</td>
<td>8 Facilities / Organizations not aiming at business assistance or R&amp;D</td>
</tr>
<tr>
<td>91 facilities with no manager assigned in charge</td>
<td></td>
<td>14 Facilities / Organizations with no office spaces</td>
</tr>
</tbody>
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Source: JANBO [2007]
BI Indicators in Japan (4)

- Total number of BI: 190
- Incubation by stage: Pre 20.2%, Main 76.5%, Post 3.3%
- Number of Client Companies: 3,278
- Number of Graduate Companies: 2,449
- Office area in incubator: 1,632 m²
- Average Number of incubatees: 12.7
- Tenancy rate: Average 75.0%
- IPOs: 16 IPOs from 9 incubators
- Survival Rate: 88.3% (Present tenant) 93.0% (grad. after 1yr) 91.8% (after 3yr) 88.9% (after 5yr)
- The retaining rate in the region after the graduation: 100%: 45.5%, 90-100%: 7.3%, 80-90%: 14.5%, 70-80%: 5.5%, 60-70%: 3.6%, 50-60%: 4.5%, 1-50%: 13.6%, 0% 5.5%
IM Training Program (1)

- Started in May 2000, as for JANBO’s own project
- Adopted as METI’s subsidiary project in May 2002
- Total 508 IM trainees in core basic course
- CEO of the Program – Mr. Satoshi Hoshino, the pioneer manager

Series of courses

1. IM Training (Core basic course for 4 month)
2. IM Instructor Training *
3. BI Basics (2 day workshop)
4. BI Management Training for policy makers
5. Overseas BI Seminar *
6. IM Network Formation Workshop
7. IM Skill-up Training
8. BI Step-up Program  
   
Note: * project ended
IM Training Program (2)

- 2 4-day lectures before and after the OJT periods
- During OJT period, visiting 2 incubators and receiving advice from the instructor

Source: JANBO [2007]
Linking with the AABII activities (1)

- The AABII was officially established in May 2002, in Toronto, Canada.
- 1 year prior to that, the preparation meeting was held in May 2001 in San Jose, U.S.A in the NBIA Conference.
- JANBO played the secretariat role in the inception stage (2002-2003)
- Now 14 association members with more than 1500 incubators in the member economies & regions
- General Assembly to be held twice a year
- Membership fees are collected annually
- The AABII Incubator Award
- The Dr. Horiba entrepreneur Award
- The Asia & Pacific Journal of Innovation & Entrepreneurship
Linking with the AABI activities (2)

- Disseminate information on the AABI activities and participation to the member organizations and incubators through the newsletter
- Call for nominations of the Incubator and Entrepreneur Awards and make selection within the association
- Organize a study trip to Korea, China, Chinese Taipei, etc. Receiving guest visits from the member economies

Challenges & Problems...
- Language problems...
- Limited budgets of the regional organizations...

Needs to be more internationalized and enlightenment activities
Some thoughts...(1)

- The Association played a very important role in incubator development in Japan, when introducing the “new concept” into the society.

- Particularly, investing in the human resources - the IM training program, was very effective. Those who received the training courses are “asset” of business incubation industry in Japan.

- And also, the association played a role for delivering the information in truth, through the seminars and event and collecting data.

- In that sense, the government-led approach is very powerful and effective.

However...
Some thoughts...(2)

- Linking & relationship between the association and incubator is kind of unclear. Core support institutions - mainly regional industry support foundations pays the membership, but incubators don’t.

- The Objectives of the Organization is to promote “Regional Platform” to nurture the creation of new businesses, business incubators are only one of those.

- Heavily reliant on the government money, but not the allocation of the annual budget, bidding for the research & project grants.

- When the government policies change, what shall we do? End of the money, end of the project???
Some thoughts...(3)

Think positively...

- There are always new challenges that are coming up from stage to stage, we all in the incubation industry will overcome.

- In the Japanese case, even if the association is not exactly the incubator membership organization, the organization is the only one entity, which has network in incubators and managers in Japan as well as being recognized internationally.

- People’s network is an “asset”, things not you can see, but most importantly this connects more people.

- In regional level, many of the training graduates form a study group and hold the regional workshop (anonymous approach)
Concluding remarks

- Association & network, consider what connects people and resource, and consider the benefits of joining

- Needs key person(s)

- Quality of management is also a key, either government-led or anonymous approaches

- It is the best the incubator’s client companies benefit from the incubator’s joining association activities. But please consider that there is a “specific” role of associations, the different level of beneficiary groups

- To avoid “end of the money, end of the project” problems

- Building “trust” with our partners!
Thank you!

Any Question and Comment?

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