

KCA 104/ BAC 1306/ BCT 1203/ BSD 1303
ENTREPRENEURSHIP

BUSINESS INCUBATION



BUSINESS INCUBATION

- **Business Incubator**

A facility designed to assist businesses to become established and profitable

- **Incubation**

An interactive process which involves nurturing and supporting start up businesses or new businesses by providing them the right environment to thrive. It is a holistic approach to support, nurture and develop newly established businesses.

BUSINESS INCUBATION

- **Incubatee**

Can refer to;

- i. Individuals interested in promoting an innovative idea so that it becomes a business, yet they may have no skills in business
- ii. People with clear documented business concept based on an innovative idea, but lacking resources to convert the idea into a business
- iii. Other businesses that are already set up but requiring support to grow

NB. Each one of these categories require unique approach to convert them into vibrant business outfits

SERVICES OF INCUBATORS

- Business incubators offer a variety of resources – premises, business advice, management services, mentorship, avenues for networking and other relevant business services
- An incubator must commit to industry best practice in:
 1. Structuring for financial stability
 2. Recruiting and appropriately compensating management – a commitment to recruit the right managers who have the right skills to grow the business
 3. Establishing an effective board of directors
 4. Placing emphasis on local support (builds good relationship with immediate community)

Qualities of an Incubator

- An incubator should be an institution that has the advisory support services that can promote others to grow
- It must have an informed knowledge on corporate governance, a talented and experienced board of directors that can apply rigorous selection processes to the incubates
- Incubators must ensure that only those with viable business propositions are accepted for incubation, expected to last 2-3 years

TYPES OF BUSINESS INCUBATORS

1. Business Centers – More like a nursery bed, a start up unit, a community enterprise workshop. They provide appropriate infrastructure necessary at the early stages of business growth.
2. Industrial Estates / Zones – These provide a dynamic approach to regional economic development. They offer industrial shades as well as capital for start up e.d Kenya Industrial Estates
3. Export Processing Zones (EPZ) – These are special business zones useful in developing businesses targeting export / international markets. They work well with international economies and their major aim is to attract foreign investment by facilitating business services and providing access to infrastructure.

TYPES OF BUSINESS INCUBATORS

4. Virtual / Internet incubators – Incubation services are offered through the internet, helping businesses to connect with each other and with suppliers electronically.

5. Commercial / privately sponsored incubators – Run by private investors as a venture with the hope of gaining a return on their investment. They charge a fee for the various services they offer.

BENEFITS OF INCUBATION

1. Incubation acts as a catalyst for economic development by supporting entrepreneurial growth
2. It helps growing businesses to overcome the challenges of start up which is a major cause of business failure
3. It encourages faster growth and survival of new businesses
4. It helps individuals who cannot access mainstream business services e.g. bank loans, consultancy services e.t.c which are very expensive
5. They provide a network of activities necessary for business growth