

**Interreg - IPA CBC**

Greece - Republic of North Macedonia



# RESULTS OF THE RECORDING AND ANALYSIS OF GOOD PRACTICES



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Project: Increase Innovative Business in Sea,  
Environment & Agriculture  
“IBiSEAit”

# IBiSEAit

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Project information:

The project with title "Increase Innovative Business in Sea, Environment & Agriculture and IT" and acronym "IBiSEAit" is approved under the Cross-border Programme of European Territorial Cooperation,

Interreg IPA CBC Programme "Greece - Republic of North Macedonia 2014-2020,

Priority Axis 1 "Development and Support of Local Economy",

Thematic Objective "promoting employment, labour mobility and social and cultural inclusion across border" and

Specific Objective 1.1 "Create employment opportunities for educated graduates by exploiting comparative advantages of the cross-border area, preferably with the use of innovative tools and practices".

# Deliverable D3.4.1

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Within the scope of WP3, deliverable D3.4.1 is foreseen, concerning the study for the recording and analysis of good practices, which have been identified in existing Incubators.

The present report is the result of the recording and analysis of good practices that are exercised in successful incubators in Greece, the Southeast Europe and wider Europe, in order to create a knowledge platform. The recording and analysis is based on a structured questionnaire which has been sent to 10 renowned incubators operating in Europe, who were selected in the first phase of the study.

# Good Practices

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16 good practices exercised by existing incubators are presented, and briefly described, in the following pages:

1. Availability of Specialized Facilities
2. Provision of Consulting and Guidance
3. Efficient Financing
4. Financing of New Enterprises
5. Liaison with Academic and Business Community
6. Type of Participants / Shareholders / Founders
7. Implementation of Selection Criteria
8. Elaboration of a Feasibility Study
9. Elaboration of a Business Plan
10. Implementation of Exit Criteria
11. Promotion and Marketing
12. Staff Recruitment
13. Predetermined Admission Process
14. Specialization
15. Clear Legal and Regulatory framework
16. Implementation of a Feedback Process

# 1. Availability of Specialized Facilities

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The availability of premises, public spaces and shared services (e.g. Legal services, secretarial support, digital call center, patents registration procedure, internet, accounting, printing) are considered as basic facilities provided by an Incubator. However a key success factor for the development of the hosted enterprises and especially the startupper, is the provision of further specialized facilities as described in the following good examples :

## Technology Room - Library

This facility assists the entrepreneurs in seeking information from the web e.g. publications, articles, papers, etc. published in the printed and electronic press. During the filing of the electronic bibliography, the particular fields of technology, innovations and business practices are weighted of high significance. An important point is the ability of the incubator to grant access to international recognized scientific and technological databases of all faculties.

## IT room

Access to this room is allowed only to the authorized staff of the Incubator. Furthermore, in this room the necessary hardware is installed in order to provide internet services to the tenants of the Incubator with high-speed connections. Strict safety rules are followed.

## Canteen - Cafeteria

The operation of a pleasant and well-equipped canteen-cafeteria in the premises of the Incubator, will serve also as a meeting point for the staff during the breaks.

## 2. Provision of Consulting and Guidance

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- Support in issues of technology, business plans, training, recruitment, quality certification, IT, public relations, advertising, etc.
- In particular, Strategic Consulting i.e. the targeted supporting and coaching of each enterprise, is reported as a good practice.
- Therefore, in all incubators, mentoring (offering advice and knowledge for entrepreneurship) is recorded as a necessary feature. However, very few incubators manage to provide adequate guidance and support in technical matters, in order to accelerate the development of a startup business and to become an established company.

# 3. Efficient Financing

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- Consideration of all available funding resources in order to support tenant enterprises. Usually, the founding initiatives of many incubators has been based on funding from European, Cross-border or National programs.
- A crucial factor of success is securing efficient regular funding or achieving the "auto-financing" of the incubator.

# 4. Financing of New Enterprises

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- An important factor pointed out by the participants concerns the achievement of surplus value of the companies that were incubated and matured and finally sold with significant surplus value to investors / funds.
- Beyond the ability of the incubator to finance its own operations, it is very important to provide access to capital / financing also to the hosted start-up enterprises. The relations of the incubator with investment organizations, not only the big ones but also small and flexible ones is of great significance.



# 5. Liaison with Academic and Business Community

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In order to achieve successful incubation of startups and their transformation into established enterprises, the Incubator must involve actively in its functions, Universities, Technological and Research Institutions specialized in the fields of entrepreneurship and their connection with the market and the Incubators' ecosystem.

Universities and Institutions can contribute significant the incubators by leveraging government funding for research and innovation. They even have the capability to act themselves as incubators boosting start-ups to "normal" enterprises.

# 6. Type of Participants / Shareholders / Founders

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In general, an important factor of success is the type of participants / shareholders / founders of an incubator. In addition to the participation of Research Institutes and Universities, a positive impact on the successful operation of an incubator is the participation, as a stakeholder, of the Municipality or other regional governmental and local development bodies as well as cooperative associations.

# 7. Implementation of Selection Criteria

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Common criteria for the evaluation of an applicant, usually include the young age of the enterprise concerned, the innovative nature of the business idea which should preferably focus on knowledge-intensive disciplines as well as a number of feasibility criteria such as:

- Competitiveness of the products / services produced.
- Technological quality of the products / services produced.
- Solvency of shareholders & commitment to the company.
- Quality of Management Level (knowledge, experience, liability of managers).
- Valuation of the shareholder composition of the company.
- Ability of easy disengagement from the investment.
- Return on investment prospects and duration.

# 8. Elaboration of a Feasibility Study

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The incubator administrators should invest money and time in the elaboration of a feasibility study in order to develop a successful incubation program.

An effective feasibility study will help determine whether the proposed plan has a solid market, a sound economic base and strong community support.

# 9. Elaboration of a Business Plan

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- Incubator: Management based on a specific business plan regarding the operation of the incubator, providing clearly defined strategy and methods and ensuring the viability, is a key feature of successful incubators.
- Enterprises: Funding capability is not the key criterion for selecting start-ups for the incubator, since this task is done mainly by the incubator itself. But an essential criterion should be the existence of a draft business plan, a business idea for each hosted enterprise. The preparation and implementation of a business plan will be done in the context of the incubator.

# 10. Implementation of Exit Criteria

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Another key factor for the successful operation of an incubator is the implementation of specific criteria for the exit of an enterprise/start up business from the incubator.

Although many participants consider positively the ability of the incubator to operate flexible e.g. in case of space expansion for the hosted start-ups, on the other hand they consider that an enterprise/tenant should leave the incubator both when it does not achieve the minimum acceptable objectives in a fixed period of time and when it fully achieves its basic initial objectives.

# 11. Promotion and Marketing

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In the process of a successful incubation-transformation of a start-up into an established new innovative company, promotion and marketing as well as financial functions play an important role:

- Information on business events and workshops in the area.
- The option for promotion in strong industry branches and dynamically growing markets.
- The clustering and the opportunity of networking with similar enterprises.
- The potential thematic activities, training workshops and networking events promote networking between the enterprises and increase the effectiveness of the Incubator.

# 12. Staff Recruitment

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- Enterprise's Staff Characteristic: An important factor for start-ups presenting rapid growth and development, is the ability to find the necessary staff with the appropriate academic / professional background. Therefore many startup companies have their premises in big cities or in areas where universities and technological institutes are located.
- Incubator's Executives Characteristics: For most, the key characteristic that an Incubator executive is required to have is not his theoretical competence, but his experience in business, legal and financial matters.



# 13. Predetermined Admission Process

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1. The admission process of each new enterprise in the Incubator is foreseen in the regulation. The admission process guarantees transparency and ensures the business confidentiality of each interested party.
2. The incubator administration publishes periodically a Call for Interest for the admission of any interested party in the Incubator.
3. Application forms are available in the offices of the incubator for any interested entrepreneur. Applications are accepted continuously.
4. Candidate enterprises, supported by specialized consultants, submit a draft business plan which is evaluated by a committee regarding its viability. The committee evaluates also the eligibility of the enterprise for admittance in the Incubator.
5. After the approval of the application the enterprise is admitted in the Incubator provided that there are vacancies.
6. The maximum hosting time of the enterprise in the Incubator is predetermined in the business plan of the incubator. In exceptional cases only, a tenant enterprise remains until achievement of its full autonomy.

# 14. Specialization

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A significant factor is specialization. Although start-ups are targeting a large market share, it is important that the industry in which the start-up operates is well received in the local market. Having a large number of potential customers, but also suppliers and partners who are easily accessible will give a quick boost to the business.

On the contrary, in areas where there is a culture hostile to new, radical ideas, there may be many obstacles to starting a start-up.

# 15. Clear Legal and Regulatory framework

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A factor of successful operation of an incubator is the Legal and Regulatory framework. A clear and unambiguous legal and regulatory framework can save significant time and resources from a start-up as well as ensure that no future problems will affect its operation. It is a key factor in attracting young entrepreneurs. Also, the lack of bureaucracy and complicated procedures is also an advantage since in start-ups there is no "time to lose".

# 16. Implementation of a Feedback Process

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The regular implementation of a feedback process is of significant importance for the successful operation and management of an incubator. Conducting research within the ecosystem as well as regular discussions in a structured form with participants and partners of the Incubator is a component of a good practice.

# Conclusion

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The good practices, as described in this presentation, constitute recommendations to be followed by administrators in order to establish and operate successful incubators.

They are addressed to executives which are responsible for engineering a new incubator or a new organization body who will administrate incubators. They are also addressed to officials of authorities involved in this process.

However, all persons charged with these tasks should take into consideration that this presentation is not exhaustive. There may be also some other practices that could complete this list.