



Policy Brief on Incubators and Accelerators that Support Inclusive Entrepreneurship



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KEY MESSAGES

- Business incubators and business accelerators are types of business development support programmes that provide a range of support services to entrepreneurs in business creation and during the early stages of the business life-cycle. Both types of support programmes typically offer a package of services, including training seminars, workshops, business coaching and mentoring, business advice, networking opportunities and access to financing. In addition, business incubators have traditionally offered premises for the business to operate.
- Evidence suggests that business incubators and business accelerators can be effective supports for new and growing businesses. Businesses that receive support in incubators tend to have higher survival rates, create more jobs, and generate more revenue. While there are relatively few examples of business incubators and accelerators that are fully dedicated to supporting entrepreneurs from under-represented and disadvantaged groups (e.g. women, youth, migrants, seniors, the unemployed, people with disabilities), there is a small body of evidence that shows similarly positive results. This suggests that there is likely untapped potential for business incubators and accelerators to be used more widely for social inclusion purposes.
- There is more experience with business incubators and accelerators in the United States than in most European Union (EU) countries, including those that support entrepreneurs from under-represented and disadvantaged groups. Policy makers in the EU can learn from these experiences, which underline the need for integrated business support programmes that also focus on personal development, and facilitate interactions between entrepreneurs to leverage peer learning. These experiences also suggest that positive results can be achieved with relatively little funding.
- Policy makers tend to use three approaches in developing business incubator and accelerator programmes for inclusive entrepreneurship. They can:
 - provide funding to incubation and accelerator programmes that are operated by the private and third sector;
 - launch dedicated incubation or accelerator programmes that are operated by the public sector; or
 - improve access to mainstream incubator and accelerator programmes for entrepreneurs from under-represented and disadvantaged groups through the use of quotas or mechanisms that match them to unused capacity in existing programmes.
- Regardless of the approach, a number of success factors can be identified for the use of business incubator and accelerator programmes to support social inclusion:
 - offer strong pre-incubation services to ensure that entrepreneurs have a reasonable chance of success;
 - ensure strong linkages with the mainstream business support providers, entrepreneurs and investors to avoid reinforcing the separation from the mainstream business community and support infrastructure;
 - set community-building as a core objective to facilitate peer-learning, which is often identified by tenant entrepreneurs as one of the most valuable forms of support;
 - deliver formal support in flexible modules;
 - provide training to programme managers and frontline staff to ensure that they understand the challenges faced by different groups; and
 - use monitoring and evaluation as tools to ensure that the support provided is relevant and has an impact.

■ WHAT ARE BUSINESS INCUBATORS AND BUSINESS ACCELERATORS?

Business incubators are support structures that support entrepreneurs in business creation and development. The broad objective of a business incubator is to create and develop firms, and improve their chances for success (Bruneel et. al, 2012). However, other functions are often noted, including supporting local development and strengthening local entrepreneurship ecosystems by bringing various actors from the public and private sectors together.

A traditional defining feature of business incubators is the provision of workspace to tenant entrepreneurs, typically on preferential and flexible terms, for a specific industry or type of firm (OECD, 1999). This offer of a premise usually includes the provision of utilities (e.g. electricity, internet), as well as access to specialised managerial services (e.g. accounting), facilities and equipment to help tenant businesses reduce their overhead costs. In addition, business incubators provide various business support services for entrepreneurs, including business planning and management advice, training and workshops, coaching and mentoring, start-up and business development financing, access to formal and informal business networks, and legal services.

Business incubators typically offer support in three stages of incubation (Figure 1) (Gerlach and Brem, 2015; EC, 2010):

- Pre-incubation typically includes two key activities, namely a pre-entry programme and the selection of tenant entrepreneurs. Pre-entry programmes support the potential entrepreneur in developing their business idea, business model and business plan so that they have well formulated ideas once they start the incubator programme. This phase also often includes an initial assessment of the business idea, entrepreneurship training, and individual coaching.
- The main incubation phase includes a range of services that support in entrepreneurs from business creation to business growth. This offer often lasts for up to three or four years, but incubators usually do not place strict time limits on tenant entrepreneurs. Support services offered generally include access to finance, coaching and mentoring, training courses and workshops and networking opportunities, which are frequently organised and delivered with a range of other actors and organisations (e.g. universities, government, non-profit organisations, private sector business development service providers). The physical location, while traditionally a very important service, is only a subset of the overall incubation process and is less frequently a defining feature. Business incubator programmes are often organised around a set of milestones, with the objective of helping the tenant entrepreneurs reach their projects' goals.

- Post-incubation covers activities to be carried out when the tenant businesses have matured and are transitioning out of the incubator. This typically occurs after three to five years, when companies have outgrown the space and equipment offered by the incubator. Post-incubation support could include workshops, networking, and support related to exporting or innovating. This is a difficult period for many graduating businesses so these “after-care” supports are often considered to be as important as the main incubation services offered.

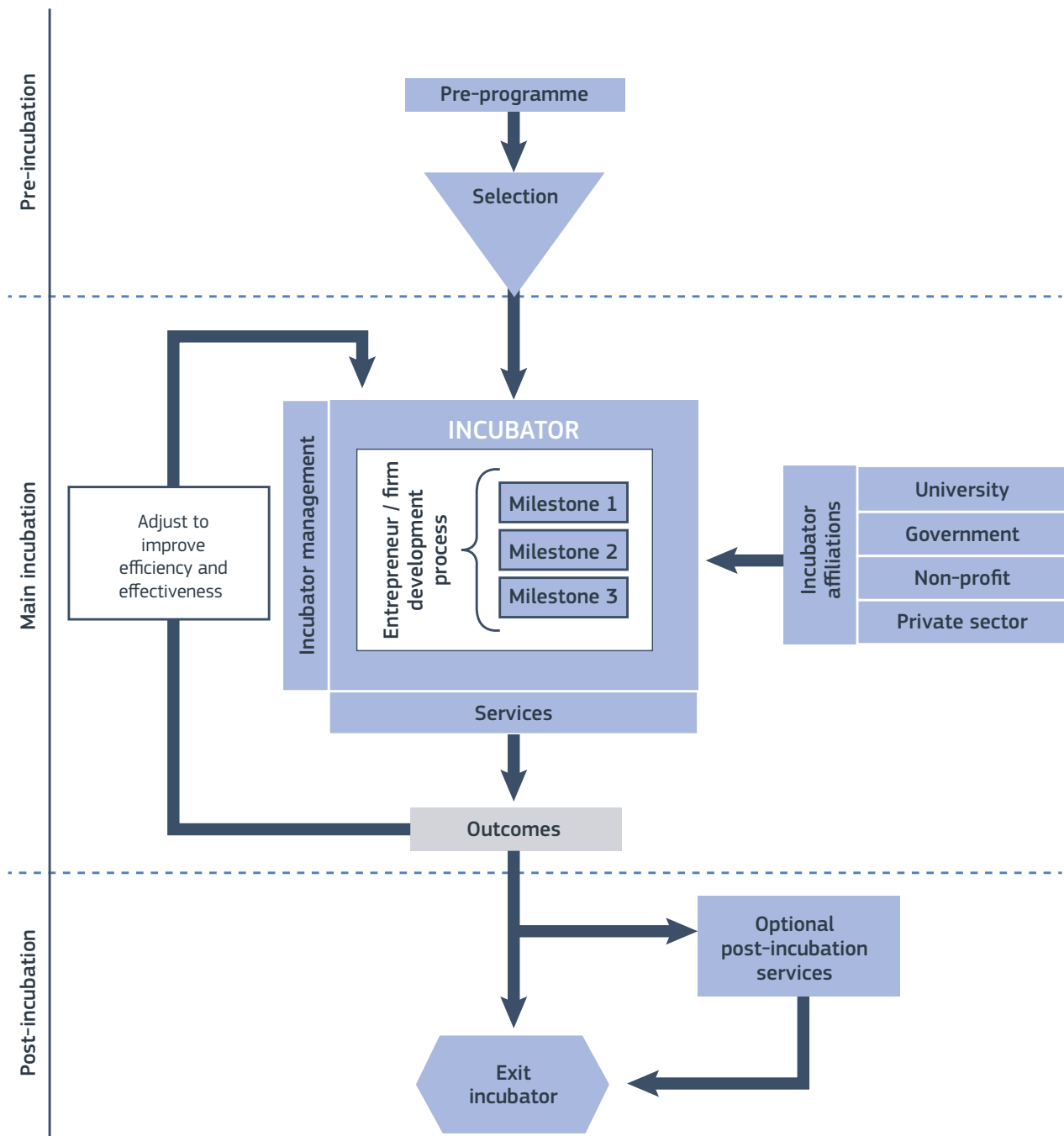
- However, there is an emerging trend towards the use of a more modular approach, primarily among those programmes that do not provide physical incubation. Many programmes now appear to combine services from each of the three phases in a more flexible way to address the needs of the tenant entrepreneurs. For example, an entrepreneur who has already established a proof of business (pre-incubation) would subsequently enter into an incubation programme. But it is increasingly common for entrepreneurs to make significant changes to their products or business model due to the results of market feasibility testing during incubation. Rather than going back to pre-incubation support, many incubation programmes now offer modified modules of support that allow for the entrepreneur to remain in the incubation programme.

A number of actors have important roles in a well-functioning business incubator. First, *incubator management* has a critical role in that they determine the incubator's objectives, design the suite of services, build relationships with affiliated organisations and institutions, and select the tenants.

Second, *tenants* who utilise business incubator services can also have an important role in the performance of an incubator, as peer learning is one of the greatest benefits of business incubation. Tenants pay rental fees to work out of business incubators, which also cover many of the support services offered. However, some services may have additional fees (e.g. accounting). Tenants are selected based on their business idea, as well as the entrepreneur's personality, experience and competences. Admissions are made on a continuous but *ad hoc* basis according to available space, and entrepreneurs can usually stay for several years.

Third, *affiliated organisations and institutions* are important partners for business incubators since they are frequently involved in the delivery of support services. They are also central in helping tenants strengthen their business networks. Many incubators are linked to universities, which has benefits for the tenants. These include access to low-cost quality labour (e.g. students and graduate students), experts (e.g. academic staff),

Figure 1. A generic business incubation model



Source: Adapted from Gerlach and Brem (2015).

and reputation (i.e. the university's brand) (Al-Mubarak and Busler, 2014). Furthermore, many business incubators seek to build an entrepreneurial community by strengthening entrepreneurship networks in a local area and contributing to local and regional economic development. Therefore, they help bring relevant actors together and involve them in incubator activities.

There are a wide variety of types of business incubators and each type has different functions and objectives:

- Pre-incubators focus on the pre start-up phase of business development, offering coaching, business advice and some basic facilities (e.g. a workspace, equipment) to support the development of business ideas and the elaboration of business plans.
- Academic incubators are based in universities and research centres, and provide support to those business ideas that are either elaborated by students or academic personnel, or are spin-offs of university R&D activities (which could be undertaken in collaboration with private sector firms).
- General purpose incubators provide all the set of services from the pre- to the post-incubation phase and provide the support to those who have a feasible business idea.
- Sector-specific incubators provide the range of services from the pre- to post-incubation phase to those who have a feasible business idea within a specific sector (e.g. environment, agro-food, chemicals). These incubators may provide specific equipment and infrastructure to meet the needs of tenants.
- Enterprise hotels mainly provide a physical space and are common in large metropolitan areas, where a lack of production and office space impede business start-ups. In some cases they may also offer workshops or networking events.
- Corporate incubators, which are also called corporate venture capital units, seek to invest in new businesses and start-ups with the objective of taking ownership and integrating it into the corporate portfolio.

Business accelerators are a related support for entrepreneurs, but many people distinguish them as separate from business incubators. The main purpose of business accelerators is to speed up the process of business creation and to prepare entrepreneurs to receive an influx of capital. The services offered to entrepreneurs are similar to those offered by business incubators and typically include management training, the development of a growth strategy, and the preparation for external investment. These services are usually provided over a shorter period of time (usually 3-12 months) relative to business incubators.

A key distinction between business accelerators and business incubators is that accelerators usually take an ownership stake in the company, often in the form of an angel investment, rather than collecting rent to finance the services provided. Business accelerator programmes also tend to be much more selective on which entrepreneurs are admitted, supporting only those with high-growth potential. Entrepreneurs that are accepted into business accelerator programmes tend to have businesses ideas that are established and will scale rapidly or fail fast in order to minimise the waste and resources.

When the business accelerator concept was initially put into practice, most programmes were funded mainly by venture capitalists seeking to identify and screen prospective investments (Bone et al., 2017). More recently, however, business accelerator programmes have been established by a wider variety of organisations, including large corporations and the public sector. This is significant because these new actors often have different missions, which in turn can lead to differences in selection criteria, e.g. some focus on social and labour market inclusion.

The key characteristics of business incubators and business accelerators are highlighted in Table 1. However, it is important to recognise that the distinction between business incubators and business accelerators is blurring, especially with the rise of “virtual incubators” that focus solely on providing services such as mentoring and access to investors without offering a physical space or infrastructure.

Table 1. Differences and similarities between business incubators and business accelerators

	Business incubators	Business accelerators
Objective	Support business creation and development.	Accelerate business growth.
Space provision	Usually.	Occasionally, but there is a greater emphasis on business support services.
Service portfolio	<p>Training: Entrepreneurship skills.</p> <p>Mentoring: Focus on business model and initial business plan.</p> <p>Networking: Other entrepreneurs and actors in the broader entrepreneurial eco-system.</p> <p>Access to finance: Grants or seed capital.</p> <p>Other: Managerial support (e.g. accounting), access to specialised equipment.</p>	<p>Seminars: Management skills.</p> <p>Mentoring: Intense, with focus on growth strategy.</p> <p>Networking: Other entrepreneurs and actors in the broader entrepreneurial eco-system.</p> <p>Access to finance: Debt or equity.</p>
Service provision	On-demand.	Mandatory and provided in a structured programme.
Length of support	Often up to 3 or 4 years, or more.	Usually 3 to 6 months.
Selection and exit criteria	Admissions are typically on-going and selection is made according to the focus and criteria set by the incubator.	Admissions are typically done in cohorts, through a competitive selection process.
Tenants	Often enter at pre start-up stage; few, if any, employees; little experience.	Often enter after start-up stage; Often 1 or 2 employees; typically experienced.
Business model	Mostly non-profit, with operating costs being largely covered by the rental fees collected.	Mostly for-profit, associated with private venture capitalist funds (in the US) or a mix of private and public investors (in Europe).

Source: Adapted from Cohen (2013), Casanovas and Bruno (2013), and Madaleno et al., (2018).

The concepts of business incubators and business accelerators are further clouded by a range of other organisations and entrepreneurship supports that offer similar support services. These include *science and technology parks*, which have a role in supporting the commercialisation of applied research. However, they tend to emphasise support for applied research over business development support.

An emerging type of business support is *co-working spaces*. These offer a (temporary) workspace and facilitate networking between entrepreneurs. Many also organise workshops and training. However, the offered support tends to be more *ad-hoc* and very short-term relative to business incubators and accelerators, which offer more structured and guided programmes.

Due to the definitional challenges, it is difficult to estimate the number of business incubators and business accelerators. Accordingly, there is a wide range of estimates of the number of business incubators and business accelerators. It is universally recognised that the United States is the world leader in incubator and accelerator programme, but that the United Kingdom has the largest number of such supports outside of the United States (Telefonica and O2, 2014). Recent estimates range from 260 business incubators and business accelerators in 10 European Union countries (Germany, France, United Kingdom, Italy, Spain, Netherlands, Sweden, Czech Republic, Slovak Republic, and Ireland) (Telefonica, 2013) to more than 900 across the European Union (GUST, 2016; Al-Mubarak and Busler, 2014).

■ WHAT IS THE POTENTIAL FOR BUSINESS INCUBATORS AND ACCELERATORS TO BE USED IN INCLUSIVE ENTREPRENEURSHIP?

Overall, business incubators and business accelerators have generally demonstrated a positive impact, both for the individual tenant entrepreneurs and businesses (e.g. improved firm survival rates, better profitability, more sales growth, enlarged business networks, improved access to finance) and for the local economy (e.g. increased technology transfer, job creation) (Madaleno et al., 2018; Ayatse et al., 2017). However, business incubation programmes on their own do not necessarily lead to positive outcomes for tenant entrepreneurs and their firms. Some research shows that business survival is only improved by business incubation if the entrepreneur goes beyond the formal workshops and training offered by the incubator or accelerator by also seeking advice and assistance from their networks, partners and/or other public support programmes (Mas-Verdú et al., 2015).

One of the success factors of business incubators and business accelerators is that the support provided is tailored and delivered as part of an integrated package of support. The individually-tailored nature of the training, networking and facilitation of start-up financing lends itself well to inclusive entrepreneurship support because the target groups of inclusive entrepreneurship interventions face more and greater barriers to successfully starting and sustaining a business than the mainstream population. Entrepreneurs from these groups often require more intensive interventions to overcome the multiple challenges faced (OECD/EC, 2012).

There are some examples of business incubator and accelerator programmes in the European Union that focus on supporting entrepreneurs from under-represented and disadvantaged groups, including for example “Inkubator 55+” in Sweden for senior entrepreneurs (OECD/EC, 2015) and “garage” in Germany for youth (OECD/EC, 2012). One of the main benefits of group-specific incubators is the creation of a high level of trust between entrepreneurs and support providers as well

as among tenant entrepreneurs. This makes the support offer more appealing to entrepreneurs. Another important benefit is that support is typically more tailored to address the specific challenges faced by the target group and support is delivered through mechanisms that have been adjusted to the context of the target group. However, this approach also has some risk as incubation services provided to a segregated group may reinforce the exclusion from the mainstream business community that the tenants already face.

A small body of evidence confirms that these group-dedicated programmes can have a positive impact. A recent meta-analysis found that business accelerators tend to have mixed impacts on business survival, but the effect tends to be positive for women and ethnic minority groups (Madaleno et al., 2018). In addition, evidence from Spain suggests that those who stand to benefit most from business incubation are youth, particularly those who are highly skilled, have work experience and a family history with entrepreneurship (Albort-Morant et al., 2015).

In addition to supporting new businesses, there is some evidence from the United States that incubators have been effective stimulators of entrepreneurship activities by women and people from ethnic minority groups, i.e. inspiring people to create a business (Lyons and Zhang, 2015). Similarly, an evaluation of a business incubator for seniors in Israel was found to have the same effect (Hantman and Gimmon, 2014).

These positive impacts suggest that there may be untapped potential to use business incubators and business accelerators as part of a suite of inclusive entrepreneurship policies and programmes to support people from groups that are under-represented or disadvantaged in entrepreneurship (e.g. women, youth, immigrants, seniors, the unemployed, people with disabilities).

■ WHAT SHOULD POLICY MAKERS DO TO MAKE BUSINESS INCUBATORS AND ACCELERATORS EFFECTIVELY SUPPORT INCLUSIVE ENTREPRENEURSHIP?

There are three main approaches that policy makers can use to setting up incubator and accelerator programmes for entrepreneurs from under-represented and disadvantaged groups. First, they can provide financial support to private and third sector-operated initiatives. The benefits of this approach is that programmes are managed by professional programme managers who are more likely to be connected to the relevant communities. However, policy makers will have less control over programme objectives, which may not be fully aligned with policy objectives.

A second approach is that policy makers could launch public initiatives when there is a gap for entrepreneurs from under-represented and disadvantaged groups in existing incubator and accelerator programmes. This would ensure a strong coherence between policy and programme objectives but may require a more active role in programme management, which is often better handled by the private sector.

Finally, policy makers could match entrepreneurs from under-represented and disadvantaged groups with unused space

in mainstream initiatives, or they could use quotas and targeted recruitment in mainstream initiatives to open-up access. While this approach ensures an efficient allocation of support resources, it is less likely to address the challenges faced by entrepreneurs from under-represented and disadvantaged groups to the same extent as the other two approaches (i.e. providing financial support or directly launching dedicated business incubator and accelerator programmes).

Regardless of the approach used, policy makers should draw on the knowledge and lessons generated by past policy experiences and evaluations when supporting or designing incubator and accelerator initiatives. To best support inclusive entrepreneurship, policy makers should design and support incubator and accelerator programmes that place a strong focus on pre-incubation support, emphasise network and community building, and use a flexible and modular approach in delivering support. Moreover, training should be provided to programme managers and frontline staff that work with entrepreneurs and public support for incubators and accelerators should be conditional on strong monitoring and evaluation practices.

1. Design and support initiatives that emphasise pre-incubation

Goal

Business incubators and business accelerators that seek to make entrepreneurship more inclusive should offer strong pre-incubation support to help entrepreneurs develop quality business ideas that have a reasonable chance of growing into a sustainable business. This phase of support should also act as a filter for determining which entrepreneurs will receive more intensive support upon completion of the pre-incubation phase.

Approach

The pre-incubation phase typically consists of training and advice to help potential tenants refine their business idea and build a business plan. Workshops, seminars and coaching are used during this phase of support to help entrepreneurs develop quality business ideas, to identify potential challenges and plans for how they can be overcome.

To be effective for inclusive entrepreneurship, these support offers need to be tailored to the unique challenges faced by the different target groups. For example, youth and immigrants likely have little experience interacting with regulatory institutions so they will need greater assistance with understanding their legal obligations (e.g. licensing, taxation) and how to fulfil

them. Other target groups, such as seniors and women, often operate in sectors that have less growth potential (OECD/EU, 2017) and therefore may need support in developing business concepts that are more innovative.

Tenant selection and in-take processes for pre-incubation programmes may also need to be adjusted for inclusive entrepreneurship. Business incubator and accelerator programmes typically use one of two methods for identifying tenants. The first is by referral from a partner organisation, which emphasises the importance of local networks. The second mechanism is direct applications by entrepreneurs, which is more common in business incubators and accelerators that are dedicated to under-represented and disadvantaged groups. Regardless of the method used, business incubators traditionally select applicants based on the market potential of their business idea, the quality of the management team and financial factors (Ayatse et al., 2017). These criteria remain valid for entrepreneurs from under-represented and disadvantaged groups but some adjustments may be needed because the potential tenant entrepreneurs likely have different profiles than traditional incubator tenants (e.g. education, labour market experience). Moreover, the expectation for business growth, employment creation and profitability is likely not the same when the incubator or accelerator's objectives are related to social inclusion.

It is important that in-take and selection mechanisms are open to different business models, including team-managed businesses and co-operatives. Entrepreneurs from some groups, such as youth, are more likely to start businesses in teams (OECD/EU, 2017).

Pre-incubation is also important for screening and selecting tenants that go on to receive more intensive incubation support. Programme managers need to familiarise themselves with the pool of potential tenant entrepreneurs and their business ideas

to be able to properly assess the potential of the entrepreneurs and their ideas. A good example of this approach is the MeWe360 incubator in the United Kingdom (see Box 1), which supports entrepreneurs in creative industries. The initiative is designed to support entrepreneurs from immigrant and ethnic minority groups, but all entrepreneurs that operate targeted businesses are welcome. Support is delivered in two phases – “Incubator” and “Incubator Plus”. The first phase is effectively a pre-incubation programme that prepares entrepreneurs for the more intensive Incubator Plus offer.

Box 1. MeWe360, United Kingdom

Target Group: Artists, designers and creative entrepreneurs, with a particular emphasis on entrepreneurs from ethnic minority groups.

Rationale: To create opportunities for entrepreneurs from all backgrounds to create successful businesses in arts and creative sectors.

Description: MeWe360 is a creative hub with an ambition to find and test new and more effective approaches to driving diversity in the arts and creative sector. The initiative supports the development of creative businesses through its offer of networking, mentoring, consultancy and investment support.

Two types of membership are available:

- *Incubator:* provides a package of support to entrepreneurs to launch and grow a business, and possibly work towards selection into Incubator Plus.
- *Incubator Plus:* provides more intensive support to those selected, including an opportunity to pitch their business ideas to investors from the organisation’s GBP 1 million investment fund (approximately EUR 1.1 million).

Members have access to the following features:

- Business support: mentoring or coaching as well as expert advice and “hands-on” practical support in key areas of business such as marketing, planning, finance and human resources.
- Events: a programme of networking and leadership development events designed to inspire, inform and connect, featuring speakers, panel discussions, workshops, and expert clinics.
- Facilities: professional cinema, meeting rooms, work and event spaces for presentations, collaborative work and networking events.
- Networks: members have access to the MeWe360 network, as well as other relevant external networks.
- Finance (available to Incubator Plus members only): opportunity to pitch for investment from MeWe360’s investment arm.

Results achieved: MeWe360 supports about 10 entrepreneurs at a time in industries such as fashion, film production, visual arts and more. It also plays an active role in policy advocacy through “provocation” papers on arts related policy issues.

Lessons for other incubators: While this incubator is targeted at ethnic minority groups, none of the documentation or its website explicitly states so. The effect of this is that the organisation has created a sense of inclusiveness without excluding those who might not otherwise join a purely minority incubator.

For more information, please see: <http://mewe360.com/> and <https://www.nesta.org.uk/arts-impact-fund-portfolio/mewe360>.

2. Strive to build networks and communities

Goal

Business incubators and business accelerators targeted at entrepreneurs from under-represented and disadvantaged groups should seek to connect tenant entrepreneurs with other entrepreneurs and other relevant actors in the local area, including investors, financial institutions, business organisations, business professionals (e.g.

accountants, lawyers), and business development services. It is critical that networks are built with others outside of the tenant entrepreneurs’ community. One of the key values of business incubator and accelerator programmes is to help link tenant entrepreneurs with other support programmes or external expertise that would otherwise be expensive or difficult to access.

Approach

Strategic networking is a core offer in business incubators and business accelerators and is often identified by tenant entrepreneurs as the most valuable support offered (Al-Mubarak and Busler, 2014). This is especially true for entrepreneurs from under-represented and disadvantaged groups since they frequently have small entrepreneurship networks.

Business incubators and business accelerators typically organise regular networking events so that tenant entrepreneurs can meet investors, financial institutions and other entrepreneurs and support organisations in the local area. Such events could include workshops, seminars, networking events and more. These events are often organised around specific sectors or activities (e.g. exporting). This helps entrepreneurs find suitable local business partners, identify feasible opportunities, and acquire finance and market information.

Governments using business incubators and accelerators as part of their suite of inclusive entrepreneurship policies and programmes should seek to partner with non-profit and private sector organisations that are experienced in working with entrepreneurs from under-represented and disadvantaged groups. For example, Startup Refugees in Finland was launched in 2015 by a pair of entrepreneurs (see Box 2). The initiative has created a large public-private network of business start-up support organisations that provide funding and in-kind support (e.g. professionals volunteer to coach refugee entrepreneurs). The government has an important role by allowing

the programme to operate in refugee reception centres, providing trainers and coaches, and directing participants to public support programmes. This partnership approach builds not only a sense of community within the participating refugee entrepreneurs, but also among the support providers.

Building networks and communities are also valuable because they can help entrepreneurs develop positive habits such as seeking assistance from professional business development support providers rather than generic public supports or family and friends (Albort-Morant and Oghazi, 2016). It is important to ensure that the networks and communities are not too narrow – incubator programmes that are focussed in a single industry or highly selective of tenant entrepreneurs tend to be less effective at building networks and social capital (Page, 2007).

It is also important for programme managers to consider the value of the relationships between tenant entrepreneurs. There are different perspectives on the impact of physical proximity for entrepreneurs. Many argue that physical closeness has many benefits such as knowledge spillovers, but there is a risk that it may be detrimental if it leads to “groupthink” (Madaleno et al., 2018). The benefits of interacting with others in close proximity will likely depend on how the entrepreneurs interact (e.g. frequency, method), so it is important for policy makers and programme managers to stimulate and encourage interactions with a broad range of stakeholders and individuals inside and outside of the incubator.

Box 2. Startup Refugees, Finland

Target Group: Refugees and asylum seekers.

Rationale: The initiative was launched by two entrepreneurs, who realised during the filming of a television programme that refugees and asylum seekers had untapped skills and talents. After talking with many refugees and asylum seekers, they realised that refugees were a “brain gain” rather than a social challenge. However, in the context of increasing unemployment, they decided to help refugees create their own jobs.

Description: Startup Refugees functions as a combination of a business incubator and a talent agency that helps job-seekers move into employment. Finnish law permits refugees to work after three months, which is when the programme begins.

The programme was developed in three phases. The first phase started in November 2015 and consisted of mapping the skills, experiences and goals of refugees and asylum seekers at the reception centres. With support from more than 300 volunteers, including many university students, the profiles of refugees and asylum seekers were mapped against available public support programmes and employer needs. It was discovered that of the 1 000 people interviewed, about 800 wanted to start a business.

The second phase was to build a network of employers and support organisations to help refugees and asylum seekers integrate into the labour market. This included creating a basic database of profiles for employers to search.

The third phase was the launch of the business incubator programme for those interested in entrepreneurship. Operating out of refugee reception centres in Helsinki, Oulu, and Turku, the initiative has built a community of 350 companies and organisations to support business creation. The programme offers information packages on business creation, as well as entrepreneurship workshops and training in the reception centres. Startup Refugees connects participants with mentors and potential investors to help refugees develop their business ideas and to help them launch a business. Participants are also offered volunteer and internship opportunities to help them upskill and grow their networks. Those starting a business can also apply for a grant of EUR 1 000, which is paid as a daily allowance of EUR 32.80 over one month.

Key partners include the Finnish Ministry of the Interior and the Finnish Immigration Service, which help direct participants to public support programmes and support the training and coaching activities.

More recently, the initiative launched “Startup Refugees Women” in March 2017 to provide specific support to potential female entrepreneurs and “Match Made” in partnership with Futurice, which helps job seekers create a European CV and search for jobs and training opportunities.

Results achieved: As of August 2018, the initiative has profiled the skills and professional goals of more than 2 300 refugees and asylum seekers in 13 cities. 94 business start-up workshops have been organised with for 811 participants, and 55 business start-ups have received support.

Lessons for other incubators: The approach taken by Startup Refugees is unique in that it creates a profile of each individual to identify their skills and desired labour market activity, and then uses a large network of public and private organisations to help realise these goals. The business creation element of the programme has been successful due to the large number of public and private sector support organisations that offer financial and in-kind support. This model reduces operating costs and increases the chances of developing a sustainable initiative. It also offers participants the potential to develop strong entrepreneurship networks.

In addition, the initiative identified several challenges that similar initiatives for refugees should consider. First, many refugees have difficulties entering the formal banking system given a lack of credit history, as well as no formal identification (e.g. passport). A second challenge is that the asylum process cannot be foreseen so there is a risk that participants will remain in temporary centres for long periods of time, which makes social integration more difficult, or that they will be forced to leave the country.

For more information, please see: <http://startuprefugees.com>.

3. Deliver integrated programmes in a flexible way

Goal

Business incubators and business accelerators typically offer intensive and individualised support according to the needs of each tenant business. To support inclusive entrepreneurship, business incubators and accelerators also need to consider the systematic obstacles that certain groups face and ensure that the support provision adequately addresses both the collective and individual obstacles faced. This includes addressing the causes of low take-up rates in mainstream programmes.

Approach

Business incubators and business accelerators often offer a suite of supports that include structured training seminars and workshops, as well as individual assistance including coaching, mentoring and business advice. These offers are typically complemented with targeted networking opportunities according to the needs of tenant entrepreneurs. This blended approach is usually effective, but evidence suggests that it is not equally effective for everyone. For example, a survey of tenant entrepreneurs in Spain shows that women were less likely to assess the support received from incubator programmes positively than men (Albort-Morant and Oghazi, 2016). Therefore support services provided by business incubators and accelerators need additional tailoring for some groups.

Core supports that are delivered to all tenants such as training seminars and workshops could be tailored more to the needs of different target groups since there are differences in the challenges faced across the different groups (OECD/EU, 2013; 2014; 2015; 2017b). For example, immigrant entrepreneurs are not likely to be familiar with the institutional and regulatory environment so training will likely need to place a greater

emphasis on understanding and fulfilling administrative and regulatory obligations.

But there also needs to be an adjustment for how the services are delivered. Many entrepreneurs from under-represented and disadvantaged groups are less experienced in dealing with support organisations and may also be less self-confident. This calls for a greater use of more intensive one-to-one support such as coaching and mentoring, as highlighted in an evaluation of a business incubator for people with severe mental illness in the United States (Mandiberg and Edwards, 2016). The use of trainers, coaches and mentors from the same target group can also improve the delivery of support, when feasible, because it quickly leads to a high level of trust between the entrepreneur and support provider (OECD/EC, 2012). Incubators are increasingly using online models to decrease their delivery costs and to improve accessibility to support. This is illustrated by the Virtual Women’s Business Centre in Croatia (see Box 3), which acts as a business incubator but does not have a physical location, i.e. it does not offer premise as part of its suite of support services. However, the virtual incubator still organises in-person events when face-to-face interactions have clear benefits.

It is also important for business incubators and accelerators that support inclusive entrepreneurship to consider how to best structure their programme, including the length of time needed to nurture and support tenant entrepreneurs. Few studies have examined the impact of specific design features such as the length of the programme and the available evidence is mixed on whether the length of incubation programmes improves the outcomes for tenant firms, including business survival, employment creation or sales (Madaleno et al., 2018). For inclusive entrepreneurship, business incubators and accelerators should not provide support for too long as this may lead

to a dependence on the support. The application of a principle of easy-in and easy-out that is often used in incubators should remain.

In addition, a flexible approach is needed in terms of rent collected. A common approach is to offer reduced rents as an incentive for entrepreneurs to enter business incubators. This can make entrepreneurship more accessible for people from under-represented and disadvantaged groups as rising commercial rents can be prohibitive to business creation (Lyons and Zhang, 2017). However, there is a risk in this approach in that entrepreneurs become protected from the market forces,

making it more difficult to move out of the incubator. Using a sliding scale of rents would help prepare them for dealing with rents at market rates when they move out of the incubator.

Finally, flexibility is also needed in terms of the packages of shared services and equipment offered (e.g. secretarial services, internet access). There are some economies of scale that can be realised by delivering services to groups, as well as savings from the pooled use of equipment (Madaleno et al., 2017). However, tenants should be free to choose those services which they require rather than necessarily adopting and paying for large packages.

Box 3. Virtual Women's Business Centre, Croatia

Target Group: Women entrepreneurs who are seeking peer support and expansion of their business networks.

Rationale: Women often face greater challenges in entrepreneurship than men and the creation of this virtual incubator (i.e. no physical location) seeks to strengthen women's entrepreneurship in Croatia. It improves access to the business support infrastructure and provides tailored advice to improve the chances of success for women entrepreneurs.

Description: The Virtual Women's Business Centre provides free business education and training for women entrepreneurs and facilitates the exchange of knowledge and experience between established business women and new entrepreneurs through mentoring and public presentations.

The Centre also acts as a guarantor for female entrepreneurs to improve access to bank loans for business creation. It encourages networking by organising local business hubs for women as well as encouraging women to join more mainstream business incubators. It provides its members with up-to-date economic information via its website, local and regional chambers of commerce, and by offering subsidised business consultancy services.

In addition, the Virtual Women's Business Centre organises the annual Business Women's Congress, sponsored by the President of Croatia and promoted by high-profile public figures.

Results achieved: More than 1 800 entrepreneurs registered with the Centre during the five months after its launch and it currently has more than 2 300 active members. The Centre organised the Business Women's Congress on International Women's Day (8 March) in 2016. Since then, the Centre has organised Congresses of Business Women in 2017 and 2018. Each event was attended by more than 600 participants.

The Centre has also launched free entrepreneurial education in several cities (e.g. Zagreb, Split, Osijek, Lipik, Nova Gradiška, Sisak, Petrinja and Zaprrešić), and more than 400 women have participated.

Lessons for other incubators: An incubator does not need to have a physical location in order to be successful. It can be run virtually, with in-person events (e.g. training, networking, conventions) being organised when face-to-face interactions are appropriate. The benefits of such a flexible set-up are that having a virtual base does not restrict members to the advice/expertise of professionals in their immediate vicinity, but allows them to cast a wider net and connect with people on an inter-regional or international level.

Source: Nedović et. al, 2017.

For more information, please see: <http://kongres.poduzetnica.hr/organizator/>.

4. Offer training and support to delivery organisations

Goal

Business incubators and accelerators need to have access to professional trainers, coaches and mentors to be able to offer high-quality support services to entrepreneurs. It is also important to have qualified staff involved in the design and implementation of support programmes, and to leverage the knowledge and experience of external partners.

Approach

Since business incubation is largely about transferring knowledge and expertise to entrepreneurs, it is clear that the most successful business incubators are those with the most established expertise (Al-Mubarak and Busler, 2014). This is highlighted by a recent evaluation of The Enterprise People, which was a business incubator for people with serious mental

health conditions in Madison, Wisconsin that operated from 1998 to 2005. The evaluation found that the programme staff had sufficient expertise in supporting these entrepreneurs with their business, but incubator partners lacked this expertise and experience which had a negative impact on the results achieved (Mandiberg and Edwards, 2016).

One way to improve the quality of support offered is to ensure that trainers, coaches and mentors are equipped to work with entrepreneurs from under-represented groups. A successful approach is to recruit professional trainers and business advisors from the communities that the incubator supports. The main advantage of this approach is that it tends to address any scepticism that the entrepreneurs may possess with regard to the mainstream support agencies. At the same time, it can help community members become accredited professionals which can help create a self-help culture within the different communities.

Another approach is to develop strong partnerships with external support organisations, including universities, business

development agencies, non-profit business organisations, financial institutions and investors. Partnering with external support providers will allow tenant entrepreneurs to access more specialised knowledge and expertise. To ensure well-functioning partnerships, organisations often use partnership agreements to clarify roles and expectations. These agreements can also outline how the relationships are managed.

It is also important for business incubator and accelerator managers to build relationships with each other to learn about new approaches and success factors. These interactions can be facilitated by networks for business incubators and accelerators. An example of a network for business incubators is The European Business and Innovation Centres Network (see Box 4), which helps connect business and innovation centres in the European Union so that they can learn from each other and better support their clients, especially in reaching new markets.

Box 4. The European Business and Innovation Centres Network (EBN)

The European Business and Innovation Centres Network (EBN) is a network of business and innovation support centres (BIC) created in 1985. It was created to strengthen local economic development and boost innovation by connecting centres across Europe (and recently overseas) in order to create a community of professionals able to help, start and scale innovative businesses.

The objective of the EBN is “to promote the growth of Business and Innovation Centres both within and outside the European Community”. This includes traditional network activities such as facilitating communication between members and disseminating information. The EBN is organised in national networks, usually in the form of associations, but there is also a permanent team based in Brussels that provides network members with services, including:

- Implementation, in collaboration with the European Commission’s Directorate-General for Regional and Urban Policy (DG REGIO), of the “EU|BIC” quality assurance system for business and innovation centres. As part of the EU|BIC label certification process, the network carries out annual monitoring of the business support organisations to benchmark the incubators’ impact, identify areas for improvement and how to build on strengths, share best practices and identify future trends in innovative entrepreneurship;
- Promotion of the network and connecting with national and regional authorities;
- Technical assistance, including feasibility studies of setting up new business innovation centres (BICs), development of BICs, appraisals of BIC services, and organisation of study visits to other BICs;
- Strengthening linkages between members and other SME support actors;
- Support the participation of members in European programmes.

EBN has a wide pan-European network promoting innovation and entrepreneurship. Between 2014 and 2016, 620 000 people participated in 11 600 promotional events across the network, and 180 000 participated in 1 700 competitions organised by the EU|BICs. During this three-year period, the EU|BICs helped create

12 410 new start-ups; 87% of which continued to operate three years after leaving the EU|BIC. During this time, EU|BICs helped create more than 39 000 jobs in new start-ups, and 36 000 jobs in established SMEs.

For more information, please see: http://ec.europa.eu/regional_policy/archive/innovation/innovating/pdf/chap_2_en.pdf

5. Place conditions on public funds to ensure that supported incubator and accelerator programmes use appropriate monitoring and evaluation

Goal

To ensure that the incubation and acceleration support is effective and efficient, managers need to understand the strengths and weaknesses of their programmes. This requires regular monitoring of inputs (e.g. costs, human resources) and outputs (e.g. jobs created, survival rates of tenant businesses), as well as periodic assessments of the programme's impact.

Approach

As a basic principle, policy makers want to know which interventions work, which do not work and what lessons can be used

to improve the intervention. Business incubation and business acceleration programmes are no different. It is common practice among business incubators (and accelerators) to track key performance indicators related to impact, cost-effectiveness and net benefit. The key indicators commonly monitored by incubators include: number of businesses graduated over a period of time; number of businesses still in business over a period of time; jobs created by incubator clients; salaries paid by incubator clients (Al-Mubarak and Busler, 2014). Moreover, business incubators use a wide range of metrics to assess their success over the medium- and long-term (see Table 2).

Table 2. Success metrics for business incubators

Client-specific metrics	Incubator-specific metrics
Employment growth and job creation	Client growth
Salaries and wages	Number of graduates
Sales growth	Survival rate of clients
Revenue	Meeting targets
Debt capital	Incubator costs
Equity capital	
Grant funds	
Profitability	
Performance	
Patents and licenses	
Time inside incubator	

Source: Gerlach and Brem, (2014).

Evaluation is an important part of tracking performance as it can help identify the ways in which the programme can be improved or developed to increase its impact. In-depth evaluations should be undertaken regularly and are often contracted out to external experts to ensure objectivity. It is important to adjust the incubation support offers according to the lessons learned from evaluations.

Monitoring and evaluation also have an important role in communicating and demonstrating the impact of a programme

which is particularly important for marketing and promotional materials, as well as for programme funders. For example, The Incubator Foundation in Poland sells itself on the quality of services it offers. As part of building this credibility, the incubator sought independent oversight from the Polish Agency for Enterprise Development and established regular monitoring and evaluation procedures. As a result, it has been able to secure more than EUR 2.3 million of European Structural Funds for incubator programmes that support women, seniors, people with disabilities and those at risk of poverty (see Box 5).

Box 5. The Incubator Foundation, Poland

Target group: The Incubator Foundation is focused on supporting entrepreneurs from the following groups: women, people with disabilities, individuals at risk of poverty or social exclusion, the unemployed, and older people.

Rationale: The mission of the Incubator Foundation is to support entrepreneurship, economic development, innovation and the competitiveness of SMEs in the Łódź region of Poland.

Description: The Incubator Foundation (www.inkubator.org.pl) operates in Lodz, the third-largest city in Poland, located in the central part of the country. The organisation was established in 1992 by the Lodz City Council and the Regional Development Agency in Lodz. The structure of the Foundation consists of two main organisational units:

- Centre for Entrepreneurship Support, which provides training, advisory, consulting and information services for entrepreneurs and micro, small and medium-sized enterprises.
- Entrepreneurship Development Fund, which provides loans on preferential terms for business creation for people from the target groups and for SMEs that require the funds in order to create new jobs, undertake restructuring processes, and for investment purposes.

The incubator has operated several projects tailored to specific target groups. For example, projects for women include “Woman in Business” (2016-18), “Opportunity for Women” (2016-18), “Mother at Work” (2016-218) and “It is time for success” (2016-18). Each included training and workshops on how to start a business, motivational, professional, legal and psychological support, business advice, and financial support for business creation of up to EUR 9 000 plus the costs of childcare.

Similar projects were launched for other target groups, including “Helpful” (2016-18) and “For us this is a breakthrough” (2017-18) for the long-term unemployed, people at risk of poverty or social exclusion and people with disabilities, and “Business ownership for over-50s” (2016-18) for seniors.

The Incubator Foundation builds its competitive advantage in the area of supporting inclusive entrepreneurship primarily on the provision of high-quality services, including professional trainers and business advisors, as well as through partnerships with project stakeholders. The quality of the services is also guaranteed by external supervision over their implementation by The Polish Agency for Enterprise Development (PARP) and by regional institutions implementing European Union programmes. At the same time, the project’s formula of support guarantees appropriate flexibility and allows for the adjustment to the changing demographic and socio-economic conditions as well as to the requirements of the labour market.

Results achieved: The survival rate of the companies established by the participants is very high. For example, 419 companies were set up between 2008 and 2013, of which 332 (79%) were still active in 2014. Projects that operated from 2016 to 2018 will be evaluated after they are finished.

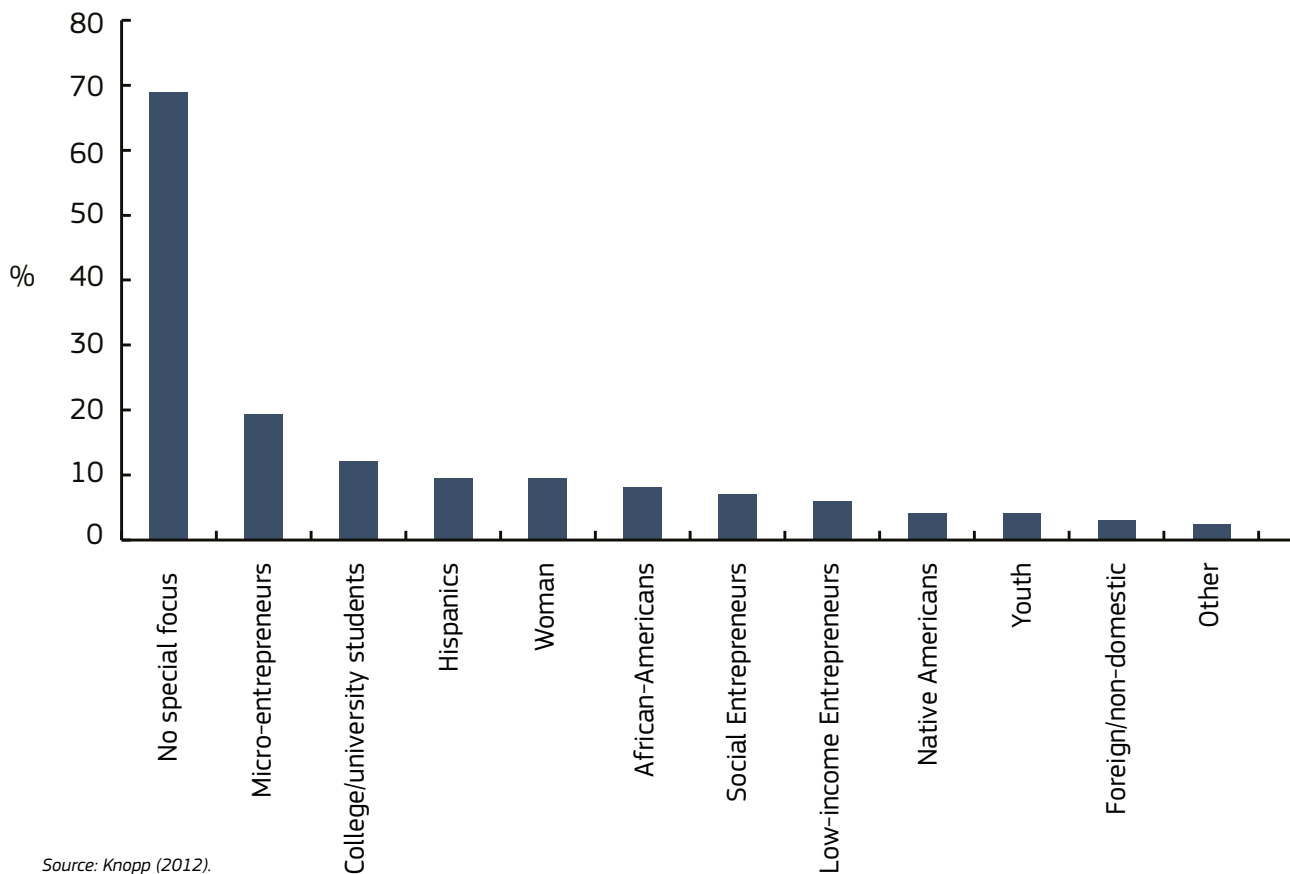
Lessons for other incubators: This initiative distinguishes itself from other incubators by the quality of its services. A key factor in that regard is the use of external oversight by PARP and similar regional institutions to provide unbiased feedback on the methods and quality of support provisions, as well as on the outcomes achieved.

■ WHAT CAN EU POLICY MAKERS LEARN FROM OTHER PARTS OF THE WORLD?

The term business incubator originated in the United States in the late 1950s, and was used to refer to business development initiatives that were based around the provision of a location. There is evidence from the United States that incubators are highly effective and relatively low-cost job creation vehicles (Stokan et al., 2015; Monkman, 2010). Although there are a range of business incubator models, many currently focus on

technology development and technology transfer. Business incubators focused on supporting entrepreneurs from under-represented and disadvantaged groups are relatively few in number, but growing. For example, it is estimated that the number of business incubators with a special demographic focus increased from 20% in 2006 to 31% in 2012 (Knopp, 2012) (Figure 2).

Figure 2. Proportion of business incubators with a specialised target group-focus in the United States, 2012



Given this long experience in the United States, and other parts of the world, many lessons can be highlighted for policy makers in the EU. First, there is a trend in the United States towards allocating a proportion of incubator spaces for a specific group such as women or people from ethnic minority groups rather than having incubators that are fully dedicated to supporting a target group. Many of these target groups are large population groups that are under-represented in entrepreneurship. Examples include “500 Start-ups” in San Francisco, which reserved 25% of spaces to ethnic minority-led businesses and 33% to women-led businesses (Cooper, 2016). This approach can be effective at addressing the specific needs of a given target group since there is a sufficient number participating in the programme to adjust programme design and delivery methods to the needs of the target groups. Similarly, the numbers are

thought to be sufficient to make the programmes attractive and can foster trust relatively quickly. Another benefit is that it addresses exclusion directly by mixing the targeted entrepreneurs with mainstream entrepreneurs.

Second, many business incubator programmes have been successful with few resources so large public expenditures are not needed. Although many of these initiatives are private sector-driven, few have benefited from substantial investments from investors or government. By placing an emphasis on building networks and leveraging professional business support providers, high-quality incubation programmes can be launched with little initial investment. This is particularly true for virtual incubators, which do not offer a physical workspace. For example, the Digital Undivided incubator in Atlanta has helped women

entrepreneurs from the black and Latin American communities create more than 50 companies with a programme that was self-funded by the founder (see Box 6).

Third, many successful incubators for entrepreneurs from under-represented and disadvantaged groups in the United States, Canada and Israel use a multi-faceted approach to address business challenges as well as work on personal development. For example, the entrePrism incubator in Canada supports immigrant entrepreneurs and a core element of the support offer is matching the immigrant entrepreneur with an entrepreneur in the local community to help them integrate into the business community and society (see Box 7). This mentoring

relationship will also help the immigrant entrepreneur learn about the regulatory and institutional environment.

Fourth, informal and peer learning are core elements of many incubator programmes and this is often identified as one of the most valued components by tenants. For example, a business incubator project for seniors in Israel was structured around 12 interactive workshops that combined lectures, hands-on exercises and experience sharing. Participants identified peer-learning as the most valued element and participants continued to meet together following the end of the programme (Hantman and Gimmon, 2014).

Box 6. Digital Undivided, United States

Target group: The main target groups are black and Latino female business founders in technological sectors.

Rationale: It is estimated that only 0.2% of venture capital investment deals are made in firms operated by black women entrepreneurs and that they receive much lower amounts of financing. This disparity comes even as black women are one of the fastest-growing groups of entrepreneurs in the United States – the number of businesses operated by black women has increased 322% over the last 20 years.

Description: Founded in 2012, Digital Undivided leads high-potential black and Latino women founders through the start-up process, i.e. from the development of a business idea to the launch of a business.

The incubation programme is 26 weeks long and based on an experiential learning and doing approach. The process begins with START, an invite-only weekend of ideation, pitching, feedback and networking. Digital Undivided selects the members to be invited into the incubator during this event.

Following selection, the incubation programme is divided into three modules:

- The Customer Development module translates ideas into potential businesses by assessing the suitability of the product or service for the market through customer discovery exercises, business model development, and the creation of a Minimally Viable Product (MVP).
- The Product Development module focuses on expanding the MVP into a working product and on building a team.
- The Company Development module focuses on the company and its needs, including access to technology and legal, financial, investment, and marketing advice.

Every Digital Undivided member is supported by a network of more than 100 mentors. The incubator programme culminates in “Demo Day”, where members pitch their business ideas to investors and potential partners.

Digital Undivided also undertakes research on black and Latino women in entrepreneurship through a project called #ProjectDiane.

Results achieved: Digital Undivided has supported 52 companies, as well as raising USD 25 million (approximately EUR 21.9 million) in investments since 2012.

Lessons for other incubators: This incubator programme has identified segments of the population that are under-represented but fast-growing in entrepreneurship and typically do not receive external investment. This approach highlights the potential of many under-represented groups and demonstrates what can be achieved with very little funds – the founder of Digital Undivided bootstrapped the entire project with her own funds.

For more information, please see: <https://www.digitalundivided.com/>

Box 7. entrePrism, Canada

Target group: Immigrant entrepreneurs.

Rationale: Immigrants often come from entrepreneurial cultures but face many challenges in their new countries, including language barriers, difficulties understanding the culture and operating in a new regulatory environment. The mission of entrePrism is to support budding entrepreneurs, to help them turn their ideas into business projects with the support of established entrepreneurs, professionals and professors. Moreover, it seeks to teach the Quebecois culture and business practices through interaction with native Quebec entrepreneurs at the same entrepreneurial stage.

Description: This programme was created by HEC Montréal with the support of the Mirella and Lino Saputo Foundation and the Quebec Ministry of Economy, Science and Innovation (January 2016). It is based on entrepreneurship as a tool for social and economic inclusion for immigrants with the goal of helping them to start up new businesses or to grow existing ones. It seeks to develop new tools through entrepreneurship research that explores the inclusion and immersion of entrepreneurs from specific cultural communities in the Quebec business ecosystem.

The programme covers multiple sectors and is differentiated from other conventional incubators as it encourages the hybridisation of business models and cultures to create innovative and original projects. To address the needs of immigrant entrepreneurs, entrePrism offers personalised support, including one-to-one coaching, as well as training sessions, seminars, webinars and conferences. More specifically, the incubation programme provides a series of activities, including:

- mentorships with industry partners;
- diploma-granting courses (i.e. a short graduate programme in entrepreneurship or a certificate in entrepreneurship);
- financing from partners as well as an “honour loan” programme created at HEC Montréal (i.e. there are no personal guarantees and minimal interest is charged);
- support from BBA and MSc students, through projects supervised by professors and credited by HEC Montréal (e.g. business, management, marketing, accounting), Polytechnique Montréal (e.g. engineering) and University of Montréal (e.g. industrial design, legal);
- development of new tools for entrepreneurs by professors and research professionals to guide entrepreneurs from cultural communities in their entrepreneurial journey; and
- strategic networking activities.

Results achieved: The programme intends to support the creation of 100 companies over a period of five years and to generate at least 200 internships and supervised projects. To accomplish this, it plans to involve 50 professors, tutors and mentors as well as 50 industry experts. The incubator also plans to organise 20 major networking events and award up to 100 scholarships.

Between January 2016 and June 2018, entrePrism supported 26 companies and 36 entrepreneurs (founders and co-founders) from France, Morocco, Vietnam, United States, Cameroun, Ivory-Coast, Mexico, Brazil, Syria, Lebanon and Algeria. Key performance indicators of the programme are reported below.

Key performance indicators for entrePrism, 2016-18

Key Performance Indicator	Results achieved (January 2016 - June 2018)
Number of companies	48
Number of entrepreneurs	74
Number of reports, research articles, case studies and practical tools	43
Internships	76
Seminars, webinars, conferences (with professors, industry experts, entrepreneurs)	153
Strategic networking activities	37
Satisfaction with the programme (satisfied or totally satisfied)	Yes, 100%
Participant willingness to recommend the programme (strongly or very strongly)	Yes, 100%

Lessons for other incubators: This incubator goes beyond supporting business creation and helps tenant entrepreneurs build relationships with Quebecois entrepreneurs. This helps expand professional networks, and also develops personal relationships that can help immigrants learn about their new society and build personal relationships.

For more information, please see: <https://entreprism.hec.ca/>

■ CONCLUSIONS

The business incubator and accelerator models deliver intensive support to entrepreneurs and new business start-ups to increase the chances of business survival, improve access to finance and support business development and growth. Evaluation evidence suggests that business incubators and accelerators can have a positive impact on the economic performance of firms. The success of business incubators and accelerators is often attributed to the packaging of different types of support together and offering them in a flexible manner. However, it must be recognised that there are selection biases which may lead to an overestimation of the impact of incubators (i.e. programme managers select only firms with potential for development and growth) (Hausberg and Korreck, 2018).

The relatively small body of evaluation evidence on business incubator and accelerator programmes that support entrepreneurs from under-represented and disadvantaged groups suggests that similar improvements in the economic performance of these firms can be achieved under certain conditions. First, programme managers need to ensure that tenants' businesses are based on quality business ideas. This calls for strong pre-incubation programmes to help identify and develop those businesses ideas with chances for turning into sustainable businesses.

Second, incubator and accelerator programmes should aim to "graduate" tenant businesses out into the market. This requires strong efforts to help entrepreneurs build networks and communities, which is often the greatest benefit of incubator and accelerator programmes. Evaluation evidence frequently points to knowledge spillovers and informal learning as the most valuable elements of incubator and accelerator programmes. The key for effectively building networks and communities is to ensure that incubator and accelerator programmes build partnerships with a wide variety of actors, including business support organisations, investors and government. It is important to ensure that programme activities (e.g. seminars, networking events) facilitate interactions with a broad range of actors to help them build diverse networks that can be used to identify opportunities,

partners and customers. These partners can also have an important role in delivering training and acting as coaches and mentors.

Third, the support services offered need to be of high quality and well-aligned with the needs of the entrepreneurs. It is therefore important that programmes are designed and delivered in collaboration with organisations and business advisers that have experience working with people from the target groups. In addition to being effective, business incubators and accelerators can also be a cost-effective method of delivering bundles of support as they blend individual supports with generalised programmes. Moreover, there are opportunities to offset some of the programme costs by collecting rent and/or fees for shared equipment and services (e.g. accounting) from tenant entrepreneurs.

Policy makers have several options when financing or designing incubator and accelerator programmes. A common approach is to use dedicated business incubators and business accelerators that concentrate on supporting entrepreneurs from a specific target group, which can help create a sense of community of previously disconnected aspiring entrepreneurs. However, this approach risks reinforcing the exclusion from the mainstream business community. Allocating space in mainstream incubators is another approach used, particularly in the United States. Setting aside a substantial proportion of places (e.g. 20%) for a target group can still make the programme more attractive to potential entrepreneurs than generic mainstream programmes due to the critical mass of entrepreneurs with similar backgrounds. It also has the benefit of mixing entrepreneurs from the target group with entrepreneurs from the mainstream to strengthen their linkages outside of their community.

Finally, more efforts are needed to strengthen the evidence base on the impact and effectiveness of business incubators and accelerators that support entrepreneurs from under-represented and disadvantaged groups. This calls for stronger monitoring and evaluation activities, particularly more robust evaluations that assess progress against programme targets and objectives.

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This policy brief explores the benefits of incubators and accelerators, how they support inclusive entrepreneurship, what makes them successful and how the EU can learn from the experiences of other countries. While there are relatively few examples of business incubators and accelerators that are fully dedicated to supporting entrepreneurs from under-represented and disadvantaged groups, there is a small body of evidence that shows positive results (survival rates, jobs, revenue, etc.). Policy makers can support incubators and accelerators by providing funding, launching their own dedicated programmes and improving access to existing programmes.

This policy brief is part of a series of documents produced by the OECD and the European Commission on inclusive entrepreneurship. The series includes policy briefs on youth entrepreneurship, senior entrepreneurship, social entrepreneurship, the evaluation of inclusive entrepreneurship programmes, access to business start-up finance for inclusive entrepreneurship and entrepreneurship by the disabled, as well as a report on 'The Missing Entrepreneurs'. All these documents are available in English, French and German at <http://www.oecd.org/cfe/leed/inclusive-entrepreneurship.htm>

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