



BUSINESS INCUBATION - AN IMPORTANT COG IN THE ENTREPRENEURIAL WHEEL.

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Abstract

Startup Incubators may play a key role in nurturing and scaling ideas. The task of the incubator is to drive entrepreneurial spirit and be a mainstay economic development.

Startup incubators help to nurture Young firms during their early months or years. So they provide variety of services like direct access to hands on intensive business support, access to finance experts and to other entrepreneurs and suppliers to grow and develop the entrepreneurs and their businesses. There are traditional Business incubators technology incubators to drive technological development who concentrate on one particular industry or across sectors, domains and industries. Finally the mechanics of stating an incubation centre a six step procedure is also explained in this paper.

Entrepreneurship in India is on the verge of explosive growth. This also throws new opportunities for the ecosystem to take shape. Angel investors, venture capital, media, startup clubs, service providers, mentors and training companies are going to grow. And one important cog in the wheel is the incubator – the place where startups are born. When a baby is born, he/she is kept in the incubator for first few hours and maybe days – this gives them a chance to adjust to outside environment, and grow stronger before they face the outside world! In a similar way, startups are incubated in Incubation Center, which gives them a chance to bring their business in shape, before they reach out to the world.

Business incubation centre is a facility established to nurture young (startup) firms during their early months or years. It usually provides affordable space, shared offices and services, hand-on management training, marketing support and, often, access to some form of financing.

Business incubation centre's provide SMEs and start-ups with the nurturing environment needed to develop and grow their businesses, offering everything from virtual support, rent-a-desk through to state of the art laboratories and everything in between. They provide direct access to hands on intensive business support, access to finance and experts and to other entrepreneurs and suppliers to grow and develop the entrepreneurs and their businesses.

Business incubation centre provides a nurturing, instructive and supportive environment for entrepreneurs during the critical stages of starting up a new business. The goal of incubators is to increase the chance that a start-up will succeed, and shorten the time and reduce the cost of establishing and growing its business. For new businesses, these services provide a more protected environment in which to grow before they become self-sustaining. The ultimate goal of any business incubator is to produce viable businesses, called "graduates" of the incubator. If successful, business incubators can help to nurture the companies that will form the true creators of a region's or nation's future wealth and employment..

Business incubation is a facility designed to assist businesses to become established and profitable during the start up phase.

It provides

1. Business advice.
2. Business services.

Help with Business Basics

1. Marketing assistance.
2. Market Research.
3. High-speed Internet access.



4. Help with accounting/financial management.
5. Access to bank loans, loan funds and guarantee programs.
6. Help with presentation skills.
7. Links to higher education resources.
8. Links to strategic partners.
9. Access to angel investors or venture capital.
10. Comprehensive business training programs.
11. Advisory boards and mentors.
12. Management team identification.
13. Help with business etiquette.
14. Technology commercialization assistance.
15. Help with regulatory compliance.

Intellectual Property Management

1. Networking
2. Mentoring
3. Full time manager

The National Business Incubation Association (NBIA) categorizes incubators by the following five incubator types: academic institutions; non-profit development corporations; for-profit property development ventures; venture capital firms, and combination of the above.

Incubators vary in the way they deliver their services, in their organizational structure, and in the types of clients they serve. Classical incubators are business incubators oriented towards giving support in starting the business through advice, lease of space, and the offer of the administrative infrastructure and other services. They may also have good connections to sources of funding, but are seldom themselves business investors. Technological incubators support technologically oriented firms mostly as start -up and spin – off firms. They cooperate close with universities, research institutions and science and technological parks. Many of the incubation programs serve affiliate or virtual clients. These companies do not reside in the incubator facility. Affiliate clients may be home -based businesses or early stage companies that have their own premises but can benefit from incubator services. Virtual clients may be too remote from an incubation facility to participate on site, and so receive counseling and other assistance electronically.

This virtual model suits those entrepreneurs who need the advice offered by an incubator but who still want to maintain their own offices, warehouses, etc incubators differ from science and technology parks in their dedication to start-up and early -stage companies.

The most common goals of incubation programs are to improve the survival and growth of new start up firms substantially, create jobs and wealth, enhance entrepreneurial climate, create and retain businesses, commercialize new technologies, build or accelerate growth in a local industry, and diversify economies.

A business qualifying for incubator assistance must meet certain criteria, in much the same way it would for a venture capital firm. Some incubators have diversified interests, accepting different types of start-ups into the fold, whereas others concentrate in one particular area or industry. For instance, some special interest incubators exclusively support women and minority-owned businesses and others choose to focus on innovative software or medical applications.

A Variety of Sponsors Support Incubators

Most incubators in India are run by academic institutions (nearly 51%) while the rest are either corporate (9%), independent (32%) or government-supported (8%), shows the report.

So far as the Indian scenario is concerned, the National Science and technology Entrepreneurship Development Board (NSTEDB) launched the Science and Technology Entrepreneurs Parks (STEP) in the early 1980's, and the Technology Business Incubators (TBI) in the beginning of 2000.



There are more than **100** start-up incubators operating in India. 2017

NSTEDB has so far created 53 TBIs in collaboration with premier academic and research institutes with an investment of Rs. 100 crores and the cumulative revenue generated by these incubated enterprises now stands at Rs. 595 crores. In India, most incubation centers are hosted by an academic institute, and funded by DST (Department of Science and Technology).

List of Incubation Centres in India

1. Founded in 2000, SIDBI Innovation & Incubation Centre (SIIC) set up by Indian Institute of Technology, Kanpur. SIIC incubates ventures in technology, engineering and all interdisciplinary areas.
2. Centre for Innovation, Incubation and Entrepreneurship (CIIE), Ahmedabad which came into being in 2001, facilitates the conversion of hi-tech and mass-impact innovations into enterprises.
3. Technology Business Incubator, National Institute of Technology, Calicut, (TBI-NITC) was established in 2003.
4. Vellore Institute of Technology-Technology Business Incubator (VIT-TBI) commenced its operations in 2003 and focuses on Auto Components, Biotechnology and Consumer Durables.
5. Technology Business Incubator, Kongu Engineering College (TBI KEC) established in the year 2003.
6. TBI Composites was instituted in 2003 with the aim of incubating ventures in materials, technology, product and process development.
7. Launched in 2004, Society for Innovation and Entrepreneurship, SINE, a broad-spectrum technology business incubator, focuses on promotion of entrepreneurship at IIT Mumbai.
8. National Design Business Incubator, NDBI was founded in 2004.
9. With a strong thrust on Agriculture Biotechnology and Pharma sectors, MITCON Biotechnology Centre (MPBC) was initiated in 2004.
10. The Life Science Incubator - ICICI Knowledge Park, Hyderabad which came into existence in 2005 is structured as an independent centre within ICICI Knowledge Park (IKP).
11. Trivandrum based Technopark Technology Business Incubator focuses on technology development and product-based companies.
12. Initiated in 2006 Periyar Technology Business Incubator focuses on promoting ventures in the herbal medicine space.
13. Amity Innovation Incubator (AII) was founded in March 2006. AII has chosen to focus on nurturing enterprises in the domains of ICT & Bio-Informatics.
14. IITM's Rural Technology and Business Incubator was set up in 2006 and focuses on nurturing enterprises, building rural inclusive business ventures through designing products and services for rural needs which have a technology component.
15. Krishna Path Incubation Society (TBIKIET) was established in 2007 with a focus on ventures in the ICT, electronics and mechanical engineering domains.
16. TBI-BITS focus VLSI design and an embedded system.
17. Amrita Technology Business Incubator focuses on incubating ventures in the Information Technology (IT), Electronics & Instrumentation domains.

Thus, on the basis of above description, we may summarize that the business incubation centres in India are growing in numbers steadily over the years and have started contributing to job and business creation.

With this basic background, let us come to the mechanics of starting an incubation center:

Assess the Market Conditions and Entrepreneurs Requirements

It is essential that the incubator has knowledge of the market condition and entrepreneurs requirements. what do entrepreneurs really want from an incubator – is it access to cheap office space, internet, electricity (the tangible benefits of an incubator) or the spirit to work along with fellow entrepreneurs, chance to meet investors, get access to quality manpower and experienced advisors (the intangible benefits of an incubator). This will help you identify the real pain point of your customers (the entrepreneurs) and address their needs most effectively. It is very important to ask the question – why do we want to setup an incubation center?



Identify Team and Service Providers: It is also good to identify a set of advisors – preferably a mix of industry veterans, faculty and investors, which always guides the incubation managers on strategic issues.

Arrange For Resources: An incubation center needs resources during setup and operations. Few of them are listed below:

1. Space.
2. Connectivity – internet/telephone/electricity.
3. Data center.
4. Services – maintenance, security.
5. Furnishing – chair, table, cubicles.
6. IT Infra and Support – software, LAN, leased lines, wi-fi, printer, scanner, copier, Access control system.
7. Others – board rooms, meeting rooms, coffee machines, restaurants etc.

All this comes at a cost, and the incubation center management needs to generate resources for the same – in terms of capital, manpower and time. For an individual or an institute, it is prudent to setup a project team to take up the task in a systematic manner. Government support provides some subsidy towards this, but comes with its own costs.

Establish Industry Linkages

This maybe contact with local entrepreneurs, lawyers, CAs, industry associations like CII, FICCI, Nasscom etc. or media (TV, print etc.), and other parts of the eco-system like investors. Many incubators are not able to perform well for themselves or for their portfolio companies because of being too internally focused.

Draw Out a Calendar of Activities

It is important to draw out a calendar of activities, which keeps the incubator always charged. Conducting training programs, mentor meets, talks from experts, job fair, product showcases, technology demonstrations etc. from time to time helps the community to grow and brings in a great network effect!.

Attract, Select, Retain and Manage Startups

Last, but not the least, an incubators' primary reason of existence is entrepreneurs! The team needs to think about ways to attracting, selecting, retaining and managing startups that inhabit their planets. A clearly conceived and stated criterion for selection is important. We may, thus, conclude that although business incubation centres are playing a significant role in promoting entrepreneurship, they need to continuously shape up their offerings consistent with the needs and expectations of their incubates. The portfolio of services should be coalesced into a comprehensive business assistance program designed to successfully nurture emerging ventures.

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