Designing and Operating Sustainable Business Incubator: An Incubators Life-Cycle

2nd Global Form on Business Incubation
November 6-10, 2006
Hyderabad, India

Omer Oz, Bahrain Business Incubator
Success of a Business Incubator

- Resources
- Management
- Services
- Public Support
• What is the incubator lifecycle?
• What should be the priorities for new business incubators—Facilities? Services? Location?
• What methodology should be used to identify clients and understanding their needs?
• How do you manage the graduation and exit of incubates?
• What are effective marketing strategies?
• How can ICT be leveraged to attract and service tenants, improve management and achieve results?
  • How you cook Chicken Tikka and Tandoori Salad?
What is the incubator lifecycle?
Stimulate enterprise culture and encourage innovation
Celebrations dated 23 Ekim 1999

Omer Oz, Bahrain Business Incubator
BAHRAIN BUSINESS INCUBATORS DEVELOPMENT PROGRAM

- EXTENSION OF THE BBIC
- ENTERPRISES TECHNO PARK
- HAMAD BUSINESS INCUBATORS
- ISA TOWN INCUBATOR
- CRAFT CENTER
- OTHERS
Sources of finance for incubator and tenants

- Public sector
  - Central Government
  - Municipalities
  - Universities
- NGOs
- Private sector
- Combinations of the above

- Long term
- High risk

Omer Oz, Bahrain Business Incubator
Incubator itself is a business and must be run like one.
BAHRAIN ENTERPRISES TECHNO PARK

- BBIC
- BBIC EXTENSION (sqm. 6800)
- ENTERPRISES THECNO PARK
  - LAND 58,548 sqm
  - BUILDINGS: LOT A 3,500 sqm
  - LOT B 3,500 sqm
  - LOT C 3,500 sqm
  - LOT D 3,500 sqm
  - LOT E 6,900 sqm
  - TOT. 20,900 sqm
  - SITE COVERAGE 36%
What will you do if you have cash flow problem?

- Rent (rise or lower)?
- Additional sources (is it possible?)
- Anchor company (good idea?)
- Unoccupied spaces
- Late payments from tenants

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What should be the priorities for new business incubators? Facilities? Services? Location?

NO PRIORITIES

I will not talk about the importance of services because without services incubator is ........ WHAT? Or WHATSOEVER..

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Facilities of Incubator

- Technology incubator
- Business Incubator
- Sector Specific Incubator
- Light Manufacturing
- For expatriates
- Incubator without wall etc.

Typical size of an incubators are: 2-10,000 m²

Omer Oz, Bahrain Business Incubator
Location and Size

Small towns, developed towns, rural areas

- Business estates, university campuses
- Depressed areas, wealthy areas
Omer Oz, Bahrain Business Incubator
SRI LANKA - BUSINESS INCUBATOR
<table>
<thead>
<tr>
<th>Location</th>
<th>Renovate Or New</th>
<th>Building Standard</th>
<th>Units size m²</th>
<th>Building Specks</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Near Universities or research centers</td>
<td>Both (Better New)</td>
<td>Medium</td>
<td>20-50</td>
<td>1-2-3-4-5-6-14</td>
<td>High</td>
</tr>
<tr>
<td>Can be anywhere</td>
<td>Both</td>
<td>Medium</td>
<td>50-150</td>
<td>1-3-5-7-9-10-11-13-15</td>
<td>Medium</td>
</tr>
<tr>
<td>Near Industry</td>
<td>Renovate</td>
<td>Low</td>
<td>100-300</td>
<td>1-3-5-7-8-9-10-11-12-13-15</td>
<td>Low</td>
</tr>
<tr>
<td>Near Universities or technoparks</td>
<td>New</td>
<td>High</td>
<td>50-100</td>
<td>1-2-3-4-5-6-14</td>
<td>High</td>
</tr>
</tbody>
</table>

1- Common Facilities
2- Attractive Surrounding
3- Good telecommunication
4- Conference and meeting room
5- Cantien or cafeteria
6- UPS
7- Industrial power supply
8- Industrial floor
9- Storage space
10 Loading and unloading
11-High ceiling
12-Wet surface
13- Gas and Air supply
14- Removable walls
15- Shower and chancing rooms
• What methodology should be used to identify clients and understanding their needs?
Screening and selection of tenants

Critical factors:

- Owners
- Business idea
- Finance
- Environment

- Selection Criteria Checklist
- Application Form
Screening and selection of tenants

- Do you want to support just companies that have high chance to expend.
- Do you want anchor companies.
- Do you want to support special companies e.g. Companies that exports only.
- Do you want to support only start-up companies or women-own companies.
- Do you want to support who ever comes first.
- Do you want to support companies that can afford to pay your fees.
How do you manage the graduation and exit of incubates?
• Don’t cook them in the same pot
• Legal matters
• Real problems are with the not growing or not willing to grow tenants
• Growth in the incubator
• Mother-Father-Friend and Son reality

Omer Oz, Bahrain Business Incubator
What are effective marketing strategies?
Marketing in order to:

- Attract tenants,
- Secure funding,
- Build network

- Critical first five years
- Ongoing process
Marketing Strategy

- quickly establishing the presence and identity of the centre in the public mind

- fully inform and educate the general public on the primary functions of the centre and what it has to offer and its benefits (Be careful !!!)

- achieve full occupancy in the shortest possible time (Be careful !!!)

- generate sufficient ongoing interest so as to ensure new applications are coming

- develop strong and productive links with a range of organizations that will help your center and assist your tenants
<table>
<thead>
<tr>
<th>How tenants heard about incubator</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal external network</td>
<td>208</td>
<td>42.0%</td>
</tr>
<tr>
<td>Publicity in mass media</td>
<td>80</td>
<td>16.2</td>
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<tr>
<td>Affiliated agency referral</td>
<td>58</td>
<td>11.7</td>
</tr>
<tr>
<td>Tenant referral</td>
<td>55</td>
<td>11.1</td>
</tr>
<tr>
<td>Newspaper classified</td>
<td>23</td>
<td>4.6</td>
</tr>
<tr>
<td>Public speaking</td>
<td>11</td>
<td>2.2</td>
</tr>
<tr>
<td>Brochures/pamphlets</td>
<td>9</td>
<td>1.8</td>
</tr>
<tr>
<td>Other</td>
<td>51</td>
<td>10.4</td>
</tr>
</tbody>
</table>

Source: NBIA
Project to boost small businesses

The Bahrain Business Center (BBC) is gearing up to launch an innovative project to support small and medium-sized enterprises (SMEs) in Bahrain. The Centre's facility, which is being developed in collaboration with the Bahrain Development Bank (BDB) and the Ministry of Industry and Trade, will provide a range of services to help SMEs grow and succeed.

The BBC aims to create a supportive environment for entrepreneurs, offering everything from office space to business advice and training. By providing access to resources and expertise, the Centre hopes to spur the growth of local businesses and contribute to the economic development of Bahrain.

Mr. [Name], the BBC's director, said, "We are excited to launch this project and support the development of SMEs in Bahrain. With the right resources and guidance, these businesses have the potential to not only thrive but also create jobs and drive innovation."
빼앗간

بنك البحرين للتنمية

من خلال مركز البحرين للتنمية 

الصناعات الناشئة

يشكل فرص للمشاريع الناشئة في مجال الصناعة الخضيفة وتشجع على التوسع في تلك المرحلة.

- تقديم الدعم المالي والتقني لمشاريع الناشئة.
- تزويدék بمكونات انتاجية وخدمات تطويرية.
- تنظيم ورش عمل لتعزيز قدرات القادة وال Çalışاء.
- provision of light / medium / heavy industries.

 madrecece de producción y servicios educativos.
- initiation de cycles de formation et de développement.
- fourniture de composantes de production et de services.
- provision de componentes ensambladas y servicios.
- provision of components and services assembles.
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• How can ICT be leveraged to attract and service tenants, improve management and achieve results?
Factors affecting success of an Incubator

• Objectives
• Management
• Board of an Incubator
• Monitoring
• Funding
• Infrastructure
• Tenant Selection
Why Incubators Fails?

- Expecting too much too quickly
- Wrong manager
- Overestimating the incubator’s role
- Bad management (too much interference from sponsors)
- Shortage of funds
- Being in the wrong place at the wrong time
How you cook Chicken Tikka and Tandoori Salad?