



04 Marketing and Stakeholder Management



Trainee Manual Part 1



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Introduction to the Training Program

INTRODUCTION TO THE TRAINING PROGRAM

This is the trainee manual for Module 4 Part 1 – out of 11 modules in total - of *infoDev*'s State-of-the-Art Business Incubation Training Program for Business Incubator Managers in Developing Countries.

infoDev (www.infodev.org) is a research, capacity building and advisory services program, coordinated and served by an expert Secretariat hosted by the World Bank Group. It helps developing countries and their international partners use innovation and information and communication technologies (ICT) effectively as tools for poverty reduction and sustainable social and economic development. *infoDev* is a leader in business incubation of technology-enabled enterprises. *infoDev*'s global business incubation network reaches close to 300 business incubators, more than 20,000 small and medium enterprises, and has helped create over 200,000 jobs across 87 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 technology 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 11 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 modules include:

SUITE 1 – BUSINESS INCUBATION BASICS

Module 1 – Business Incubation Definitions and Principles

This module provides an introduction to business incubation. It introduces key definitions and presents the main principles and good practices of business incubation. It aims to equip current and future incubator managers and policy makers with the knowledge, skills and understanding of the fundamentals of business incubation in order to effectively foster and encourage businesses.

Module 2 – Business Incubator Models, Including Success Factors

This module aims to illustrate various business incubator models based on practical examples of incubators from all over the world. 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 the best model to adopt for their own incubator to be successful.

SUITE 2 – BUSINESS INCUBATOR OPERATIONS

Module 3 – Planning an Incubator

This module, which is divided into two parts, covers assessing the feasibility and designing the business model for an incubator. The first part is aimed at providing a thorough understanding of developing a feasibility study. This includes the steps to undertake a pre-feasibility study, the components that it should address, as well as how to gauge the market need and decide whether an incubator is the most appropriate solution. The second part of the module focuses on business planning to establish the incubator business model.

Module 4 – Marketing and Stakeholder Management

This module is designed to support efficient and effective communication of the incubator with key customers and other stakeholders based on a good understanding of the market place. This is important since it will help the incubator to establish and increase its reputation as a sustainable organization that fulfils its mission.

The first part of the module focuses on identifying, assessing, and reaching customers/ stakeholders, as well as potential ally organizations providing business support services to enterprises; while the second part is dedicated to defining the incubator's value proposition and engaging marketing channels.

Module 5 – Financing an Incubator

The first part of this module aims to guide current and future business incubator managers through mastering the incubator's financial data (such as costs and revenues) in order to enable them to identify the financing needs of the organization as well as to explore potential sources of financing.

Building on the first part, the second part of the module is dedicated to demonstrating, to current

and future business incubator managers, how to develop a fundraising strategy and to monitor the financial performance of an incubator.

Module 6 – Managing the Incubator

This module provides current and future business incubator managers with an overview of sound management practices for a successful incubator.

The first part addresses the topics of incubator policies and governance and the second part is dedicated to operations and human resources management.

Module 7 – Monitoring, Evaluation and Benchmarking

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 of the module is dedicated to helping the incubator manager understand the added value of monitoring and evaluating the performances of his/her incubator; defining relevant and adequate performance indicators; and exploring how to monitor and evaluate, notably by studying existing tools and methodologies.

The second part focuses on empowering the business incubator manager to use the data collected through monitoring and evaluation activities to compare the business incubator's performance with those of similar organizations.

SUITE 3 – ADVANCED INCUBATOR MANAGEMENT

Module 8 – Implementing a Mentoring Program

This module provides, in its first part, a conceptual framework for gaining a thorough understanding of the mentoring process and its purposes from three perspectives: that of the business incubator, the mentor, and the mentee.

The second part of the module focuses on how to implement a mentoring program.

Module 9 – Deals and Financing for Incubator Clients

This module aims to provide a thorough understanding of the alternative sources of financing for incubator clients by notably describing programs and processes that will enable the incubator manager to assist his/her clients in accessing financing.

The first part focuses on preparing incubatees to engage in the process of accessing financing while developing the capacity of the incubator to assist incubatees in accessing financing. The second part of the training module explores financing from the perspective of both the incubatees and the incubator.

Module 10 – Technology Commercialization through Incubation

This module describes technology commercialization divided in two parts. The first relating to

challenges and lessons learned associated with this process as well as how to manage expectations regarding the results of technology commercialization. This part also concerns the role of the incubator in facilitating technology commercialization in the pre-incubation phase.

The second part of this module focuses on the role of the incubator in technology commercialization in both the incubation and the growth phases.

Module 11 – Setting Up Virtual Services

The first part of this module provides a conceptual framework for understanding virtual services. It is designed for current and future business incubator managers who are considering virtual incubation either as a stand-alone business model or as part of their overall incubator service portfolio to extend their current service offering.

In its second part, the module aims to guide current and future business incubator managers and help them to decide if virtual incubation is the right solution for their incubator. The module then explores the most common challenges and how to address them.

Figure 1 groups the modules by preferred level of experience and suggested module sequence.

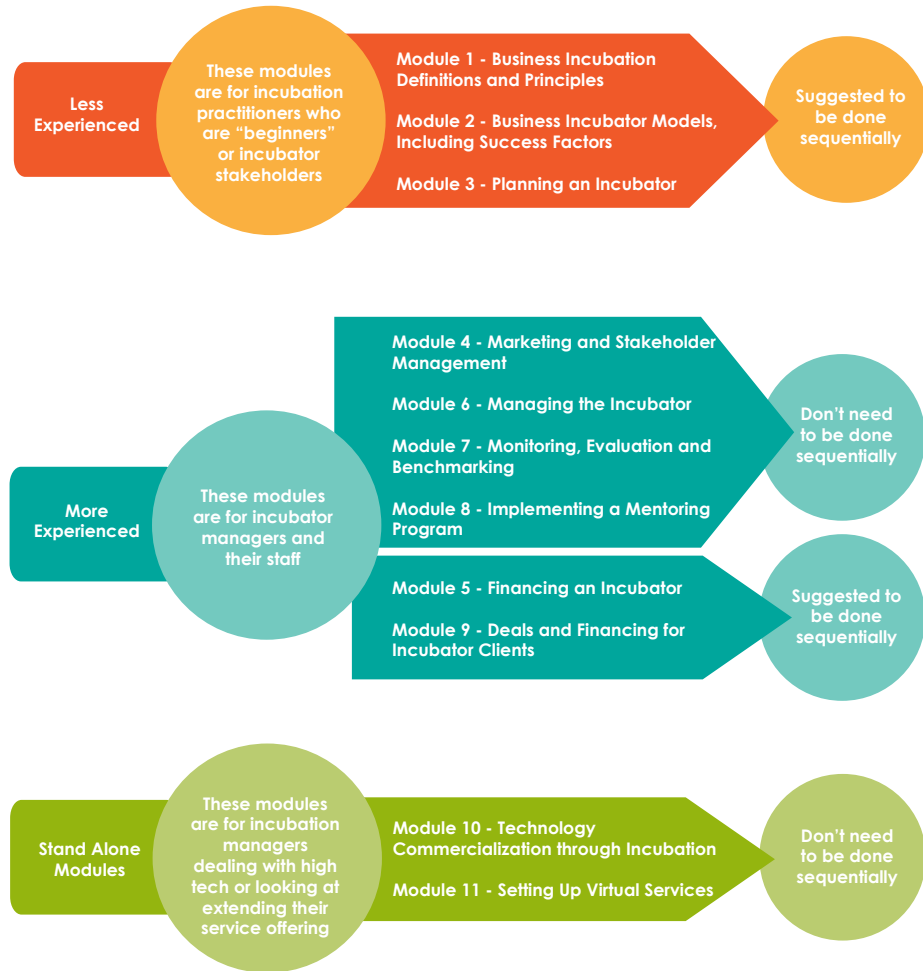


Figure 1 – Module Selection and Sequence



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Module Index

INTRODUCTION TO THE TRAINING PROGRAM	3
ACKNOWLEDGEMENTS	11
MODULE INDEX	15
TABLES AND FIGURES	19
MODULE OBJECTIVES	21
INTRODUCTION TO THIS MODULE	25
COMPONENT 1 (PART 1 TRAINING): IDENTIFYING, ASSESSING AND REACHING CUSTOMERS AND STAKEHOLDERS	29
COMPONENT INDEX	31
COMPONENT OBJECTIVES	31
SECTION 1.1: IDENTIFY KEY CUSTOMERS	32
SECTION 1.2: IDENTIFY ADDITIONAL STAKEHOLDERS	36
SECTION 1.3: ASSESS THE NEEDS OF THE CUSTOMERS AND OTHER STAKEHOLDERS	38
SECTION 1.4: ATTRACTING AND RETAINING CUSTOMERS	40
SECTION 1.5: SEGMENTING THE MARKET WITH RESPECT TO POTENTIAL INCUBATEES	41
SECTION 1.6: FINANCIAL CONSIDERATIONS	42
SECTION 1.7: MARKETING MIX – THE 7 P’S	45
COMPONENT CONCLUSIONS	53
COMPONENT 2 (PART 1 TRAINING): IDENTIFYING AND ASSESSING POTENTIAL COMPETITORS AND COMPLEMENTORS	55
COMPONENT INDEX	57
COMPONENT OBJECTIVES	57
SECTION 2.1: RECOGNIZE AND ASSESS OTHER ORGANIZATIONS SERVING THE SAME CUSTOMERS	58
SECTION 2.2: DETERMINE HOW THE INCUBATOR CAN COMPLEMENT RATHER THAN COMPETE WITH OTHER ORGANIZATIONS SERVING THE SAME CUSTOMERS	60
COMPONENT CONCLUSIONS	62
CASE STUDIES	63
PROMOTING AN INCUBATOR	65
BUSINESS INCUBATOR BRANDING	72
A NEW APPROACH TO PROMOTING AN INCUBATOR	80

BIBLIOGRAPHY	87
ANNEX 1: BERYTECH TECHNOLOGY AND HEALTH MARKETING PLAN	91
ANNEX 2: WHAT'S IN A PRESS KIT AND PRESS RELEASE?	103

TABLES AND FIGURES

FIGURE 1 – MODULE SELECTION AND SEQUENCE

9



Module Objectives



The overarching objective of this module is to support the incubator in efficient and effective communication with key customers and other stakeholders based on a good understanding of the market place. This is important since it will help the incubator to establish and increase its reputation as a sustainable organization that fulfils its mission.

The first part of the module focuses on identifying, assessing, and reaching customers / stakeholders, as well as potential ally organizations providing business support services to enterprises, while the second part is dedicated to defining the incubator's value proposition and engaging marketing channels.

TRAINEE TRAINING OBJECTIVES

As a result of completing this module, participants will be able to:

- Identify key customers that will provide the financial resources necessary to sustain the incubator as a viable enterprise;
- Identify additional stakeholders that must be engaged if the incubator is to fulfill its mission;
- Assess the customer and stakeholder needs that must be met to attract and ensure a long-term and successful relationship between them and the incubator;
- Recognize and assess other organizations serving the same customers;
- Determine how the incubator can complement rather than compete with other organizations serving the same customers;
- Define the incubator's "value proposition", with appropriate modifications for different audiences, and ensure that the tactical marketing components support this value proposition; and
- Identify the channels through which the incubator can convey its marketing messages and understand how to use them.



Introduction to this Module

Incubator managers have limited resources for running the incubator. Often, the operating budget does not allow them to use the services of a professional marketing consultant or executive, let alone a marketing firm. Furthermore, every hour the incubator manager and staff spend on marketing is one less hour spent helping incubatees start-up, survive and succeed. The following module will provide trainees with an appreciation of the value and purpose of marketing in the incubator context and guide them with regard to the most important aspects to consider. In this way, they will be able to focus the resources available to them, and better direct their marketing activities at attracting and retaining the customers and stakeholders necessary for the incubator to become a sustainable enterprise and to deliver on its mission. Marketing has to be considered as an integral part of the incubator's business plan.

McCarthy and Perreault define marketing as follows: “the aim of marketing is to identify customers’ needs – and meet those needs so well that the product almost ‘sells itself’..... Marketing should begin with potential customer needs – not with the production process. Marketing should try to anticipate needs. And then marketing, rather than production, should determine what goods and services are to be developed – including decisions about product design and packaging; prices or fees; credit and collection policies; use of middlemen; transporting and storing policies; advertising and sales policies; and, after the sale, installation, customer service, warranty, and perhaps even disposal policies. This does not mean that marketing should try to take over production, accounting, and financial activities. Rather, it means that marketing – by interpreting customers’ needs – should provide direction for these activities and try to coordinate them. After all, the purpose of a business or nonprofit organization is to satisfy customer or client needs. It is not to supply goods and services that are convenient to produce and might sell or be accepted free”.²

Considering the above definition, marketing is a comprehensive process to get the product/service to the market and thereby satisfy a client need. The process includes identifying the potential customer needs, aligning the products and services of the incubator to address these needs, and developing and maintaining a relationship with the customer to stay abreast of the needs. Even the small tasks like writing thank-you letters, socializing with clients or returning calls promptly can be thought of as marketing.

² Source: McCarthy, E.J.; Perreault, W. E. Jr; Basic Marketing, 11th ed; Irwin, Boston, 1993; p 9

Component 1 presents different aspects of marketing as it relates to business incubators following a logical progression starting with identifying the customer.³ The component identifies the types of customers as they relate to each incubator stage of development. It then addresses the importance of identifying stakeholders⁴ who may not contribute financially, but may provide non-cash value that is critical to the success of the incubator. Once the customers and stakeholders are identified a focus is placed on determining and meeting the needs of these individuals / organizations emphasizing the necessity for an incubator manager to remain attentive to the expectations of the customers and stakeholders.

Further critical aspects of marketing as it relates to incubators are also discussed which include the importance of understanding the needs of the potential incubatees and the potential financial contributions from a sponsorship and incubatee perspective. The component closes with a detailed discussion on how to meet an incubator's marketing objectives through applying the 7 P's.

Component 2 discusses the importance of identifying and assessing organizations and individuals that are supplying comparable services and have similar clients. As addressed by the component, the challenge is turning potential competitors into constructive complementing organizations and individuals.

Component 3 focuses on how to define the incubator's "value proposition", which relates strongly to the key points of components 1 and 2, re-emphasizing the importance of clearly understanding the customer need and the incubator's potential role. This leads to the final component, Component 4, that addresses how an incubator manager can properly promote the incubator and its value proposition.

Component 4 discusses various channels that can be utilized to promote the incubator, which include networking, testimonials, entrepreneurship days and publications. The component provides helpful guidelines to maximize the impact of these promotional channels in order to ensure the incubator's management team is effective and efficient at promoting the incubator.

Through developing an understanding of the main aspects of marketing as conveyed by the module components, the trainee will be in a better position to attract and retain the customers and stakeholders needed for a sustainable incubator that delivers on its mission and graduates successful companies.

³ Note: For the sake of clarity, in this module we will assume that customers are those individuals and organizations that provide the cash flow to the incubator, which allows the incubator to cover its costs of operation and thereby to sustain itself as an enterprise.

⁴ Note: Those individuals and organizations that contribute non-financial value to the incubator that helps the incubator fulfill its mission will be considered to be "other stakeholders."

Component 1 (Part 1 Training):

Identifying, Assessing and Reaching Customers and Stakeholders

COMPONENT INDEX

Section 1.1: Identify Key Customers

Section 1.1.1: Foundation Phase

Section 1.1.2: Development Phase

Section 1.1.3: Mature Incubation Phase

Section 1.2: Identify Additional Stakeholders

Section 1.3: Assess the Needs of the Customers and Other Stakeholders

Section 1.4: Attracting and Retaining Customers

Section 1.5: Segmenting the Market with Respect to Potential Incubatees

Section 1.6: Financial Considerations

Section 1.7: Marketing Mix - the 7 P's

Section 1.7.1: Product and Service Offering

Section 1.7.2: Price

Section 1.7.3: Place

Section 1.7.4: Promotion

Section 1.7.5: People

Section 1.7.6: Processes

Section 1.7.7: Physical Evidence

COMPONENT OBJECTIVES

At the end of this component, trainees should be able to:

- Understand the difference between customers and other stakeholders;
- Identify key customers and stakeholders that are necessary for the incubator to achieve sustainability and to achieve its mission;
- Assess customer and stakeholder needs that the incubator can address in order to attract and retain customers and stakeholders critical to the incubator's success;
- Learn enough about the most useful marketing channels in order to begin marketing activities that can support the early phase of incubator development; and
- Understand the importance of integrating tactical marketing into the marketing strategy (the proverbial 7 P's of marketing).

Section 1.1: Identify Key Customers

As discussed within Module 1 “Business Incubation Definitions and Principles”, business incubators, like the process of incubation itself, grow in a phased way. Incubator phases are stages of development, rather than milestones on the path to completing a process. Each stage of development requires different key customers to be successful and grow the incubator. This section will identify the key customer profiles associated with each of the three phases of incubator development discussed in Module 1: foundation, development, and mature incubation.

Section 1.1.1: Foundation Phase

Incubators typically have one or more institutional sponsors (these can be public as well as private or public-private entities), which can be particularly important customers in the incubator’s foundation phase. They may include organizations such as a local, regional, or national government economic development agency, an NGO involved in economic development; a chamber of commerce or other local business organization, a university, a local bank, and so forth. It should also be noted that some incubators are started by professional investors, business services firms, or other private firms interested in engaging in new venture development. Often these investors establish the incubator with the intention of running it as a for-profit business. The incubator founders may fund the development of the incubator entirely using their own investment resources until it achieves financial breakeven. It may also be possible that they will negotiate an acceptable operating arrangement with some or all of the usual types of incubator sponsors.

Often the sponsor(s) of an incubator recruit other civic-minded organizations and establish a task force to conduct some or all the pre-launch activities before the incubator manager is hired, though it can be a great advantage to engage the incubator manager in the foundation phase. Like the sponsors, these other organizations may become important customers or “other stakeholders” providing non-financial support.

Typical activities in the foundation phase include:

- Conducting a feasibility study, including assessing the need for an incubator and identifying the relevant stakeholders in the area;
- Defining the scope of the incubator, including industries served, geographic reach, and range of services offered;
- Writing a business plan;
- Securing financial commitments for the launch and early life of the incubator;
- Establishing a board of directors involving the relevant stakeholders;
- Identifying, acquiring and preparing a facility to house the incubator except in the particular case of a virtual incubator; and
- Recruiting an incubator manager.

Note: For an in depth study of the typical activities carried out in the foundation phase including pointers for common mistakes to avoid when starting an incubator, please refer to Module 3 of the training program, “Planning an Incubator”.



It should be noted that:

1. The perception and understanding of the incubator in this phase will largely be established by the needs of the potential customers and the incubator sponsor(s).
2. Whenever the incubator manager begins work during the foundation phase, the initial, and initially most important, set of customers are the sponsoring organizations and incubator’s champions within these organizations. For a period of time during the development phase, the sponsors will likely be the primary source of cash flow to sustain the incubator.
3. If the incubator’s business model calls for an increasing percentage of the incubator budget to be provided by incubatees and by founders of specific programs with measurable outcomes, then the importance of sponsors as “investors” may decline over time.
4. However, the importance of sponsors as key participants in the incubator network will remain strong, and sponsors will continue to be important incubator customers.

Section 1.1.2: Development Phase

During this phase, the incubator needs to dramatically change its portfolio of customers.

At this stage, the following is critical for the incubator:

1. Not only must it maintain its current customer base, but now it must attract an entirely new set of customers: incubatees. These must be attracted in sufficient numbers to meet the expectations of sponsors and to contribute towards the incubator achieving its mission's objectives.
2. These incubatee customers should eventually be spread across a range of types - from potential incubatees learning about and then applying to join the incubator to current incubatees maturing through the incubation process and graduating. They should also include graduate incubatees taking advantage of post-incubator services and becoming contributing stakeholders in the incubator network.

Throughout their lifecycle incubatees should be providing the incubator with an amount of cash flow that is appropriate to the value they receive from the incubator.

Section 1.1.3: Mature Incubation Phase

At the mature incubation stage, the business community's perception of the incubator continues to be shaped by the sponsors and their communications, but increasingly the perception is driven by the incubator's performance with respect to the achievement of its mission and the effectiveness of its own communications. In order to retain its customers and continually grow its customer base, the incubator needs to achieve a performance level that satisfies its customers.

Important aspects of the incubator-customer (and other stakeholder) relationship include assessing incubator performance and communicating performance outcomes to customers via reports and presentations, especially success stories. Assessing customer (and other stakeholder) perceptions regarding the incubator, its activities and how they relate to the customer or stakeholder needs, is also important. These activities may use a variety of methods, including face-to-face interviews, phone calls, and surveys.



Note: The importance of monitoring and evaluating the incubator's performance is explored in detail in Module 7 of the training program, "Monitoring, Evaluation and Benchmarking".

Ideally, once the incubator has reached what is termed a mature incubation stage, the incubator is no longer dependent on the generosity and political good will of its sponsors for continuing investment. This is desirable because, the initial excitement and enthusiasm of the founding sponsors may diminish in favor of other new and innovative programs that warrant “seed investment”. Thus, sponsors may choose to reallocate resources to these new initiatives. In addition, often the champions within the sponsoring organizations, who originally drove the involvement of the sponsors in the foundation and development phases of the incubator lifecycle, move onto other jobs and other organizations, or may retire. Their successors will not likely have the same passion for a program started by their predecessors.

Throughout the history of the incubator industry, there is story after story of incubators that were launched with great fanfare and with seed financing from sponsors, who after the start-up period (a year, or two, or three) could not or would not sustain “no-strings-attached” funding. However, it is important to note that some incubators are able to convert initial sponsors from “donors” or “seed investors” to customers by delivering specific programs and services (for example workforce training) to the sponsors under contract. These programs and services should be relevant to the mission of the incubator. They usually provide value to incubatees and enhance their performance, thereby also fulfilling one or more objectives of the contracting organization (sponsor).

Once it has reached the mature incubation stage, the nature of the incubator’s relationship with its sponsors changes. The incubator is no longer “subsidized” on the basis of the political goodwill of the sponsor, but could now also be providing it with contracted services. Typically, the incubator must be prepared to compete with other service providers for the business and must win the contract on merit.

In this phase of the incubator lifecycle, customers (those contributing financially to the cash flow of the incubator) include some or all of the following:

- Incubator center tenants who rent space and pay for services;
- Incubator clients not residing in the incubator who pay for services; and
- Organizations contracting the incubator to deliver programs and services that satisfy performance metrics and meet the objectives of the contracting organization, which may, or may not, have previously been an incubator sponsor.

The incubator must not fail to serve the needs and meet the expectations of its paying customers; otherwise its own financial sustainability may be in jeopardy. It will not have the opportunity to meet the needs of other stakeholders if it goes out of business because of a failure to breakeven or maintain positive cash flow.

Section 1.2: Identify Additional Stakeholders

In addition to identifying paying customers, the incubator also needs to do the same with respect to additional stakeholders who may not contribute cash, but who may provide non-cash value that is critical to the success of the incubator.

These organizations and individuals should be identified from the feasibility assessment stage. They will become part of the incubator's extended network and will help it to operate successfully as a business in its own right and also to assist incubatees to start-up, survive and thrive.

These additional stakeholders can support the incubator in performing its own enterprise functions by:

- Participating in the incubator's board of directors;
- Providing volunteer staff support, for example in managing operations and managing the physical facility;
- Communicating with and conducting promotional activities to current and potential customers and other stakeholders; and
- Providing services, knowledge, training, mentoring, coaching, and counseling to incubator companies. In this way stakeholders can be leveraged by the incubator manager to dramatically extend the incubator's reach. This role for stakeholders is discussed in greater detail in Module 8, 'Implementing a Mentoring Program'.

Usually, governments are considered to be stakeholders. Even if not direct founders, governments determine policies that can have an impact on the incubator. Therefore, it is valuable to understand the government's expectations and to evaluate these against the incubator's mandate. Where the government is considered to be a stakeholder, its needs must be addressed differently in the incubator's marketing mix.

When approaching government entities as potential incubator stakeholders, an incubator manager may need to highlight the following aspects:

- Job creation potential;
- Economic growth and wealth creation, particularly among SMEs which will enhance the government's tax revenues;
- Human resources development / capacity building;
- Technology transfer and / or commercialization, enabling innovation and increasing trade; and
- Turning around rural or disadvantaged areas into hubs for SME development.

Section 1.3: Assess the Needs of the Customers and Other Stakeholders

Customers will not continue to deliver financial resources and other stakeholders will not continue to deliver value to the incubator unless the incubator can meet their needs. Hence, the incubator manager needs to regularly assess their needs and determine if and how these needs can be met. In addition, there should be a fair exchange of value and engagement with a particular customer or stakeholder. No single customer or stakeholder should compromise the ability of the incubator to deliver on its mission.

Incubatees generally have a much more complex set of needs, reflecting all the components of a business plan that must be addressed if the incubatee is going to be successful. It is common that the incubatees may have latent or emerging needs that they are not able to recognize. Hence, it is critically important that the counselors, coaches, and mentors, including the incubator management team, the board of directors or advisers, and members of the incubator's extended network, be sophisticated in their understanding of the critical success factors for an incubatee.

The needs of other customers and stakeholders may be less complex, but will be no less important. Ideally the activities in which the incubator would need to engage to serve incubatees will largely meet the needs of the other customers and stakeholders.

Examples of incubatee needs matching or not matching those of other customers and stakeholders include the following:

- If the primary need of a particular sponsor is to demonstrate measurable outcomes with respect to economic development and if the incubator can demonstrate that it is helping companies start-up, survive and thereby create new jobs, then both the incubator manager and the sponsor benefit from these outcomes.
- If a university sponsor needs to demonstrate successful technology transfer in order to justify continued research funding from a government agency, and if the incubator can demonstrate that it is helping engineering students and alumni license university IP and start companies to commercialize technology, then both the incubator manager and the university sponsor benefit from these outcomes.
- If a local service provider (e.g. accounting firm, bank or law firm) needs to attract new clients, and if by sponsoring the incubator and mentoring incubator companies the service provider gains positive media attention that results in new clients, then both the incubator manager and the sponsoring service provider benefit from the engagement. Furthermore, in the long-term, the service provider may be able to demonstrate that some incubator graduates become clients.
- On the other hand, a local politician may attempt to engage the incubator manager in some sort of public service activity that attracts positive media attention for the politician and thereby helps with re-election. However, if this engagement delivers no value to the incubator or its incubatees and instead diverts the attention and energy of the incubator manager away from the incubator's mission, then there is no mutual benefit. The incubator manager must be very cautious about investing in stakeholders who have no real stake in the incubator and who, as a result, diminish the performance of the incubator.

Either the activities of the incubator manager should add significant value with respect to the needs of **both** the stakeholder and the incubator, or meeting the needs of the stakeholder should be a small price to pay for the tremendous leverage created by the value the stakeholder can deliver. With respect to the latter case, a university-based incubator may be asked to provide incubator tours for visiting alumni who are fascinated by entrepreneurship. Even though this may have little or no direct benefit for the incubator, the university affiliation allows the incubator to leverage university-facilities (laboratories, libraries and so forth) and expertise for the benefit of incubatees. In the long-run, the incubator may also be able to develop an extended network of alumni who can be a valuable resource to incubatees.

Section 1.4: Attracting and Retaining Customers

Typically when the incubator manager is hired, the incubator's initial customer set is already in place. It may include the sponsor or sponsors who have participated in some or all of the pre-launch activities and who, as part of that process, have secured the funding required to cover the negative cash flow until the incubator can achieve financial sustainability. Naturally the attentiveness of the incubator manager to the expectations of the sponsors is critically important for the survival of the incubator through this vulnerable stage. The incubator manager should be alert to opportunities while working with current sponsors to attract additional sponsors who are willing to provide financial support, as this will give the incubator manager more time to establish a stable and sustainable business model. During the development phase, the incubator manager should be proactively exploring the possibility of converting sponsors from "donors" or "seed investors" into customers who contract the incubator to provide services. These services should bring in fees that are appropriate to the value they create for the customer and should have outcomes that address the performance objectives of the contracting organization as well as support the incubator's mission.

The incubator manager also needs to identify, attract, educate, and screen potential incubatees. The focus should be on selling the incubator program to those that fit the "admission criteria".

At this stage, some ways by which applicants may be attracted to the incubator include the following:

- 1) If the incubator's sponsors have attracted media attention during the pre-launch phase, it is likely that some potential incubatees will take the initiative to inquire about admission.
- 2) However, particularly during the time when the incubator is ramping up its population of incubatees, it will be important for the incubator manager to proactively seek out potential applicants. A good place to start is with sponsors, who may have potential candidates within their own organizations or their extended networks. The incubator manager should ask for the help of the sponsoring organizations in identifying these potential candidates, and should also ask them to serve as intermediaries in this respect.
- 3) Finally the incubator manager needs to identify non-sponsor organizations that may be sources of potential applicants. These might include: university business schools, engineering schools, entrepreneurship centers, government bodies, corporate R&D centers, business organizations that have SMEs as members, and so forth.

Mechanisms for reaching out to potential applicants are discussed in the context of Component 4.

Section 1.5: Segmenting the Market with Respect to Potential Incubatees

The incubatees associated with an incubator need to match with the key drivers of incubator success.

Incubatees must reflect the incubator's mission. For example, if it is a technology incubator, then the incubatees should be developing, and delivering customers technology-based products and / or services. Alternatively, if the incubator mission is focused on developing new manufacturing companies to take over the industrial space vacated when a large manufacturer left the region, then the incubatees should have the potential to grow and consume significant industrial space. On the other hand, if the incubator is sponsored by a university that wants to enhance its educational mission, then the incubatees should be enthusiastic about engaging with students and faculty in applied projects and research. In most cases incubators have an economic development component, and the incubator will therefore probably want to segment potential incubatees into lifestyle businesses versus those with significant growth potential, and attempt to recruit the latter.

If the incubator intends to establish long-term financial sustainability by depending entirely or to a significant extent on cash flow from incubatees, then the capacity of the target incubatees to pay for rental of space, services or other income generating activities, such as royalty payments, will need to be taken into account.

Generally the criteria for market segmentation are identified very early in the incubator establishment process and are represented in the incubator's admission criteria.

To illustrate this point, one university-based, technology incubator⁶ claimed to have five criteria for admission:

1. The proposed product or service to be offered to the market by the incubatee needed to be technology-based.
2. The incubatee needed to be able and willing to engage with the university in ways that enhanced the education of the students.
3. The incubatee needed to present a business plan that was developed to a sufficient level of detail and quality to gain the incubator manager's acceptance.
4. The incubator manager had to have reasonable confidence that the entrepreneur and entrepreneurial team could implement the business plan.
5. The incubatee had to demonstrate the capacity to pay the costs associated with participation in the incubator.

⁶ Source: Rensselaer Polytechnic University, Incubation Program, Troy, New York: <http://www.incubator.com/>

Section 1.6: Financial Considerations

Sponsorship Financial Contribution: Sponsorship in the form of the initial seed investment will most likely have been set before the incubator manager is hired and the incubator is launched. Ideally the financial model will be sufficient to give the incubator a reasonable chance of reaching financial sustainability. However, as soon as the incubator manager is hired, a careful review of the initial and ongoing financial model for sponsors should be conducted with particular emphasis on what will be required for the incubator to move from depending on sponsor subsidies to attaining sustainability.

The following are some examples of the extent to which sponsorship is provided:

- The sponsors may declare that they are providing seed investment deemed to be sufficient to cover the launch and ramp up of the incubator, and that thereafter the incubator must establish a sustainable business model.
- The sponsors may declare that they are prepared to subsidize the incubator in perpetuity. This is not likely to turn out to be true, but one way to test this commitment is to front load the funding in perpetuity as an endowment.
- Sponsors may provide a facility at no cost or for a nominal rental fee, which may enable the incubator to use rental of space as a relatively reliable source of ongoing cash flow if the facility and the program are well managed.
- Sponsors may be willing to convert from “providers of subsidies” to contractors of services on a fee-for-services basis. Programs provided by the incubator under contract may include job training, or management of a networking organization or another economic development program important to the sponsor. Such services can be important, not just to the incubatees or other program attendees; they can also serve the purposes of the sponsors and often benefit the wider community in which the incubator is located.

Incubatee Financial Contribution: Any part of the incubator’s operating budget that cannot reliably be covered by sponsors must be covered by incubatees, otherwise the incubator will not survive long-term. In some cases, incubators believe that requiring incubatees to pay anything significant will make it difficult or impossible to recruit incubatees. Nevertheless, incubatees need to be able to operate as businesses. They need to be able to pay their own operating costs and, therefore, should be expected to pay for incubator services at a reasonable price. If they do not have resources to pay for incubator services at the beginning, the incubator may be able to help them find seed investors.

Being able to pay a reasonable price for the benefits they receive from the incubator can be considered to be a test of incubatee viability and the potential of their business to generate jobs and economic impact.

Recognizing the difficulties that incubatees may have in paying for services, incubators should try to operate as frugally as possible in order to minimize the costs they need to pass on to their incubatees.

Pricing strategies for incubatees may include the following:

- One common pricing strategy is to charge market rates as determined by providers of similar services.
- Another common pricing strategy is to charge below market rates initially, increasing them each year the incubatee stays in the incubator until the time at which the incubator expects the incubatee to graduate, when the pricing for services exceeds market rates. This approach has two benefits. First, it makes it financially easier for an incubatee to get started when cash flow may be negative. Second, it encourages the incubatee to plan for graduation in order to avoid paying above market rates beyond the normal time of graduation from the incubator.
- It is also common for incubators to charge a base fee for incubator “membership”, which may include a fixed cost for basic services and a variable cost if space is rented. Additional fees are then charged for services used on an ad hoc or routine basis beyond the basic package of services. Naturally the services offered may vary as a function of the context in which the incubator operates. (Modules 3 and 6 of the training program, “Planning an Incubator” and “Managing the Incubator”, provide in-depth studies of how to price the services offered to incubatees.)

continued on following page

- A minority of not-for-profit incubators have experimented with including equity in incubatees' business as part of the pricing strategy. Rarely does this produce sufficient cash flow in a reasonably short timeframe to have a positive impact on the incubator. There has been at least one case in which incubatees have filed legal actions against an incubator that took equity. This occurred since, from the



Note: A business incubator's options for generating income through services offered to incubatees are explored in greater detail in Module 5 of the training program, "Financing an Incubator".

perspective of the incubatees, the incubator did not deliver the value it promised. Equity is more commonly a part of the value exchange in for-profit incubators. These for-profit incubators often focus on incubatees with high potential for generating significant equity value that can be harvested by the incubator and its sponsors.

Section 1.7: Marketing Mix – the 7 P's⁷

Marketing management takes the strategic aspects of marketing and constructs a set of objectives called the “marketing mix” that will result in meeting the incubator’s marketing objectives.

The marketing mix can be described in terms of the 7 P's:

- Offering the right Product and service
- At the right Price
- In the right Place
- By informing the right people through sound Promotion and
- Involving the right People in the delivery of
- The right Processes
- That have all the elements of Physical evidence to support the brand

It is important to note that this description flows in a coherent and integrated manner, which is the essence of constructing a successful marketing mix. Some of these aspects are further explored in other modules of the training program.

Section 1.7.1: Product and Service Offering

This is the offering made to the target markets and it should be clear that the “product” or “service” will be multi-faceted – that is, the products / services the incubator offers to a government founder, which for example could include economic growth, will differ from the underlying products / services offered to an entrepreneur in the incubator, which for example could include support services or financial training.

Defining the incubator’s products and services can therefore be quite complex. It involves determining the combinations of services and facilities the incubator should provide and how they should be packaged. The adopted incubation processes will also have an influence on the incubator’s products and services.

Ultimately, like all marketing components, the mix of products and services offered, must meet target market needs in the incubator’s specific context.

⁷ Source: Booms, B. and M. Bitner, 7-Ps Extended Marketing Mix:

http://www.valuebasedmanagement.net/methods_booms_bitner_7Ps.html

Section 1.7.2: Price

An incubator provides value both to its clients as well as its sponsors. Therefore, it is important to understand this value and how the price for product, services and sponsorship reflect the perceived value. Factors influencing the price for the client will first be discussed, followed by for the sponsors.

Pricing products and services correctly for the targeted client is a challenge that businesses face daily. High prices relative to the underlying costs may mean more profit or may result in fewer sales.

If an incubator is being established to serve start-up enterprises in a poor rural area, it is unlikely that a “for-profit” business model will be selected, as it will require prices that exceed the costs of incubation and this will not attract many clients. On the other hand, venture capital backed entrepreneurs will not only be in a better position to pay for services, but the need for high quality services, such as intellectual property consulting, will often require that higher prices be charged.

Covering costs while making the offer affordable are often prime considerations in incubator pricing. Yet, too often insufficient consideration is given to other more subtle price-influencing assumptions such as:

- What we have to offer is necessary and the entrepreneur will pay for it; and
- The entrepreneur will see sufficient value in the offering to pay the price we ask.

So in reality, the price an entrepreneur will pay depends not only on their financial circumstances, but also on their perception of the necessity of making the purchase and the value they will receive. These are not three independent decisions, as we all know when we buy something we really cannot afford. We do so because our perception of need is greater than our worry about how to pay for it!

Perceived value is important in the pricing decision because high prices in themselves are often not the issue. Take cars for example, if a mother believes that it is absolutely critical that she transports her children in a safe car, and the safest car is an expensive car, she may sacrifice other purchases to ensure she can afford to buy the expensive car.

The incubator management team must, therefore, not only price in such a way as to meet its operating requirements, but also position the offer as one that meets the needs of entrepreneurs and convinces them of its value. They are then far more likely to secure the sale.

The relationship between the business model and the pricing strategy is further demonstrated by the form that payments for services may take. An incubator to be established in a poor rural area could conceivably operate as a “for-profit” model and charge prices that exceed costs if it does not insist on cash payments. Instead it could choose to price its products and services at market rates and payment could be reflected in:

- Loans,
- Royalty payments,
- Equity positions,
- Trade exchanges, or
- A combination of the above.

Of course, if the incubator does not have access to sufficient cash flow during the period it will take to receive payment, which should be well understood in the business plan, it will not survive for long. Secondly, if the businesses the incubator supports are unable to earn sufficient income to repay loans or attract investors, it will also fail to sustain itself.

The potential value an incubator can offer its sponsors will also influence the amount of support the sponsors will be willing to provide to sustain the incubator. Therefore, it is important for an incubator to be able to identify and market its value to the potential sponsors. In this regard there are a few main types of potential sponsors as discussed by Section 1.1, Identify Key Customers: private, public and public-private entities.

Private entities in general are mostly interested in supporting for-profit incubators through financial (primarily), infrastructure, and/or service support. Their support is justified by the potential financial gains they may receive from the equity positions they acquire from the incubatees. Therefore, the 'price' is directly related to the potential equity value of the incubatees.

Public and public-private organizations include local, regional, or national government economic development agencies, NGO's involved in economic development, universities, and so forth. An incubator can provide significant value to these types of sponsors. This value may be in the form of direct support to government initiatives addressing economical development and social well-being, and/or delivery of programs and services that support the organization's objectives.

The potential economic and social well-being benefit of business incubators is first discussed within Module 1. The benefits an incubator can provide are normally directly related to a government's initiatives and, therefore, can be of significant value to the government. Similarly, by delivering specific programs and services that support the potential sponsor's objectives, an incubator can provide significant value to the potential sponsor. For example, a potential university sponsor would see value in an incubator structured to support applied projects and technology transfer programs / services that relate to the research and development of the university. Therefore, as is the case with incubator clients, the incubator must understand what other programs are addressing the need of the sponsor, how the incubator's services will differ from these existing programs, the potential value it can provide its sponsors and the cost:benefit ratio, in order to properly price sponsorships.

Section 1.7.3: Place

The location of the incubator and its appearance must again be determined by market considerations, bearing in mind who the incubator is trying to target. Therefore, the incubator must know its market prior to determining the incubator location. Defining the target market is arguably the most important element of the feasibility study and critical to selecting the incubator location. How to define your target market is discussed in great detail within Module 3 “Planning an Incubator”.

Being located where the incubator can best serve its targeted market seems simple enough, but in reality incubators do not often find themselves in the fortunate position of being located where they would like to be or have the facilities and appearance that would best match their target market. The trade-offs are often complex. For instance, incubators that seek slightly out-of-town locations may view the lower rentals as savings that will allow them to employ more qualified staff, but if the client base predominantly relies on public transport or if the client needs to be located closer to the city center to serve his/ her own customers, this may seriously limit occupancy.

The incubation facility and its appearance also need to match its purpose. Placing a high-tech software development incubator in a disused downtown building may have financial advantages, but will it attract the companies that seek promotional benefits from their premises? Will it also mean that the incubator has to spend additional funds at refurbishing the building before it opens for business? And how will its clients, including incubatees and their customers, feel about the location?

Incubator managers should also note that as information and communication technologies proliferate, they have an increasing opportunity to become virtual. The incubation “place” is becoming less physical as clients are able to source anything from information in on-line repositories to “face-to-face” mentoring through webcams mounted on desktop computers. The choice regarding the kind of product and service offering to distribute virtually is another decision that requires a solid understanding of current and potential clients and the ability of the incubator to provide the products and services that will both meet the client’s needs and contribute to the incubator’s resources. (For a more detailed overview, please refer to Module 11 of the training program, “Setting up virtual services”).

Section 1.7.4: Promotion

All incubators, be they facilitators of agricultural co-operative development or second round venture capital raising, should promote themselves and their clients. While promotion is often the most popular focus for incubator management when they think of “marketing”, the match between promotion and the other 6 “P’s” is often overlooked. There can be dramatic consequences if the “message” is not integrated with the objectives of the incubator and these aspects are not considered sufficiently. For example, an incubator with the objective of supporting start-ups in the biomedical industry would want its promotional materials to emphasize the unique product / service offering (e.g. industry expert mentoring, equipment, and laboratory infrastructure) and pricing it is able to provide incubatees in this particular industry. The response from potential incubatees would be dramatically lower if the promotional material emphasized the incubator’s generic product / service offering (e.g. basic front and back office support services), thus not distinguishing the incubator in the market.

An incubator can promote itself through various activities, such as networking, and available communication channels, such as the internet. These activities and tools are discussed further within this section.

Networking

In order to build the incubator's extended network, as well as to identify potential incubatees, no channel is more productive than networking – assuming the incubator manager is skilful in conducting this activity and dedicates sufficient time to it. Since this is very important the existence of networking skills and a passion for networking should be part of the incubator manager selection criteria.

How does networking occur? In many ways, for example through:

- Ad-hoc and routine outreach to key members of the incubator network via email, mail, phone and face-to-face meetings;
- Presentations at meetings of the organizations in the incubator's ecosystem;
- Networking events sponsored by the incubator and / or other stakeholders; and
- Tours of the incubator.

The incubator manager who is a strong contributor to creating and sustaining the network can gain great leverage from the goodwill, advocacy and referrals generated by other members of the network.

Internet

Increasingly, in most parts of the world, individuals and organizations are using the Internet to publicize key promotional messages to target audiences who use search engines. This promotion channel has a variety of components, which the incubator should implement in ways that reflect available resources and promotional targets.

Promotional activities that use the Internet might include some or all of the following:

- The incubator's own website. (Creating a simple and attractive website is important in the early phase of development. It can provide a brief vision of the development plans, profiles of key stakeholders, and contact information)
- Blogs and discussion fora can be used to address and discuss issues facing entrepreneurs;
- Websites of partnering organizations;
- E-mail campaigns; and
- Online social and business networks that are frequented by potential clients and stakeholders.

Telecommunications

A new promoting trend that has emerged since the early part of this century is the use of mobile technologies. For example, some incubators use SMS and MMS to promote their incubator and services to clients and other stakeholders. This novel promoting opportunity was reinforced by the arrival of smart phones and other innovations in mobile communications. The arrival of such innovative promotion channels may well suit incubators with promotional activity targeting start-ups and young entrepreneurs, in particular, and is likely to be a fast evolving trend.

Testimonials

Testimonials from clients and stakeholders will become increasingly important as the incubator matures, but in the early phase of development, public statements of support made by sponsors and key partners can help build interest.

Conferences and Trade Shows

Attendance, participation in panel discussions, and representation at a sponsor's stand may be possible and productive.

Public Relations

Public relations can be an incubator's "best friend". Unpaid advertising could be one of the most powerful forms of promotion, as long as there is credibility in the message. In the early phase of incubator development, it may be possible to leverage media contacts of sponsors and key partners, and thereby gain an audience with writers, editors and publishers in the traditional and on-line media. It is well known that people give more credibility to editorial content than to paid advertisements. Anyone can claim that their own product is the best, but editorial content suggest that someone else has endorsed the product or service. Therefore, the incubator should seek advertorials, which are advertisements written as objective articles, while offering valid information to the incubator's prospective clients. Advertorials can be very effective ways of promoting the incubator.

Publications

Given the increasingly common use of the Internet for communication, any publications that are printed will ideally be short, concise, crisp and compelling, and will encourage the reader to go and visit the incubator website for additional information. In the early phase of incubator development, a simple but attractive one-page fact sheet may be all the printed media that is needed, useful and appropriate.

Component 4 discusses in further detail how to identify and engage promotional channels.

Finally, in deciding on how to best promote the incubator, the incubator management also is advised to think about what should be promoted and where it should be promoted. Integrating these key questions will certainly simplify the decisions.

Section 1.7.5: People

Just as 'location, location, location' is considered to be important for successful property speculation, 'people, people, people' could be considered to be the most important aspect for successful businesses. Incubators are no different and, in fact, this aspect may even be more important to an incubator given that not only are internal staff selected on their merits, but in effect so are its clients. Staff recruitment issues are addressed in more detail in Module 6 of the training program, "Managing the Incubator".

The selection of staff for an incubator needs to be linked to its mandate, the clients it serves and their needs. This may be glaringly obvious, but as an illustration how many university based incubators have staff with entrepreneurial business experience? Secondly, the level of expertise is often not matched correctly with the client need. For example an experienced patent lawyer may spend time explaining the basics of patenting, or worse yet an inexperienced staff member may help the developer of a complex technology to define the patent descriptors. Thirdly, when selecting staff one needs to make sure the incubator staff has the leadership, empathy and soft skills to interface meaningfully with entrepreneurs who may be young, inexperienced or difficult to manage. Finally, one needs to consider whether potential staff have any real commitment to working with entrepreneurs who may require flexibility and assistance at odd hours.

Finding staff with all of these qualities may well be difficult, but from a marketing perspective where giving clients what they need is critical this will have tremendous advantages and ultimately lead to success. Conversely, an incubator that does not have the staff to meet the needs of its clients will find that either those clients disappear or opt not to use the services that do not add value. Either way, the output of the incubator will be sub-standard.

Another interesting aspect of incubators is their need to select their clients! Once again, people issues are really important here. A great business plan with a poorly motivated person is probably worse than a mediocre business plan with a real champion. Incubators must determine how they will evaluate not only the plan, but the person as well. Entrepreneurship is a tough discipline and ultimately it is the person involved who makes the difference.

Section 1.7.6: Processes

We often overlook processes from a marketing perspective because they are perceived to be internal activities. While many are in fact internal activities, some have external consequences.

Take the incubator client selection procedure for instance - if an occupancy request is received by email and this is routed internally to the receptionist who monitors the `application@incubatorname.org` mailbox, the situation could arise in which he/she is so busy that these emails get distributed once a week to the business development manager who then a few days later schedules it for discussion at the monthly management meeting, which happens to be in three weeks time. In this case, the process has not provided any feedback to the entrepreneur who has no idea why he/she is not receiving a response and may perceive this as a sign of rejection. At this point the entrepreneur may also consider whether such a result makes them feel confident about the incubator's capacity to support their business, which may encourage them to look for support elsewhere and in this way a potential client is lost.

In relation to business incubators, processes also have internal consequences as well. Incubators are very unique in that they have clients working inside the organization. In this way, the processes of the incubator are transparent to its resident clients. The processes can have a considerable influence on the resident clients and, therefore, the incubator needs to ensure that business processes involving clients are especially responsive, rapid, available when clients need them, include self-help procedures, automated where possible and have approval pathways that are appropriate.

Section 1.7.7: Physical Evidence

The physical evidence component of marketing cuts across all other aspects of the marketing mix. It is the “face” of everything the incubator stands for and includes everything from the appearance of the incubator and its clients, through to the quality of reporting forms and progress reports to founders, as well as brochures and even displays at events.

It is sufficient to say that the incubator management team must continually monitor the physical evidence to ensure that it does not compromise the aims of the incubator. Ultimately the physical evidence should include graduating tenants and growing enterprises.

COMPONENT CONCLUSIONS

The incubator network encompassing customers and other stakeholders will require a tremendous investment of the time and energy of the incubator manager to establish and maintain. In fact, there are numerous cases in which incubator managers have been so consumed by serving the needs of members of the stakeholder network that they had nothing left for incubatees. Hence, it is critically important to carefully assess and screen both customers and stakeholders in order to optimize the network. This cautionary note does not diminish the need for the incubator manager to recruit customers and other stakeholders.

The primary audience for promoting the incubator must be customers and stakeholders who can add the most value to the incubator manager's process for achieving incubator sustainability and maximizing success towards the incubator mission. The secondary audience includes those other individuals and enterprises that have a significant influence on the primary audience. Even in the very early stages of incubator development, it will be important to invest in marketing as a way to shape the development of the incubator and its product and service offer, and as a way to attract supporters, resources, and potential customers. Incubator managers must also understand the importance of integrating the 7 P's, not only in the marketing strategy, but also in staff selection and administrative processes.



Component 2 (Part 1 Training):

Identifying and Assessing Potential Competitors and Complementors

COMPONENT INDEX

Section 2.1.: Recognize and Assess Other Organizations Serving the Same Customers

Section 2.2.: Determine How the Incubator Can Complement Rather Than Compete with Other Organizations Serving the Same Customers

COMPONENT OBJECTIVES

This component is designed to ensure that trainer and trainees explore the incubator marketplace with respect to organizations and individuals that are supplying comparable services and have similar clients to those envisioned for the incubator.

At the end of this component, trainees should be able to:

- Assess the incubator’s marketplace to identify organizations that could be competing with the incubator for customers; and
- Develop and implement a plan for turning potential competitors into constructive complementors.

Section 2.1: Recognize and Assess Other Organizations Serving the Same Customers

Except in areas that have had essentially no entrepreneurial activity in recent decades and where the incubator is the pilot project by one or more sponsors in order to begin to build an innovation and entrepreneurship ecosystem, it is likely that there are other organizations whose mission includes providing potential incubatees with services that may be similar to those the incubator offers. The incubator sponsors and managers could opt to see these organizations as competitors or as complementors. The latter is a more constructive perspective.

During the pre-launch phase of the incubator lifecycle, the feasibility study should have revealed the extent to which the needs of potential incubatees are already being adequately served by existing organizations. If their needs are being largely fulfilled, it would most probably be advisable not to go forward with the development of the incubator. If needs are not currently fulfilled by other organizations, then the feasibility study should identify gaps in services provided to prospective incubatees and focus first on developing and implementing programs that provide those services.

For established incubators seeing opportunities to collaborate with potential complementors, the first step is identifying those organizations and appropriate points of contact.

Possible ways to identify and make contact with complementors include:

- Consulting with representatives of incubator sponsors and directors. These individuals often have extensive knowledge about the network of organizations supporting entrepreneurs. They can help the incubator manager identify these organizations, and will most likely be willing to facilitate interactions between the incubator manager and points of contact within the potential complementors;
- Reviewing the local media and the internet for stories about entrepreneurship development and support programs;
- Questioning potential and current incubatees about support they have received from other organizations in the community during interactions with them;
- Meeting with leaders of highly visible business organizations, for example the Chamber of Commerce, business clubs, networking organizations, and business schools, and asking for help in identifying and connecting with potential complementors; and
- Interviewing business service providers, such as accountants, lawyers, bankers and consultants.

These market outreach activities will enable the incubator manager to understand the ecosystem of entrepreneurship support organizations and to identify potentially productive points of contact for exploring the possibility of collaboration. The outreach activities will also help the incubator manager build the incubator's own network.

Section 2.2: Determine how the Incubator can Complement Rather than Compete with Other Organizations Serving the Same Customers




Note: This activity is discussed in greater detail in Module 8 of the training program, “Implementing a Mentoring Program”.

It is useful for the incubator to maintain a “relationship management” database to support activities related to creating complementors. This will allow the incubator manager to track interactions with current and former clients, prospects (future clients) as well as members of the incubator’s extended network of business development service providers, service companies and individuals, non-government organizations (NGOs) and institutions that can assist in achieving the incubator’s mission and improve the delivery of the incubator’s services. The database can also be used to record details of all people and organizations that contact the organization as an outgrowth of participation in events, trade shows and so forth. An incubator must have a list of key local government representatives, technology experts, business practitioners, successful entrepreneurs and graduate clients who could potentially act as mentors to nascent entrepreneurs and start-up companies in its database. Effective management of the database on an ongoing basis can support the incubator manager in assessing the promoting / networking performance of the incubator’s team and in making decisions about which individuals and organizations should be maintained, which should be phased out, and which should be pursued to join the network. Furthermore, the database can support decision-making about the frequency and nature of interactions.

Here are some key steps the incubator manager should take in order to develop and implement a plan for turning potential competitors into constructive complementors.

- Step 1: Identify the highest priority needs of incubatees.
- Step 2: Assess all identified organizations that provide services to this segment and determine the extent to which complementor organizations meet incubatee needs.
- Step 3: Confirm that complementor organizations are willing to help incubatees. If yes, proactively refer incubatees to the appropriate complementors, facilitate their engagement, and follow up to ensure desired outcomes are achieved.
- Step 4: Where appropriate collaborate with complementors in offering services to incubatees, as well as to non-incubatees already being served by the complementors. This can enhance the efforts of the incubator manager to develop a pipeline of potential incubatees.
- Step 5: While recognizing the capacity limits of the incubator management, support complementors in the delivery of their services.

 Note: Sign posting potential clients to other business development service providers may hold disadvantages, such as giving away a potential source of income for the incubator. Hence, making sure that the different business support organizations from the area, including the incubator, offer complementary services is of the utmost importance to enable each of these to operate in a sustainable way.

COMPONENT CONCLUSIONS

If this process is not done effectively and efficiently, the incubator manager may find that collaborating with complementors can be a major distraction from fulfilling incubator duties and supporting incubatees. However done well, this process can dramatically leverage the capacity of the incubator and result in much better outcomes for incubatees. As in everything else the incubator manager does, being successful in the process of collaborating with complementors requires the incubator manager to make careful choices about who to collaborate with, when to collaborate, how to collaborate, and at what level of intensity.

Case Studies

Promoting an Incubator

Incubator Name: Berytech Technology & Health (BTH) Marketing Strategy by BTH, Beirut, Lebanon

Sector: IT, Health and Services focused Business Incubator

This Case Study Examines: BTH incubator's Marketing Strategy

Date: September 2009

PART I

SUMMARY

Problem

A newly established incubator needs to quickly attract clients (start-ups as incubatees and SMEs as business clients) who will use its services. The clients will not just “walk through the door”. A proper marketing strategy needs to be defined to support the organization in achieving its business objectives and in most cases to position itself competitively with regard to the other business development service providers already operating in the area.

Solution

A robust marketing strategy, which is delivered when an incubator is first established should:

1. Reach its target audience quickly, which consists of potential clients including nascent entrepreneurs, start-ups and SMEs;
2. Increase general awareness of the incubator's mission and activities, to ensure that the full range of services offered and the added value brought by its stimulating and vibrant community are promoted and acknowledged widely; and
3. Promote entrepreneurship to foster employment, and the relocation of companies in the stimulating environment offered by the business incubator.

PART II

BACKGROUND

Berytech Technology and Health (BTH) Incubator was established in 2007 in the center of Beirut, Lebanon.

In 2002 the first incubator, Berytech, was established in the suburbs of Beirut, on the Science & Technology Campus of Saint Joseph University. This was the first incubator in the region. This business incubator, meeting the needs of companies in the suburbs, reached its total capacity within its first 3 operating years. More incubation space was needed in the center of Beirut to meet the needs of

the rising number of start-ups. Berytech Technology & Health was established, with the support of the European Union, on the Medical Science Campus of Saint Joseph University, as a not-for-profit organization. In addition to offering fully serviced office space to incubatees BTH developed new programs and initiatives that were not proposed in the first incubator. For example, BTH launched “MAP” training, the Micro-enterprise Acceleration Program initiated by Hewlett Packard (HP) to train micro-enterprise owners on how to use information and communication technologies to develop their business.

BTH suffered initially from not implementing a robust marketing plan and underestimated the need to have a proper strategy in order to attract suitable incubatee tenants to fill the available 3000 square meters of incubation space. Its target audience was not-fully aware of its existence, its mission and the services it offered to entrepreneurs. Moreover, the political and economic instability at that time led to a severe “brain drain” of qualified Lebanese people, who were potential entrepreneurs. BTH had to promote entrepreneurship in this challenging environment. Their target audiences were considering starting up businesses outside the country.

1. BTH Tactical Marketing Strategy

The incubator’s management needed to react quickly and defined BTH’s marketing strategy by adopting a tactical approach, an event-oriented and service-oriented approach with the following elements:

1.1. BTH Launch Event

BTH’s team applied their marketing strategy from the outset by organizing a Launch Event that was promoted as widely as possible to secure the support of high-level actors as well as their target, potential clients. Overall, the Launch Event attracted more than 1000 people including officials like the Lebanese Minister of Economy, the Head of the European Commission Delegation in Lebanon, a representative of the United Nations, and also key actors of the business support environment such as presidents of banks, financial companies, university professors and existing entrepreneurs.

1.2. Promotion of BTH Initiatives

Since the outset, the BTH marketing strategy focused on promoting every specific initiative the incubator launched in a timely fashion (in most cases at least 6 weeks before the date of the event/initiative).

Examples include:

- “Summer School for Entrepreneurs” training, a two-week intensive program dedicated to individuals and groups of individuals willing to explore their entrepreneurial potential and assess whether their project is a potential business opportunity worth pursuing. The trainees have the opportunity to develop their business plan, marketing strategy, financial projections and so on.

- “Berytech fund” is a start-up fund that has been launched by BTH and its partners to invest in early growth ICT companies in exchange for equity ownership.
- “BizSpark” is run in partnership with Microsoft, allowing early stage start ups to enroll for free in a 3 year program giving them access to Microsoft applications and technical support as well as funding opportunities from Microsoft contacts.

These initiatives are marketed to the target audiences via internet and mailing campaigns (BTH and partners’ websites and e-zines). BTH uses press conferences as a wide promotion tool when launching a new feature as well.

1.3. BTH USP and Key Messages

Since the very beginning, BTH defined their Unique Selling Proposition (USP): BTH is “the place to go”, the only SME support structure that can provide physical and virtual incubation in central Beirut.

BTH USP is conveyed through key messages to increase the entrepreneurs’ confidence in slogans such as “what BTH can do for you” and “trust that your ideas and company are safe with BTH”. BTH uses various channels to get these messages across that include the BTH’s website and media.

2. The Proactive Implementation of BTH Marketing Strategy

The business incubator staff implemented BTH’s Marketing Strategy by carrying out the following activities:

2.1. BTH Marketing Campaigns

BTH ran marketing campaigns to promote training programs and events organized by BTH and its partners to the incubator’s current and potential clients. BTH used cost-efficient promotion tools such as e-zines and other electronic means, including exposure on partners’ websites, as well as traditional marketing support such as posters to be displayed in the incubator, the universities and partners’ premises.

These actions were supported by BTH public information sessions organized to raise awareness about training seminars (e.g. MAP), programs (e.g. BizSpark) and events (e.g. the Incubation Award). Session attendees included the target audience (entrepreneurs), and also media contacts who would then act as multipliers by relaying the information to other companies and entrepreneurs.

2.2. Attendance to and Promotion of Strategic Events

BTH attended other events organized by strategic stakeholders.

- The incubator staff attended relevant national high-level entrepreneurship, innovation, and capacity building related events (e.g. a UN workshop on promoting innovation in

the Arab world). In attending such events organized for instance by the EC Delegation in Lebanon, or the Ministry of Economy, the incubator staff was often given a speaking slot to present the incubator, its missions and activities.

- The incubator staff attended peer group meetings for incubator and Science Park managers to interact and share experience regarding their activities in order to learn from each other and to transfer best practices. These meetings helped BTH to create new partnerships and enhance the existing ones - partners can become a useful promotional tool to relay the key messages of the incubator and promote its activities in the community it operates.
- BTH took part in “road shows” for students which showcase the best student entrepreneur projects. BTH staff first promoted the road shows at meetings with university students (up to 100) and secured their participation in the road shows by proposing they take part in a business idea competition. The best student projects are showcased and provided with awards at the road shows. Taking part in the road shows also gave BTH the opportunity to promote the incubator to students with interesting start-up projects which could be future clients for the incubator. The BTH staff carefully recorded the students’ contact details to promote their services to them after the road shows.

Promoting strategic events is a key element of BTH’s marketing strategy. Promotion before the event is crucial, but promotional activities are also required after the event, for example via press releases to highlight the outcomes of the events and demonstrate the role of BTH.

2.3. Organization of Events

BTH organized innovative and entrepreneurship related events at both national and regional levels such as the 1st Entrepreneurs Fair in Lebanon, partnering with another incubator in the area, Berytech, and a Foundation from Dubai. BTH and its partners ran a national campaign including: radio advertising, direct campaigns via mobile text messages, poster displays, articles in business magazines, and even participation in a local TV talk show. The Entrepreneurs Fair attracted 1500 visitors over 2 days. The TV talk show was less efficient than expected as it was broadcasted in the morning and could not reach the target audience of entrepreneurs at work at that time of the day.

2.4. Maintenance of an Interactive and up-to-date Website

The BTH bilingual website (in English and French) is hosted on the same portal as Berytech (the first Beirut based incubator) and the Berytech fund (mentioned above). The website is structured using the sections listed below:

- “About us” displays the incubator’s partners, its mission, and objectives as well as the Health and Technology poles of excellence.
- “Services” describes what is offered by the incubator and includes incubation, hot-desking, company hosting, business counseling, training, special programs, soft-landing services, and Microsoft BizSpark.

- “Business Facilities” includes information about meeting rooms, a video conference facility and a function room.
- “Enterprises” providing a directory of the incubated companies.
- “Admission guidelines” providing information about how to apply for incubation, hot-desking, hosting or accelerator.
- “Testimonials” where an interview with an entrepreneur supported by BTH is featured on a monthly basis.
- “SME resources”, which gathers useful links.
- “News” includes recent as well as archived news and newsletters published every 3 months.
- “Search” function.
- “Contact us” displays a map and contact details of the incubator.
- “Job Seeker” holds a CV bank for people looking for jobs in the companies incubated by BTH as well as a public service advertising job openings in the incubatees.

When organizing an important event, BTH creates a specific website for this event in order to gather all related information as well as blogs in one unique place to increase the promotional impact.

2.5. Creating and Enhancing Strategic Partnerships with Public and Civil Society Stakeholders

- BTH signed Memorandums of Understanding with relevant institutions, such as the United Nations or business development service providers, to support each other in their mission of promoting entrepreneurship.
- Strategic alliances with key stakeholders, such as the Ministry of Economy, help BTH support entrepreneurs by providing experts as trainers for the Summer School for Entrepreneurs.

2.6. Incubation Grants and Awards

BTH runs an annual campaign to attract the best projects for the Incubation Award via banners on websites, e-zines, and radio campaigns. Three innovative projects are usually selected and awarded BTH’s hosting and support services free for 6 months or 1 year. The award ceremony takes place just before Christmas, within the context of the incubator’s annual event gathering all clients and partners. This event also presents an opportunity for BTH to honor a Lebanese entrepreneur with an Excellence awarded for its contribution to the country.

TIMELINE OF EVENTS

The BTH marketing strategy was developed and implemented between 2007 and 2009. Please see Annex 1 for the detailed BTH Marketing Plan 2008 – 2009.

OUTCOME AND CONCLUSIONS

Since its establishment in 2007, BTH has implemented specific initiatives aimed at promoting through a dynamic marketing strategy using various promotional tools. BTH has achieved the following to date (mid 2009):

- 35 incubatees on any given year, with 15 to 20 in the early growth stage;
- The creation of 150 jobs within the incubator;
- 100% occupancy rate in accelerator and hosting parts of the incubator;
- 100 entrepreneurs trained by the incubator's staff and the incubator's strategic partners' experts;
- 100+ meetings with nascent and existing entrepreneurs for guidance, coaching, and so on;
- 75% occupancy rate of the incubator's hot-desking space;
- Attendance to / organization of 100+ entrepreneurship oriented events; and
- 8 women entrepreneurs.

In order to achieve the above stated results, BTH has 10 staff members of which 3 are senior executives focused on promotional activities: Incubator Director, Business Advisor, Marketing Manager. The remaining 7 staff members include the Financial Manager, IT Administrator, Welcome Desk Hostess, Site Manager, and Facilities & Maintenance Manager.

PART III

LINKS

- Berytech Technology and health incubator: www.bth.berytch.org
- Berytech incubator: www.berytch.org
- Berytech fund : www.berytchfund.org
- Entrepreneurs fair : www.entrepreneurs-forum.org
- Cluster funded by EU(with some incubatees): www.lebanonsoftshore.com
- Technology association (business and events partners): <http://alsionline.org/>;
- Professional Computer Association of Lebanon: www.pca.org.lb

- Lebanese Incubator: www.biat.org
- Lebanese Incubator: www.southbic.org
- Loan Guarantee Company (strategic partner): www.kafalat.com.lb

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The material for this case study was contributed by the former Communication & Business Development Director and current Incubator Director, Mrs Tania Saba Mazraani. The information above is extracted from firsthand experience and personal involvement in the development of the previously mentioned tools.

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Business Incubator Branding

Incubator Name: Business Incubator's Branding Model by SODBI, Shymkent, Kazakhstan.

Sector: Generalist Business Incubator

This Case Study Examines: The branding model of the incubator is its key to position itself in the entrepreneurial landscape of the region.

Date: October 2009

PART I

SUMMARY

Problem

In areas where the population is not aware of the concept of business incubation, a business incubator may struggle to operate. Indeed, not being recognized and acknowledged by the population, the incubator may be very limited in its actions, not being able to reach its target audience.

Solution

For the incubator to position itself in its market, it must define its own branding model. The brand of the incubator must allow the population to:

- Recognize the incubator and its mission;
- Acknowledge its activities;
- Understand what the incubator can do for them; and
- Approach the incubator when they need business support.

PART II

BACKGROUND

When starting its operations in April 2000, SODBI Business Incubator staff identified a major issue: the population they aimed to support was not aware of the business incubation process and hence of what SODBI could do for them.

The key challenge for the incubator was then to position itself in the market and make sure its target audience was aware and would acknowledge its existence and activities.

1. SODBI Mission Statement, Objectives and Positioning:

1.1. Mission statement: SODBI Business Incubator strives to improve the economic situation of Southern Kazakhstan through providing consistent support to small enterprises, start-ups, and

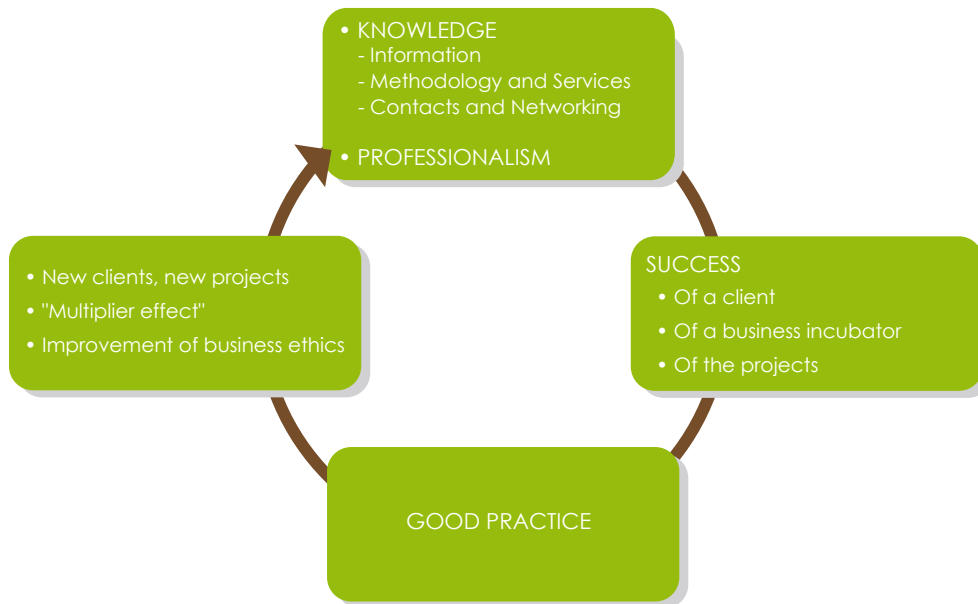
innovative ideas, as well as the stimulation of entrepreneurial thinking and corporate social responsibility.

1.2. System of objectives:



1.3. Positioning mechanism of SODBI in South Kazakhstan: the graph below demonstrates how the business incubator influences the economy of the southern region and small businesses within.

The positioning is the key element of SODBI’s promotional communication and highly influences its corporate identity.



2. SODBI Target Groups:

All client companies are sub-divided into eight target groups (see table below).

- By the sphere of activities into two groups (group A and group B).

Group A clients:

- Production
- Agriculture
- Technologies
- Tourism
- Subsidiary services to production, agriculture, technologies and tourism
- Workshops

Group B clients:

- Trade
- Public catering
- Service activities and other

- By maturity into four stages:

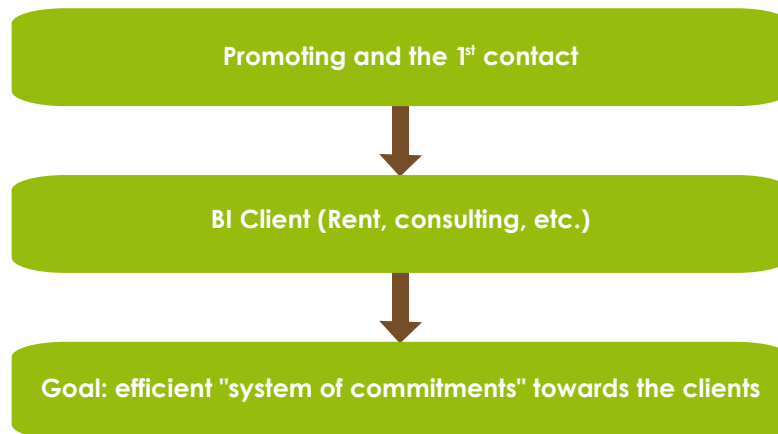
- 1 – Potential entrepreneurs
- 2 – Start ups
- 3 – Medium-maturity
- 4 – Mature companies

	A	B	
4	A4	B4	Mature
3	A3	B3	Medium-Maturity
2	A2	B2	Start-Ups
1	A1	B1	Potential Entrepreneurs

The priority groups for SODBI are companies from the A1-A3 groups. However, since the priority groups constitute less than 10% of the total market, considerable focus has been given to attracting clients from all groups – A1-4 and B1-4. By taking this approach, SODBI can generate revenues which it invests in the incubator’s development and services at favorable conditions to groups A1-A3.

3. Clients’ management:

SODBI defined a standard practice for managing the clients at different stages of development. The whole process starts with the attraction of the company, thanks to the incubator’s promotional actions.



4. Branding = the key element of SODBI’s marketing strategy:

4.1. Key challenges for SODBI:

- To raise awareness about incubation within the SME community (as the concept of business incubation was relatively new in the Kazakhstani market): the main activities were aimed at building trust in the incubator’s products and services among SMEs through international cooperation, in particular with incubators from Poland (the Polish model of incubation has been adapted in SODBI).

- To raise awareness of SODBI's mission and activities among **government bodies** (at local, regional and national scales): positioning SODBI as an effective instrument to support the business community (serving as a bridge between the local governments and SMEs in order to address the local SMEs' information and training needs).
- To raise awareness of SODBI among the **donor community**: positioning SODBI as a local NGO focusing on SME development, well aware of the local needs, having strong links with key decision-makers at local level and hence a valuable partner worth collaborating with.
- To promote SODBI among the **mass media**: building strong partnerships with local and national media to be acknowledged and recognized as the contact point for expertise in SME-related fields, and as the source of information about business-related activities and SME-oriented local events.

4.2. The answer = SODBI's marketing strategy:

The main activities carried out by SODBI's marketing team include:

- Market analysis;
- Strategic marketing plan development and modification;
- Monitoring and evaluation of promotional activities;
- Information gathering and dissemination of new product and services development;
- Development and implementation of the **Corporate Identity System** (including corporate culture, corporate design, corporate behavior, corporate communications) and **brand**; and
- Advertisement and PR

4.3. SODBI's branding objectives:

The brand is the key tool to enhance the information task of both internal (incubator employees, project staff, etc.) and external target groups to strengthen SODBI's outreach. The external communication target groups also include potential donors and business development service providers within regional and global incubator communities/ networks.

The specific objectives of SODBI's branding include:

- A lean and effective Public Relations and Outreach structure requiring as little resources as possible;
- Efficient internal/ external communication through branded instruments and channels; and
- Raising awareness amongst the stakeholders' community in order for SODBI to be recognized and acknowledged as the business development service provider in the region.

Components of SODBI's branding:

- **Image**: to achieve and to maintain a positive image amongst the key target groups;

- **Positioning:** to act as and be recognized as a trustful and knowledgeable local partner having strong international partnerships, information and knowledge about local and international markets, implementing activities that improve the local business environment.
- **Awareness building:** to widely disseminate activities implemented in cooperation with local and international partners, as well as through partnerships with local, national and electronic media.

4.4. SODBI's branding instruments:

Information management:

- Information and knowledge management database
- Intranet
- CRM System

Visual means:

- Corporate design
- Navigation system within the incubator territory
- Information stands
- Sign-board

Corporate website:

- Background information on the incubator
- Information about the incubator's products and services
- Information on the incubator's partners
- "Virtual business cards" for incubator residents

SODBI internal newsletter:

- Quarterly
- Internal PR towards staff and incubator residents

SODBI external (donor/partner) newsletter:

- Bi-annually/ needs basis
- Incubator news and publications
- Project summaries (case studies, reports, and so forth)

Events:

- Local/regional working groups, round tables, conferences
- Competitions (such as a business plan competition, tenant of the year, etc.)
- Research publications (such as incubator benchmarking, market research, etc.)

Print:

- Press folder (brief)
- Information lists/ Fact sheets
- Flyers (Printing is done within synergies with events)

Press:

- Events
- Press folder
- Press releases
- Publications

Direct promoting:

- Personal contacts/ meetings
- “word-of-mouth” information

TIMELINE OF EVENTS

- **1999:** Director Kairat Sugurbekov studies business incubator concepts in Poland and Germany.
- **April 2000:** SODBI business incubator officially starts operating on the basis of the Polish model.
- **2000-2002:** the Business Incubator building is reconstructed and the information resource center is set-up with GTZ, EURASIA Foundation and SOROS Foundation Kazakhstan’s support.
- **September 2002:** official opening of the reconstructed building of the business Incubator on Zhandosov Street, Shymkent.
- **September 2002:** SODBI business incubator organizes and hosts the 2nd International Conference on Business Incubation in Central Asia.
- **January 2003:** SOROS Foundation Kazakhstan awards the business incubator a grant to reconstruct the premises on the adjoining area for production space, equal to 1,000 square meters.
- **June 2003:** SODBI business incubator wins World Bank *infoDev* grant competition along with co-funding from SOROS and EURASIA.

OUTCOME AND CONCLUSIONS

SODBI has achieved the following up to 2009:

- Hosts 32 tenants with over 450 employees;
- Establishes a local partners' network (government/ NGO/ academia);
- Establishes a national partners' network (government/ NGO/ incubator);
- Level of overall awareness within the target audience in the region is 83% whereas 20% are well aware of the organization; and
- 72% of respondents treat SODBI as a source of business consulting services, 30% - supporting SMEs through provision of office and production space, 20% - supporting SMEs with searching for finance, 14% - training for small business, 10% - supporting innovation development. More than 70% of respondents have indicated a high level of trust in SODBI.*

* (according to the most recent research "Consulting and training services market within the Southern Kazakhstan region", performed by BISAM Central Asia, September 2009)

PART III

LINKS

- SODBI website:
[Http://www.sodbi.kz/php/modules.php?name=main&menu_id=0&newlang=2&lm_img_flag=0](http://www.sodbi.kz/php/modules.php?name=main&menu_id=0&newlang=2&lm_img_flag=0)
- SODBI *infoDev* profile: <http://www.idisc.net/en/Incubator.36.html>

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The material for this case study was contributed by the project manager, Mrs Tatyana Shpuling.

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A New Approach to Promoting an Incubator

Incubator Name: in.Q.ba Formación de Emprendedores

Sector: General

This Case Study Examines: How in.Q.ba promotes a new approach of business incubation in Mexico

Date: October 2009

PART I

SUMMARY

Problem

In a challenging business environment where entrepreneurship is only really considered when one is unemployed or retired, and the survival rate of enterprises is low, a business incubator might not have a sufficiently positive image for its target audience.

Solution

A strong and innovative marketing strategy aims to effectively communicate the right message and attract the right target audience, ready to change their mindset and approach business incubation differently, such as adopting a business success oriented approach.

PART II

BACKGROUND

Following market research in Mexico, it was identified that the business support services were mainly provided by universities and institutions, of which only a minority implemented training as a support service for entrepreneurs.

In 2008, a new business incubator was established in Mexico with the aim of reducing the percentage of Mexico-based companies that are only in existence for a maximum of 5 years. In fact, at the time, 95% of Mexico-based companies did not survive more than 5 years. Hence, in.Q.ba presents itself as an alternative to the current business support services to provide more effective coaching to new businesses and entrepreneurs.

The team from in.Q.ba believed in a different business support approach based on three elements:

- Courses
- Coaching
- Incubation

This represents a “facility for coaching and mentoring” that contributes to the acquisition of knowledge, abilities and attitudes needed for creating and developing successful businesses, in particular via a close relationship with business owners and entrepreneurs contributing to the program by providing coaches, mentors, or hosting trainees in their structures.

in.Q.ba focused on what it considered the key issue which was to change the mindset of the whole population, with a focus on high school pupils in order to enhance their entrepreneurial culture and skills.

In this regard, in.Q.ba implemented an efficient innovative marketing strategy to raise awareness among the population and get the right message through.

1. To raise awareness:

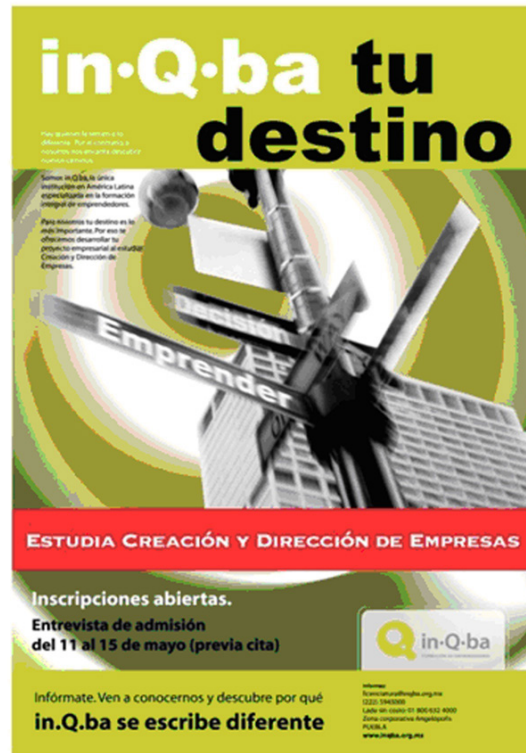
in.Q.ba displayed messages on the city’s billboards.



“You can get there – you just have to ‘entrepreneur’ your way there”

2. To communicate the message:

The second campaign displayed on the city’s billboard was an answer to the first one, giving the solution to the questions the first campaign may have raised within the population.



“In-Q-bate your destiny – Study Creation & Management of Companies!”



“Entrepreneurship is written with a Q (from In-Q-bator)”
“Study Creation& Management of Companies!”

3. To communicate the offer:

For the third campaign, the offer of further study / degrees, was presented clearly and displayed using various types of communication channels.

Bill board:

“Studying to be an entrepreneur? Only in an In-Q-bator!”

“Degrees in Creation & Management of Companies!”

Brochure with more details of the courses which are run by the Incubator:

Poster:

La Formación de un Emprendedor nunca termina...

2009
educación continua
DIPLOMADOS

Diplomados Agosto 2009

- Desarrollo de Franquicias.
- Dirección de Empresas Familiares.
- Ventas Estratégicas para PYMES.

Curso Agosto 2009

- Innovación para el crecimiento de las empresas.

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 www.inqba.org.mx
 Zona corporativa Angelópolis

in-Q-ba
FORMACIÓN DE EMPRENDEDORES

“The training of an entrepreneur never ends...”

“Degrees in Franchising Development, Family Business Management, and Strategic Sales for SMEs.” “Training in Innovation for Companies Growth”

E-mail:

La Formación Emprendedora nunca termina...

in-Q-ba
FORMACIÓN DE EMPRENDEDORES

Diplomados noviembre 2009

- Contabilidad y Finanzas para no Financieros
- Desarrollo de Franquicias
- Desarrollo de Habilidades Directivas
- Ventas Estratégicas para PYMES
- Programa Asistido en Business Plan (sesiones una vez al mes)
- Planeación Estratégica (workshop)
- Nuevas tendencias del Marketing

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 Puebla

“The training of an entrepreneur never ends...”

“Courses in a variety of subjects:”

TIMELINE OF EVENTS

- **April 2008:** Development of in.Q.ba's Business Plan.
- **August 2008:** Setting up of the business incubator.
- **December 2008:** First promotional campaign.
- **January 2009:** Start of incubation operation (59 entrepreneurs registered for the courses offered).
- **February 2009:** Second promotional campaign.
- **May 2009:** Third promotional campaign.
- **December 2009:** 162 entrepreneurs participated in the incubation program, including coaching sessions.

OUTCOME AND CONCLUSIONS

By implementing an innovative and attractive marketing strategy in 3 steps, in.Q.ba managed to raise awareness within the population and begin changing the population's mindset to enhance the entrepreneurial spirit and skills of the potential entrepreneurs in Mexico.

PART III

LINKS

- in.Q.ba website: <http://www.inqba.org.mx/>
- Article: <http://www.elartedelosnegocios.com/2009/09/inqba-formacion-de-emprendedores/>
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<http://www.infodev.org>

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Annex 1:

Berytech Technology and Health Marketing Plan

I. SITUATION ANALYSIS

Berytech Technology and Health (BTH) has been created to provide support for start-ups and developing enterprises.

Berytech Technology and Health business goals are:

- To provide hosting services to SMEs;
- To provide business advice and training services to their client SMEs;
- To focus on the following catchments areas: Beirut and suburbs; and
- To position itself competitively by applying market rate prices for hosting (in addition to the provision of added-value services offered in addition to hosting) and under market average rates for the business support services provided to their clients.

1. PERCEPTION OF BTH

Thanks to the previous experience with Berytech, BTH is well recognized as a center that hosts and supports entrepreneurs.

However “virtual incubation” such as support services to entrepreneurs located outside the Business Development Center (BDC) is not yet acknowledged. BTH is recognized locally as well as internationally by Lebanese people around the world thanks to its website.

BTH is acknowledged by NGOs and public authorities as a reference for SME support, but there is a misunderstanding amongst a segment of the public that BTH provides property services.

2. POTENTIAL CLIENTS

2.1. Mid-career executives whose needs can be answered by BTH, such as:

- a) A location from where to start up a business;
- b) Moral and technical support to do so; and
- c) Access to financing.

Factors influencing their decision are:

- a) Features of BTH space (different sizes for different needs);
- b) The business center (meeting rooms, IT equipment, etc.);
- c) Trust that there is added value in being hosted or associated with Berytech;
- d) Availability of on-site and tailor-made advice and support; and
- e) Possibility for networking.

2.2. Existing SMEs aiming to relocate in a stimulating environment or looking for advice to develop their business.

Factors influencing their decision are:

- Features of BTH space (different sizes for different needs);
- The business center (meeting rooms, IT equipment, etc.);
- Trust that there is added value in being hosted or associated with Berytech;
- Availability of on-site and tailor-made advice and support; and
- Possibility for networking.

2.3. Graduates with projects offering potential. They need to validate the commercial viability of their project and they also need hosting, moral support, entrepreneurial skills, access to stakeholders and funding.

Factors influencing their decision are:

- The possibility to be hosted or even subsidized – low cost access to business space;
- The access to business advice and training as well as networking through Berytech; and
- The credibility that Berytech validating their projects brings to them.

3. COMPETITION

There is no competition to date in terms of a BDC that provides hosting premises and business support services to entrepreneurs. However there could be 2 types of indirect competition:

- Executive business spaces (Regus, Dora Gate, Liberty Tower) that provide hosting with certain services; and
- Business consultants at large who provide business advice services.

However both are very difficult to access for start-ups due to the associated costs.

4. STRENGTHS

BTH has four years of experience in the incubation and entrepreneurship process obtained via Berytech. The management team states: “We know the product and we know the market. We have an established network (universities, private companies, counselors, and other strategic allies of the BDC) that we can draw in our operation. We understand the needs of entrepreneurs and try to address them. We offer comprehensive services and spaces tailor-made to the needs of growing start-ups (from hot desk to self-contained modules). We have meeting and conference spaces that allow for networking, training and conferencing, therefore creating a dynamic hub around our center.”

5. OPPORTUNITIES

The SME Unit from the Ministry provides BTH’s team with capacity building opportunities by contracting short term and long term experts. The SME Unit also supports the BDC by providing the BDC’s team and their client SMEs with counseling services.

There is more and more public and international (NGOs) interest in supporting SMEs, hence the opportunity to fund and provide support to more entrepreneurs. Berytech can rely on the background of its first incubator operations and present ties with the EU-funded SME program to funnel or channel some of these funds so that they reach their client SMEs.

The incubator raises and fosters awareness on the subject of entrepreneurship thanks also to other programs (Bader, MIT business plan competition, etc.). The MIT Arab Business Plan Competition is designed to encourage all entrepreneurs in the region to start their own company and, ultimately, create a nest of leading firms in the Arab world. It also brings to the Arab world all the MIT expertise in entrepreneurship and in running such competitions. The equivalent of the MIT Arab Business Plan Competition in Boston is called the MIT 50K Entrepreneurship Competitions and has created a number of leading firms and thousands of jobs (www.mitarabcompetition.com/aboutmit.php).

The incubator enhances the capacity of SMEs to grow and survive by catering to international markets.

There is a strong interest among expatriates to return to Lebanon to bring in new technologies, ideas and means. They have strong linkages with export markets – and, given local political instability, there is high interest in export markets.

Berytech is setting up its own seed fund to finance promising start-ups.

6. THREATS

- Political instability hindering local and foreign investment
- Lack of deal flow
- Desire of graduates and young executives to find job placements abroad
- Lack of confidence in independent support structures such as BDCs

7. UNIQUE SELLING PROPOSITION

BTH is the only SME support structure that can provide physical and virtual incubation in Beirut and the region.

BTH has a not-for-profit mission to support as many entrepreneurs and SMEs as possible and offer the following features:

- Managed work space from hot-desking to self contained modules
- Business center
- Formal and informal meeting places
- Broadband internet access at subsidized rates
- In-house business advisors
- Access to independent and international experts through the SME support unit
- Periodic training and conferences

- Networking to favor interaction among peers, potential business partners, local and international business community
- Access to funding: Kafalat, seed-fund, etc.
- Access to incubation grants from own funds and from partners
- Access to technical assistance through other NGO support programs (IESC <http://www.iesc.org/>; USAID <http://www.usaid.gov/>; ELCIM <http://elcim-lb.org/>, etc.)
- Access to a network of BDCs in Bekaa, Tripoli and Saida

This array of comprehensive services is beyond the reach and capacities of competitors who remain space providers or consultants proposing above market rate prices for their services.

II. COMMUNICATION /MARKETING GOALS AND OBJECTIVES

- To create awareness about BTH in Beirut and the services provided for both hosting companies and business support services
- To explain to potential entrepreneurs the concept of incubation/ incubators and their benefits
- To promote BDC as a center of entrepreneurship excellence, which will also impact positively on the tenant (credibility, visibility, etc)
- To promote entrepreneurship as an alternative to employment

These communication goals need to bring about the following changes in attitude:

- BTH would like their target audience to overcome any inhibitions about contacting the incubator by phone or through a visit, in order to enquire about the services provided.
- To convince potential entrepreneurs that this BDC is the best environment to start up their business.
- To convince potential clients that seeking the BDC's counsel will bring added value to their business.
- To convince young, qualified Lebanese people to become entrepreneurs and bring added value/ business to the country.
- To overcome the suspicions of entrepreneurs who often believe that:
 - a) In Lebanon there are no high ethical standards/ no opportunities;
 - b) The incubator might steal their ideas; and
 - c) There must be a non communicated interest from the BDC that might prejudice the company in the future (e.g. stealing of IP).

These communication goals need to bring about the following changes in behavior:

- To generate a substantial number of inquiries per week – in 2006, the number of enquiries was of 1/ week. A target of at least 5 inquiries/ week was set for the end of 2007.

- To attract entrepreneurs to business advice services: to provide at least 8 hours of counseling/ week.
- To attract at least 10 start-ups for incubation/ year.
- To support about 50 structures (project, start-up, SME) overall during their first 3 operating years.
- To mobilize those from Lebanon across the world, to involve their networks and incite expatriates to:
 - a) Establish outsourcing centers in Lebanon;
 - b) Provide linkages to foreign markets; and
 - c) Provide counseling services to local SMEs.

1. TARGET GROUPS

- Primary

WHO ARE THEY?	WHAT ARE THE EXPECTATIONS AS FAR AS THEY ARE CONCERNED?
Executives in existing companies locally and in the Lebanese population across the world (between 27 – 35 years old) who have experience, personal funds and desire to establish their own company	To think of entrepreneurship as an alternative to employment/ exile. To stop the brain drain. To incite them to take the leap of setting up their own business.
Doctors/ executives in the health sector	To establish high value companies in the health sector (high potential sector).
SMEs offering added value products/ services looking to expand and grow	To encourage them to grow beyond their borders and their potential. To think of ways to improve what they are currently doing and how they are doing it.
Entrepreneurs from Lebanon across the world	To consider Lebanon as a destination for outsourcing. To bring their technical know-how home to participate in the capacity building process.
University graduates from technology/ engineering/ business school owners of projects with commercial success potential	To take a direct route to entrepreneurship without going through employment.
Women in all of the above criteria	To encourage them to take an active role in the professional world. To become entrepreneurs.

- Secondary

WHO ARE THEY?	WHAT ARE THE EXPECTATIONS AS FAR AS THEY ARE CONCERNED?
Stakeholders in the Lebanese economy: banks, chambers of commerce and industry, ministries, etc.	To become advocates for the support of SMEs, to enact favorable measures for SMEs.
Faculty staff in Universities	To direct their students to the incubator. To collaborate with them on projects. To detect entrepreneurs amongst the students.
NGOs managing support programs for Lebanon in general and SMEs in particular; trade attachés in foreign consulates on the forefront of all aid programs dedicated to Lebanese SMEs	To provide funds, technical assistance, aid programs where applicable to SMEs benefiting from the incubator's services.
Policy makers in relevant ministries (Ministry of Finance, Ministry of Economy & Trade, Ministry of Industry, etc.)	To promote favorable policies for SMEs and the commercial interests of SMEs abroad. To provide market openings for SMEs through government lobbying.

2. IMAGE & PERSONALITY OF THE BUSINESS INCUBATOR

BTH needs to communicate its position of being “the place to go” for business support. Features / messages are designed to foster the entrepreneur’s confidence in “what BTH can do for you” and inspire “trust that your ideas and company are safe with BTH.”

The communication will be implemented through strong statements / promises / benefits to be expected. The choice of words, images, layouts, etc. is crucial to communicate BTH’s key messages. Some examples include:

- “You are in good hands”
- “Your ideas are safe with us”
- “We can help you meet your goal”
- “We know your needs”
- “We have the structure, resources and know how to train you and advise you properly”
- “We host companies in the forefront of technology, services, etc.”
- “Come in anytime, call, email. We will respond to you.”
- “Don’t be afraid to ask”
- “You can test the worthiness of your ideas/ business plan with us/ our experts”

3. KEY MESSAGES

BTH IS YOUR LOCATION & GATEWAY TO ENTREPRENEURIAL SUCCESS

In the sub-message for these different target groups, BTH is using the following strategies:

- BTH describe their infrastructure, know-how and the services offered to hosted or virtual incubatees.
- BTH encourage entrepreneurs and SMEs to access their services through incubation grants (which subsidize their hosting, training, counselling, etc.) and the competitive advantage of getting access to high standard business advice at subsidized rates.
- At the media level, BTH regularly publish and broadcast their activities aimed at training, informing, lobbying or networking.
- For product/ service advertising, BTH describe their dynamic, service orientated environment which allows hosted tenants to benefit from the synergy and networking opportunities created. For virtual clients, the emphasis is on the availability of a broad range of services/ expertise in one shop.
- Emotionally BTH underlines the importance for Lebanese entrepreneurs to stay in Lebanon and create added value and jobs for the local economy. BTH also stresses that they are on the entrepreneurs' side, accompanying them during the crucial early years of company creation and operations. To illustrate this statement, BTH use the success figures for accompanied companies vs. unaccompanied ones.

4. CHANNELS AND ACTIVITIES

Below is a table showing each activity undertaken, as well as the scope, target audience and staff member in charge of the task.

Suite 2
Business Incubator Operations

MEDIA	TARGET AUDIENCES	KEY MESSAGES/CONTENT	OBJECTIVE
Corporate design	All stakeholders	Professional image and recognizable identity	To communicate its position as “the place to go” for business support
Website	All stakeholders, especially potential clients locally and among the Diaspora	Comprehensive information about the mission, role and features of the business incubator. It emphasizes the services that can be provided and keeps visitors up to date with the news and activities	To inform about services and activities. To persuade visitors to contact BTH. To highlight the importance of BTH as a key economic player for SMEs
Promotion of website through banners, features etc. on all partner websites	All stakeholders and potential clients	Logo with a description of BTH's role and mission have been posted on partners websites such as Bader (www.baderlebanon.com), Saradar Foundation (www.fondationsaradar.org), Netcommerce (http://www.netcommerce.com.lb)	To entice visitors' curiosity and direct them to BTH's to website
Workshops	Client groups	Through capacity building, entrepreneurs can acquire the skills required and enhance chances of success.	To familiarize entrepreneurs with all aspects of business. To enhance their skills in crucial areas: finance, Human Resources management, marketing, etc.
Expert appearances	Stakeholders, potential clients and existing clients	Information and tips about how audiences can improve the way they do business.	To promote BTH as recognized experts and leaders in the business community.
Direct e-mailings	Potential and existing clients	Conferences, workshops, tips, relevant economic news, promotion from partner organizations, etc.	To encourage clients to think of BTH as a very informed source of useful information. To tell clients that we know their needs and that BTH caters for them by channeling important information, organizing conferences of relevance to them, etc.
Media relations (press briefings, press conferences, releases, press packs)	General public, potential beneficiaries, key economical and political actors figures	<ol style="list-style-type: none"> 1. Role and importance of BTH for the local economy 2. Success stories, human interest stories 3. New economic trends, etc. 4. Activities of BTH 	To raise broad awareness of BTH aims. To encourage target groups to learn more and resort to services. To create an impact at policy level.
High profiles events (BDC official launch, entrepreneurship events)	General public, stakeholders, potential clients	To draw attention to the BDC's development milestones, high-profile events are organized to which high level representatives of all stakeholders are invited (Ministers, Ambassadors, key economic players, policy makers, companies' CEOs, etc). The events use visual and other materials to draw attention to the opportunities and encourage potential beneficiaries to learn more.	To inform people of important milestones and achievements and encourage stakeholders to lean more. Attract aid programs. To reach policy makers.

5. WORK PLAN (EXAMPLE)

NR	ACTION	INDICATIVE BUDGET	OUTPUTS	EVALUATION	OUTCOMES	TASK PERFORMED BY	DEADLINE			
							1 QR	2 QR	3 QR	4 QR
Central Information tools										
1	Development of Corporate design and printed material, building signage internally and externally	\$9,000	Visibility guidelines developed and used in all materials	Visibility guidelines properly used and materials and activities readily recognized by clients. (recognition as per survey results)		TS	X			
2	Development of Web site	\$5,000	Website in place and regularly updated Web address widely promoted	Nr of hits Nr of downloads Level of perceived usefulness from stakeholders/clients (as per survey)		TS/HA	X			
3	Maintaining and updating the website	\$1,000/yr	Regularity and comprehensiveness of updates	Client groups are always responding to up-to-date and current offers, messages.		TS/HA	X	X	X	X
4	Information material (Brochure)	\$3,900	1 Corporate brochure 1 Informational leaflet	Survey results indicating level of familiarity with and perceived usefulness/influence of brochures		TS		X	X	
5	Advertising	\$10,000/yr	Posters, Outdoor panels, exhibition material	Recall of ads Reaction to ads (as indicated in survey)		TS	X	X	X	X
6	Media relations		1 press release/term; 2 press conferences/year 1 interview every two months in TV show/daily or monthly; regular interview with entrepreneurs and features published.	Nr of potential beneficiaries who have seen materials and were encouraged to learn more (survey). Nr of members of public who can recall seeing stories about BDCs and have formed a favorable opinion.		TS/MNC	X	X	X	X
7	Guest/expert appearances		Number of appearances; popularity, influence of forum amongst target groups	Nr. of persons who have seen/heard speaker and learned more/formed a favorable attitude/or been encouraged to contact BTH as a result of appearance. (survey results/applications sheet indicating this as source of info about BDC)		MNC/NR	X	X	X	X

NR	ACTION	INDICATIVE BUDGET	EVALUATION		TASK PERFORMED BY	DEADLINE				
			OUTPUTS	OUTCOMES		1 QR	2 QR	3 QR	4 QR	
Central Information tools										
8	Professional and career exhibitions	\$6000			NR/TS		X			
9	Annual survey of key targets to assess knowledge of, attitude towards and experience of BTH and its services and of exposure to and perceived usefulness of different types of information activities	\$2,000	Survey of the intended audience during trade shows, events, or through targeted mailing	Nr. of persons who know BTH, are willing to use their services	TS/GM	X	X	X		X
10	Information indicating source of knowledge about BTH.		To ask people who contacted BTH about the source of their information.	Defining channels of information that work best for BTH.	TS/GM	X	X			X
11	Source of requests for information (web, meetings, shows, etc)			Defining channels of information that work best for BTH.	TS and team	X	X	X		X
12	To develop evaluation report and recommendations for future marketing plans		To test and refine marketing strategies, discard failed attempts	Focus on channels that work best, identify new/innovative ones	TS/NR/MINC	X	X	X		X



Annex 2:

What's in a Press Kit and Press Release?

I. WHAT'S IN A PRESS KIT?

When preparing a press kit make sure to include all of the following items:

- Your business card
- Fact sheet with basic info: one page (preferably), a maximum of two pages.
- Your brochure if available
- List of clients/ partners
- Your press release
- A page of client testimonials
- Reprints of magazine articles about your services
- Photos

II. WHAT'S IN A PRESS RELEASE?

The press release should include the following elements:

- Current date
- Date for release
- Contact info of the person who prepared the release or the marketing manager
- Headline
- Introduction (1st paragraph & summary – basic facts)
- Body: make sure it is newsworthy
- Closing: restate the main point or news, tie it to the headline.

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