



Business Incubators for New Start-up

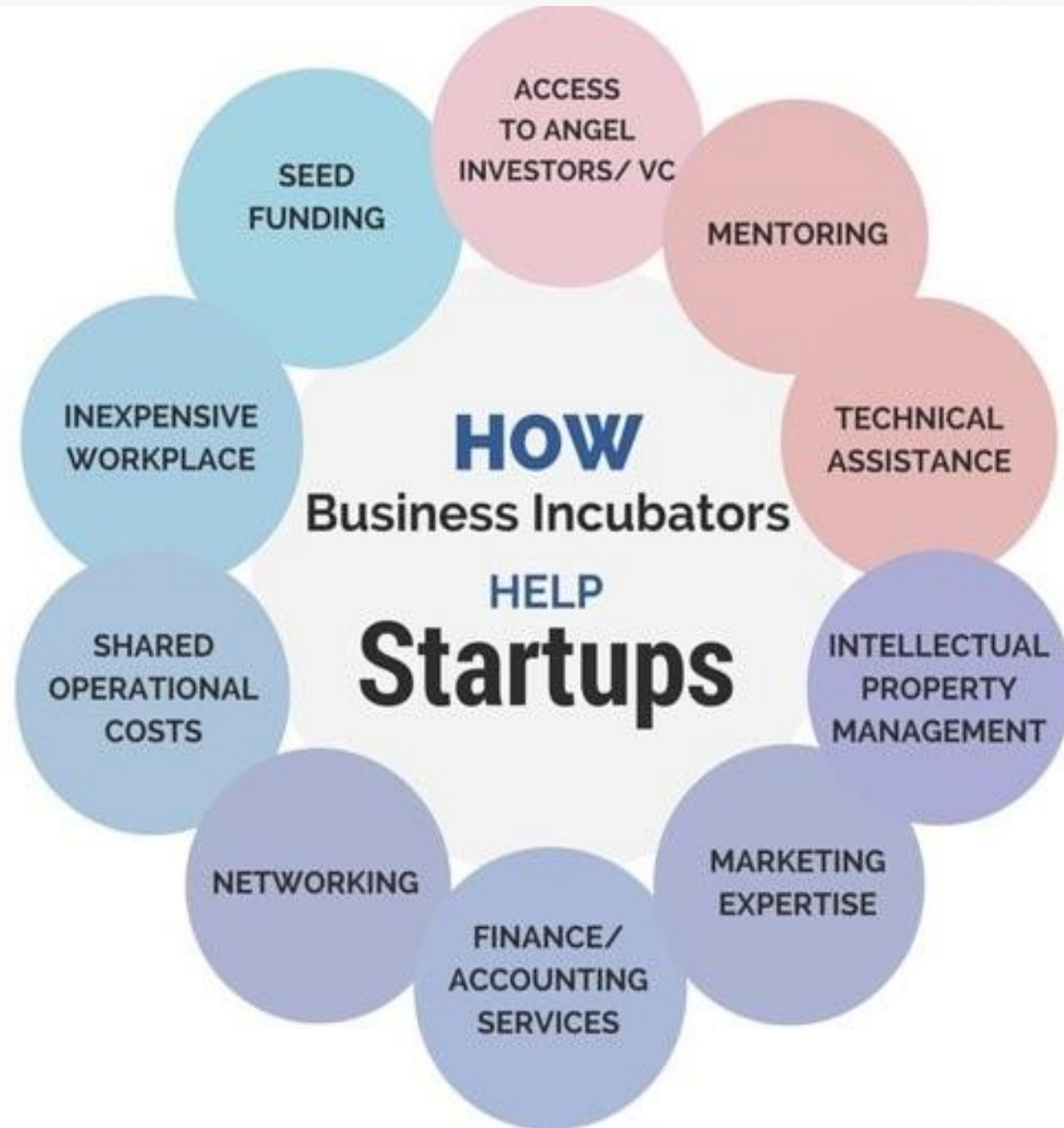
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Business Incubators

Business incubators are institutions that support entrepreneurs in developing their businesses, especially in initial stages. These are organizations geared towards speeding up the growth and success of start-ups and early stage companies.

Importance of Business Incubation Process





Characteristics of Incubators and Accelerators

Characteristics	Technology Incubators	Start-up Accelerators
Clients	All kinds of business including biotech, clean energy, medical devices, nanotechnology.	Web-based, mobile apps, social media, cloud-based software.
Selection process	Competitive selection mostly from the local community.	Competitive selection of firms from a wide geographic area including globally.
Assistance	1 to 5 or more years (33 months on average)	Generally 1 to 3 month boot camps.
Services	Management support, IP rights assistance, networking and access to external financing.	Fast-test and validation of ideas, with mentoring support from experienced entrepreneurs and seed-funding.
Investment	Usually does not take equity but assists in bringing in third party venture capital.	Typically invests <\$25,000 in teams and takes 4% to 8% equity stake in each venture.

Source: Dempwolf, Auer & D'Lppolito (2014)

Business Incubators

Techstars: Founded in 2006, Techstars is a global network of business incubators headquartered in the United States. It has offices in over 20 countries and has helped over 2,000 startups since its founding.

Y Combinator: Y Combinator is a famous Silicon Valley-based startup accelerator that has helped launch over 2,000 companies. It provides seed funding, mentorship and access to its network of investors.

Startupbootcamp: Startupbootcamp is one of the largest networks of business incubators, with 20+ programs across the world. It provides mentorship, access to its network of corporate partners, and investment opportunities.

The Branderly: The Branderly is a Cincinnati-based business incubator focused on helping startups in the consumer product space. It provides mentorship, resources and access to its network of investors.

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Three Stages of Business Incubation Development:

Physical facility support – Business incubation provided within physical facility

(ii) Support service – Business incubation as business support service

(iii) Networking facilities -Business incubators provide networking facilities to the members.

Types of Incubation Services:

They help with business basics

- (ii) They provide Networking activities
- (iii) They provide Marketing assistance
- (iv) Incubators help in Market Research
- (v) They provide High-speed Internet access
- (vi) Incubators Help with accounting/financial management
- vii) They help in providing Access to bank loans, loan funds and guarantee programs
- (viii) Incubators help with presentation skills
- (ix) They link to higher education resources
- (x) They link to strategic partners
- (xi) They provide Access to angel investors or venture capital
- (xii) They organize Comprehensive business training programs
- (xiii) They act as Advisory boards and mentors
- (xiv) They help in Management team identification
- (xv) They help with business etiquette
- (xvi) They provide Technology commercialization assistance
- (xvii) They help with regulatory compliance
- (xiii) They provide Intellectual property management

Business Incubation concept can be compared with that of a Hen hatching an egg. Parallels can be drawn as follows:

<i>SN</i>	<i>HEN</i>	<i>ENTREPRENEUR</i>
1	Builds a Nest	Contemplates starting a venture
2	Lays a clutch of eggs	Collects all resources and formalize the venture
3	Becomes Broody	Concentrates on entrepreneurial activities
4	Looses some weight	Does not get unnerved by initial teething troubles, but worries
5	Moves the eggs frequently	Becomes vigorous with the business activities and keeps a close tab
6	Provides heat	Pours in all necessary resources that may be required
7	Keeps them moist	Ensures that there is no scarcity of any resource at the beginning
8	After 12-14 days, leaves nest more often	Becomes carefree once the venture is setup and lets it run without concentration on day to day activities
9	At day 20 she moistens them again prior to hatch	Once the venture appears to be moving smooth, just gives it the final glance to ensure that all is in order as the venture is setup