

TRAINING PROGRAM OVERVIEW

INTRODUCTION TO THE TRAINING PROGRAM

infoDev (www.infodev.org) is a research, capacity building and advisory services program, coordinated and served by an expert Secretariat hosted by the Financial and Private Sector Development Department of the World Bank Group. It helps developing countries and their international partners enable the start up and growth of innovative small and medium sized enterprises for inclusive economic growth and sustainable development. *infoDev* is a leader in business incubation of technology-enabled enterprises. *infoDev*'s global business incubation network reaches 300+ business incubators, more than 20,000 small and medium enterprises, and has helped create over 230,000 jobs across 90+ developing countries.¹

infoDev has found that high quality leadership is a key factor determining the probability of success for an incubator. *infoDev* therefore seeks to increase the capacity of business incubation managers – and their stakeholders – through one-on-one technical assistance, regional and topical peer-to-peer networks, the bi-annual Global Forum on Innovation and Entrepreneurship, and its web-based networking and knowledge-sharing tool www.idisc.net. This training program was designed in direct response to repeated requests from *infoDev*'s innovation and entrepreneurship community for an in-depth business incubation training program relevant to the developing country context.

This training program is the first-of-its-kind, drawing from the lessons, models, and examples in business incubation from across Africa, East Asia and the Pacific, Europe and Central Asia, Latin America & the Caribbean, Middle East & North Africa, and South Asia. More than 30 experts contributed directly to the writing of the training modules, and the materials were tested with more than 300 professionals in developing countries all of whom provided inputs to the final design.

This training program is designed for business incubation managers and other business incubation stakeholders wishing to increase their understanding and know-how of the business incubation process. It consists of 12 training modules ranging from basic introductory topics designed for professionals new to business incubation, to specialized topics such as Technology Commercialization and Virtual Business Incubation Services.

¹ Source: *infoDev* activities from 2002 to 2009: <http://www.infodev.org/en/Article.473.html>

THE OFFERED SUITES INCLUDE

SUITE 1- BUSINESS INCUBATION BASICS

- Module 1 – Business Incubation Definitions and Principles
- Module 2 – Business Incubator Models, Including Success Factors

SUITE 2- BUSINESS INCUBATOR OPERATIONS

- Module 3 – Planning a Business Incubator
- Module 4 – Business Incubation Marketing and Stakeholder Management
- Module 5 – Financing a Business Incubator
- Module 6 – Managing the Business Incubator
- Module 7 – Monitoring, Evaluating and Benchmarking Business Incubators

SUITE 3- ADVANCED INCUBATOR MANAGEMENT

- Module 8 – Implementing Mentoring as a Business Incubation Service
 - Module 9 – Deals and Financing for Incubator Clients
 - Module 10 – Technology Commercialization through Business Incubation
 - Module 11 – Setting Up Business Incubation Virtual Services
 - Module 12 – Agribusiness Incubation
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SUITE 1- BUSINESS INCUBATION BASICS

- **Module 1 – Business Incubation Definitions and Principles**

Business incubation is an important mechanism to support growth oriented entrepreneurs, but it is not always well understood, especially in relation to other business support systems. The module explores key definitions and presents the main principles and good practices of business incubation, in the context of the phases of incubator development and how business incubation adds value to entrepreneurs. It considers the difference between business incubation and the business incubator and how they operate and influence the broader business incubation environment. Entrepreneurship is considered in terms of different types of entrepreneurs (only some of whom are suitable for business incubation) entrepreneurial behavior and learning styles, to help incubator managers select and understand their clients, who behave and learn very differently to larger and more established firms. It aims to equip current and future incubator managers and incubation stakeholders (such as policymakers, academics, financiers, business development service providers) with the knowledge, skills and understanding of the fundamentals of

business incubation, in order to effectively foster and encourage growth oriented businesses and to position business incubation properly in relation to other business support services.

- **Module 2 – Business Incubator Models, Including Success Factors**

There is no one model for business incubation. Business incubator models vary depending on their precise objective, their business environment, their owners and funders. This module aims to illustrate various business incubator models based on practical examples of incubators from all over the world. Common success factors are addressed, along with factors to avoid, taking note of lessons in many different environments. The most common business models used by incubators to generate revenue to finance their operations are outlined and discussed. The ultimate goal of this module is to empower current and future incubator managers with a thorough understanding of the various business incubator models and their critical success factors, as well as to help them identify models, or aspects of models, to adapt for their own incubator to be successful.

SUITE 2- BUSINESS INCUBATOR OPERATIONS

- **Module 3 – Planning a Business Incubator**

Effective planning is a key factor to ensure the future success of business incubation and the economic or social return on investment for the principle stakeholders. The module provides incubation managers and stakeholders with the tools and knowledge to complete each stage of the planning process. Relevant case study examples are included to provide a variety of insights and perspectives from different incubators that have been through the planning process and which have become successful incubators.

The first part of the module focuses on conducting a feasibility study, a critical first step to adapt and design incubation relevant to the particular context and desired outcomes. This includes the steps to form a stakeholder development team, learn more about business incubation and to undertake or commission a feasibility study. The components of a feasibility study are outlined, as well as how to gauge the market needs with SME needs analysis survey, combined with qualitative input from stakeholders. Incubators are not always the most appropriate solution to the problems faced by the SMEs. The module therefore considers the main “go” or “no go” decision points, in terms of the market for business incubation, having a strong financial base, good community support and the presence of true champions, which can determine whether incubation is feasible or not, or that more research is required.

The second part of the module focuses on business planning to establish the incubator. It addresses developing and using Vision and Mission Statements, the importance of a strategic framework and strategic objectives, and the components of a business plan and its use as a management tool. Sustainable business models are looked at in terms of sufficient demand from quality clients, ongoing government and policy support, and financial sustainability, noting that these issues are expanded upon in Modules 4 and 5.

- **Module 4 – Business Incubation Marketing and Stakeholder Management**

Business incubators have multiple “customers” including their incubatees, their funders and their stakeholders. The needs of each of these customer segments differ. In the context of strategic marketing, this module is designed to support efficient and effective communication with key customers and other stakeholders, based on a good understanding of the market place.

The first part of the module focuses on identifying, assessing, and reaching stakeholders, sponsors, organizations providing business support services to enterprises and, importantly, entrepreneur clients. The concept of the marketing mix (7 Ps) is introduced and analyzed as it relates to incubation. Two key customer groups, stakeholders and entrepreneur clients are analyzed in detail to help ensure that business incubation aligns with their unique needs. This framework can be then used to develop or refine the incubator’s marketing strategies, subsequent to the training.

The second part of the module focuses on defining the incubator’s value proposition and engaging appropriate promotion channels, referring to the incubator’s objectives, capability and market opportunities. It takes people through the process of developing a strong value proposition, based on an understanding of the important distinction between the features of incubation and the benefits to clients, which are all too often not well understood. With business incubation, as with other service businesses, some promotion channels are far more effective than others. Referring to the marketing communication mix, options are analyzed, and what works in incubators is presented to help incubators develop their own cost effective and reliable promotion channels.

- **Module 5 – Financing a Business Incubator**

Incubators, as any business, need finance and a plan for financial sustainability. The module outlines what it entails to finance the establishment of the business incubator, start its activities, operate efficiently and ultimately reach sustainability. The module looks at typical capital and operating costs, along with revenues, so that managers can budget for an incubator's establishment and determine the finance needed to reach break even. Accurate forecasting (budgeting) is difficult and the inherent uncertainties and risks are discussed. As with any business, cash flow is crucial. Cash flow management templates are presented, along with tactics to address short term cash flow needs. Basic tools for financial management are provided and the need to have appropriately skilled staff for financial management is emphasized.

Potential finance sources are explored, with consideration of who funds incubators and why, possible funding instruments and how to develop a fundraising strategy. Revenue generation from clients is a crucial revenue source and several options are analyzed, including rental and associated fees, consulting, royalty agreements, equity agreements and finance brokerage examples are provided from a range of countries and regions.

- **Module 6 – Managing the Business Incubator**

This module focuses on those aspects of management that are specific to business incubation, noting there are other aspects that are common to all businesses and that financial management is covered in its own Module (5). The module addresses fundamental policies for dealing with clients including: entry/exit criteria, for differing types of incubator; selection panels; criteria for assessing business ideas; methods to assess entrepreneurial potential; legal agreements for space and services (license agreements, leases, incubation agreements); client handbooks for good communication with clients; criteria for monitoring company development; graduation policies and post-graduation activities. Important governance topics are covered, including the role and composition of Board of Directors, the role and profile of an incubator manager, recruiting the right manager and team; common challenges with some particular structures, especially government or university owned incubators; and, the board manager relationship, which can go wrong if either the manager or the board is not 'right'.

The second part of the module focuses on the detail of operations and human resources management, addressing topics including: organizational culture, what this means and why this is important; charging for rent and services; clear and detailed internal regulations for a good incubator-client relationship; incubator staffing, covering skills needed, different staffing ratios between different types of incubator, performance management systems, motivating and retaining good staff and career and training plans.

- **Module 7 – Monitoring, Evaluating and Benchmarking Business Incubators**

This module aims to provide incubator managers with the required information, skills and insights to develop their own monitoring and evaluation system and to carry out benchmarking activities.

The first part focuses on understanding the added value of monitoring and evaluation (M&E) as a continuous improvement tool. It considers why M&E is crucial for adding value to business incubation, frameworks for design of an M&E process, key performance indicators and how they need to be tailored for particular incubators, what to measure, and how to go about the data gathering and analysis. The module aims to give participants the skills to develop their own system, but also expose them to some of the off-the-shelf tools and guides that can be used.

The second part of the module focuses on benchmarking and other related tool for continuous improvement. Incubator performance benchmarks are presented for discussion, in the context of understanding that benchmarking, comparing one's incubator to another comparable incubator on a one to one basis can be a powerful tool for improvement. The different types of benchmarking are described, and the processes and critical aspects are presented and discussed so that participants will be able to develop their own benchmarking activities.

SUITE 3- ADVANCED INCUBATOR MANAGEMENT

- **Module 8 – Implementing Mentoring as a Business Incubation Service**

Juggling numerous responsibilities, incubator managers rarely have the time, staff and all the skills, or money, needed to help all their clients all the time, and outside assistance is often required. Mentoring is an important avenue for this assistance and is analyzed as one of the four ways to help develop the skills of entrepreneurs, in addition to training, counseling and coaching. This module provides a thorough understanding of the mentoring process and its purposes. The different perspectives of the business incubator, the mentor, and the mentee are addressed, in terms of why each engages in mentoring; something incubators need to understand to develop a mentoring program. The second part of the module focuses on how to implement a mentoring program, covering topics such as: planning a

mentoring program, how to find mentors, screening mentors, orienting mentors and mentees, matching mentors and mentees, monitoring the process, measuring its success and anticipating what can go wrong.

- **Module 9 – Deals and Financing for Incubator Clients**

A core role of any incubator manager is to help their clients with their finance needs. This module aims to improve managers' understanding of the various sources of finance for incubator clients. It starts with the fact that 'cash is king' and 'cash flow is queen' and the realities clients need to understand. The module considers the differing finance needs, options, gaps and risks at the key stages of enterprise development, from conception, through firm birth, to growth. The main sources of finance are analyzed, namely internally generated, personal, grants, equity and debt finance, in terms of the stages of development, along with expectations of finance providers, obstacles entrepreneurs face and how to cope in a financial crisis. Obviously with such a complicated topic, incubator managers are unlikely to have all the knowledge and skills needed and so the module looks at options and sources of external assistance, to both help clients and develop incubator manager capacity. None the less managers still need to help clients to approach finance sources and the module goes through how incubators can help getting their clients ready for finance. The final part of the module focuses on incubators developing important programs to connect incubatees with sources of finance and the need for new culturally relevant sources to address key gaps.

- **Module 10 – Technology Commercialization through Business Incubation**

Technology is a driver of competitiveness and success for many businesses, but scientists and technologists rarely understand business and markets, and, in many cases, their business expectations are unrealistic. This module considers technology commercialization from a business incubation perspective, whether the technology is developed from new intellectual property, by universities and their Technology Transfer Offices, inventors, research centers, or transferred from another location to one where it is new. The sources of intellectual property to commercialize, as well as challenges, expectations and important lessons are considered, taking into account large countries with substantial R&D budgets, as well as those countries that do not have large R&D budgets and so need to approach technology commercialization and associated incubation in different ways. The module looks into how commercialization can be supported at the various stages of incubation, including feasibility, market assessment and planning, securing intellectual property rights, composing the initial team, obtaining financing for technology ventures,

prototyping, gaining early market acceptance leveraging early adopters and ultimately growing the business, maybe through internationalization.

- **Module 11 – Setting Up Business Incubation Virtual Services**

The traditional view of business incubation focuses on serving entrepreneurs that are located on the incubator premises. This inevitably limits the reach of incubation. This module focuses on a paradigm shift, from incubation space (incubator) to the incubation process, whereby clients who do not locate in the incubator's facilities can be assisted. For the purposes of this module and the examples presented, 'virtual incubation' refers to all of: on line services; outreach and drop-in services, whereby a physical incubator extends its services to non-resident clients; and what is called satellite or networked virtual incubation, whereby nodes or satellites (i.e. physical premises) are linked to a main incubator that delivers virtual incubation services in outreach locations. Why incubators might develop 'virtual services' is considered along with the pros and cons compared to traditional incubation. The tools and services that can be used, at each stage of incubation, from pre incubation to internationalization, are discussed, as well as the facilities and infrastructure that will be required. These are considered in terms of the incubator manager and other staff roles, the importance of people contact and peer learning (entrepreneurs are 'people people') and the associated challenges. The module also presents options for making revenue from virtual incubation services.

- **Module 12 – Agribusiness Incubation**

This specialized training module has been designed as an effective "how to" course for professionals looking to use business incubation to enable the start-up and growth of innovative agribusiness enterprises in developing countries and interested in designing a new agribusiness incubator or strengthening an existing one. The course outlines the challenges associated with incubation in the agricultural sector; provides an overview of various types of agribusiness incubator models; and engages participants in a discussion on critical success factors for the success of agribusiness incubators. Concepts are illustrated by practical examples drawn from agribusiness incubator implementations; also included in the course are a set of templates for various aspects of the agribusiness incubation planning process and operations.

COMING SOON, FURTHER TRAINING MODULES ON:

- **Providing SME Internationalization Services**

Deciding where to begin your training with *infoDev*?

Figure 1 offers guidance on what training modules will be the most helpful for participants with various levels of experience. The figure also indicates when modules are meant to be followed in a sequence.



Figure 1 – Module Selection and Sequence