Suite 2

Business Incubator Operations

07 Monitoring, Evaluation and Benchmarking

Trainee Manual Part 1

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Introduction to the Training Program

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INTRODUCTION TO THE TRAINING PROGRAM

This is the trainee manual for Module 7 Part 1 – out of 11 modules in total - of *info*Dev's State-of-the-Art Business Incubation Training Program for Business Incubator Managers in Developing Countries.

*info*Dev (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. *info*Dev is a leader in business incubation of technology-enabled enterprises. *info*Dev'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]

*info*Dev has found that high quality leadership is a key factor determining the probability of success for an incubator. *info*Dev 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 *info*Dev'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: *info*Dev 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 divided in 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.

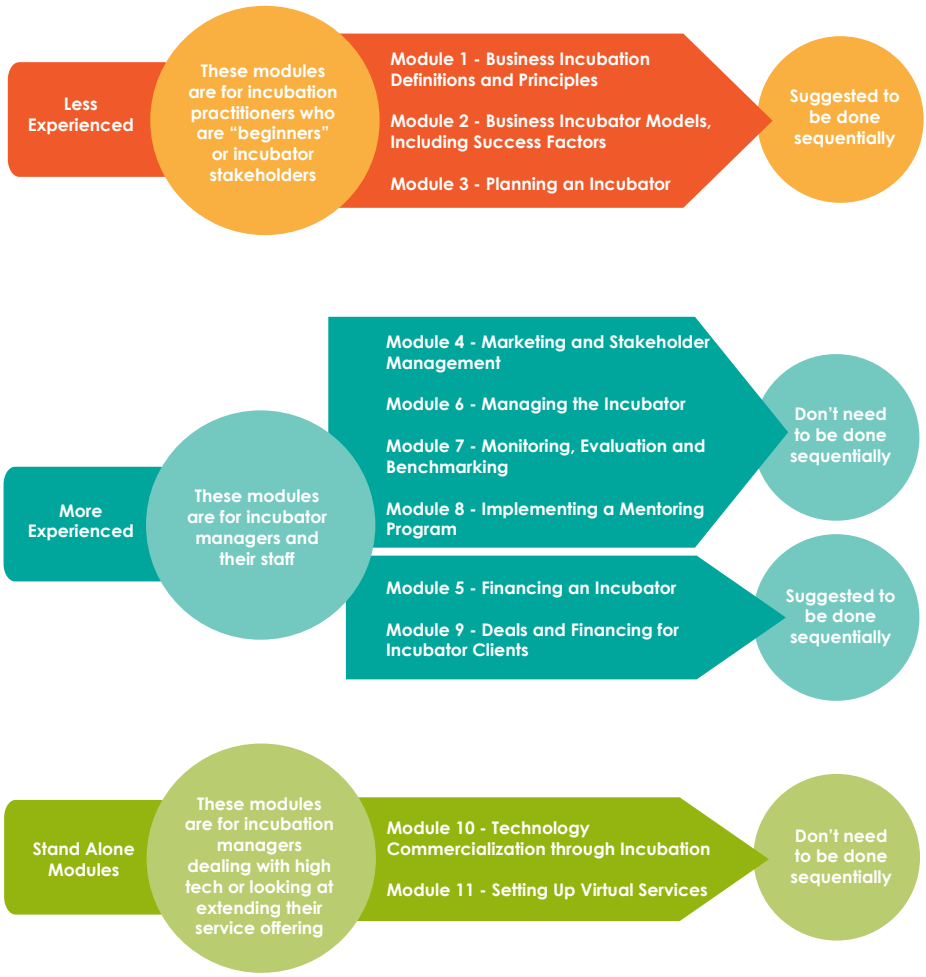

Figure 1 – Module Selection and Sequence

Acknowledgements

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Module Objectives

Like any other business-like organization, in order to measure its operations and development, an incubator should carry out monitoring, evaluation and benchmarking activities, be it via a formal and sophisticated process or in an informal and basic way. During the process of establishment, an organization is advised to develop a business plan to clearly define its overall goals and the actions to be implemented towards these goals.[2] As briefly discussed in Module 6 "Managing an Incubator" from the current Training Program, measuring the results of its operations enables the organization to assess the impact of the actions undertaken. Incubation managers and practitioners need to be able to assess the performance of their services and activities in relation to the territory in which they operate and their overall objectives, in particular satisfying their client businesses in supporting them to grow. Customer satisfaction surveys and other performance evaluation reports aim to help incubators identify the strengths and weaknesses of the systems they implement in order to consider alternative actions to employ when delivering business support to SME clients.

This Module aims to help the incubator manager (1) understand the added value of monitoring and evaluating the performances of their incubator, (2) define relevant and adequate performance indicators, (3) explore how to monitor and evaluate, notably by studying existing tools and methodologies as well as (4) understand how to use the data collected through monitoring and evaluation (M&E) activities to compare one business incubator's performances with the results of similar organizations. Hence the module aims to provide trainees with the required information, skills and insights to develop their own M&E system and to carry out benchmarking activities.

Meeting such objectives will enable incubator managers to introduce or review their monitoring, evaluation and benchmarking policies with the aim of introducing better practices and thus contributing to the continuous improvement of the services offered to their client businesses and overall, the incubator's performance.

[2] Note: Module 3 of the current Training Program, titled "Planning an Incubator", studies the ins and outs of incubator business plans.

TRAINEE TRAINING OBJECTIVES

The key objective of this module is to enable business incubator managers to develop and implement an M&E system for their own incubator. At the end of this module, trainees should be able to understand:

- Why to monitor and evaluate their incubators;
- Which elements to monitor (i.e. which data to collect and analyze);
- Which elements to evaluate (i.e. define relevant indicators);
- How to collect data (i.e. which methodology and tools to use); and
- How to benchmark performances, notably comparing performances on a one-to-one incubator basis to leverage better incubation practices.

Introduction to this Module

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Monitoring, Evaluation and Benchmarking are sometimes seen as 'a burden' or 'marginal' processes, but they are in fact central to maximizing the performance of an incubator. Moreover, the majority of incubators carry out such activities as part of their daily operations but do not often identify these as M&E tasks as such.

An incubator will often act as a catalyst for the introduction and production of high quality products, processes and services in a community. Therefore, it is important to assess just how significant its role is in the wider business world and how the incubator meets the needs, expectations and satisfaction of its stakeholders and clients. M&E is particularly important if considered in terms of the significant role that it can play in fundraising and marketing activities. The incubator's clients (e.g. incubatees) and stakeholders (e.g. shareholders) influence the incubator's operations and activities and hence need evidence to understand whether their expectations are realistic or not, whether these expectations have been met, or are in the process of being met and whether the resources allocated to the incubator have been allocated appropriately. Furthermore, M&E activities will provide a more "scientific" framework to analyze the performance of the incubator and the level of satisfaction from its stakeholders, providing additional impetus for comparing one organization with another one towards the continuous improvement of the incubator's services and performances.

M&E policies are required to accurately measure to what extent an incubator is reaching its objectives, notably contributing to the overall enhancement of the innovation and entrepreneurship ecosystem, (e.g. in terms of sustainability and quality of jobs created, improvement in turnover and growth rate of businesses and survival rate of businesses). As well as measuring results, M&E should assess whether the process, the methodologies and the tools being used to support start-up and developing businesses are the most appropriate to achieve the incubators objectives. The logic behind M&E can be seen as a virtuous circle in which measuring the outcomes (e.g. business survival and growth) enables the incubator to improve its inputs (e.g. better quality services) as illustrated in Figure 2.

Figure 2 - Monitoring and Evaluation: Measuring Outcomes to Improve Inputs[3]

Assessing the incubator's performance is fundamental in order to understand what works, what doesn't and why (i.e. what is the key to businesses' growth and the creation of quality jobs?). By identifying better practices, through individual performance assessment activities or by comparing one organizations' performance with another, and applying these in a systematic way, the incubator team is enabled to select the right (and better) clients that will increase the revenues to be re-invested in the incubator, which in turn continuously offers better and higher quality services to meet its clients' expectations and needs. Moreover, by gathering data illustrating the importance of the incubator's actions in its operating area, the incubator secures the continuous support of its stakeholders who see their expectations met and achieve return on investment.

Benchmarking the data gathered aims to measure the incubator's performance and processes in comparison with standards and/or similar organizations, thus identifying business incubation better practices to be transferred from one incubator to another one.

The first part of the training content will provide a detailed conceptual framework for business incubator M&E and describe the key steps involved in setting up and implementing an M&E system. The second part of the training content will explore how to successfully implement an M&E system in order to benchmark an incubator's performances, notably against those of a similar organization, leading to the continuous improvement of the incubation process through the implementation of better practices.

[3] Source: Webb, Julian (2009) - Webb Monitoring and Evaluation Methodology, Presentation, Santiago, Chile, November2009

Component 1
(Part 1 Training):

Why Monitoring & Evaluation (M&E)?

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COMPONENT INDEX

COMPONENT OBJECTIVES

This component is dedicated to exploring, with trainees, the fundamentals of M&E for business incubators. At the end of this component, trainees should be able to:

- Communicate effectively with other participants and with the trainer about the importance of business incubation M&E; and
- Communicate effectively with stakeholders upon return to the incubator, about the added value of monitoring and evaluating their own incubator's performances.

Section 1.1: Definitions of M&E

The definitions of monitoring and evaluation are intertwined. It is not possible to complete an evaluation before first completing monitoring activities.

Monitoring can be defined as *"a continuing function that uses systematic collection of data on specified indicators to provide the business incubator's management with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds"*.[6] Monitoring implies the regular observation and recording of activities taking place in an incubator as well as of the results obtained. It is constituted of an intermittent series of observations in time, useful for understanding the extent to which an objective is met and/or the extent of compliance with a standard or degree of deviation from an expected norm. To be useful to all extents the observation must be systematic and undertaken through a well-defined process.

Evaluation is *"the process of determining the worth or significance of a program to determine the relevance of objectives, the efficacy of design and implementation, the efficiency of resource use, and the sustainability of results."*[7] Evaluation enables the incubator manager and stakeholders to draw qualitative conclusions based on quantitative analysis and monitoring actions.

[6] Source : Mr Steve Giddings in his discussion points for the 2nd Global Forum on Incubation in Hyderabad, India 6 – 10 November 2006

[7] Idem

Section 1.2: Businesses' M&E

Business incubators are business-like organizations that need to be managed with an entrepreneurial mindset. Hence, when exploring M&E activities, studying how businesses carry out M&E activities might be an excellent resource and inspiration for business incubators. Two examples are of particular interest and relevance to examine as they might be used by business incubators to carry out their M&E activities.

Section 1.2.1: Balanced Scorecard (BSC)

These are used to monitor and summarize the internal and external situation of an organization in the most relevant areas, based on specific indicators.

A balanced scorecard is defined as *"a strategic performance management tool - a semi-standard structured report supported by proven design methods and automation tools that can be used by managers to keep track of the execution of activities by staff within their control and monitor the consequences arising from these actions"*. It is perhaps the best known of several such frameworks and was widely adopted in English speaking western countries and Scandinavia in the early 1990s. Since 2000, the use of the Balanced Scorecard, its derivatives (e.g. performance prism) and other similar tools (e.g. Results Based Management) have become common in the Middle East, Asia and also in Spanish-speaking countries.

The core characteristic of the Balanced Scorecard and its derivatives are the presentation of a mixture of financial and non-financial measures each compared to a 'target' value within a single concise report. The report is not meant to be a replacement for traditional financial or operational reports but a succinct summary that captures the information most relevant to those reading it. It is the methods by which this 'most relevant' information is determined (i.e. the design processes used to select the content) that most differentiates the various versions of the tool in circulation.

The design of a Balanced Scorecard ultimately is about the identification of a small number of financial and non-financial measures and attaching targets to them, so that when they are reviewed it is possible to determine whether current performance 'meets expectations'. The idea behind this is that by alerting managers to areas where performance deviates from expectations, they can be encouraged to focus their attention on these areas and hopefully as a result, trigger improved performance within the part of the organization they lead. The original thinking behind the Balanced Scorecard was for it to be focused on information relating to the implementation of a strategy, and perhaps unsurprisingly over time there has been a blurring of the boundaries between conventional strategic planning and control activities and those required to design a Balanced Scorecard. This is illustrated well by the four steps required to design a Balanced Scorecard included in Kaplan & Norton's writing on the subject in the late 1990s, where they assert four steps as being part of the Balanced Scorecard design process:

1) Translating the vision into operational goals,
2) Communicating the vision and linking it to individual performance,
3) Business planning; index setting, and
4) Feedback and learning, and adjusting the strategy accordingly.

These steps go way beyond the simple task of identifying a small number of financial and non-financial measures, but illustrate the requirement for whatever design process is used to fit within broader thinking about how the resulting Balanced Scorecard will integrate with the wider business management process. Although it helps focus managers' attention on strategic issues and the management of the implementation of strategy, it is important to remember that the balanced scorecard itself has no role in the formation of strategy. In fact, balanced scorecards can comfortably co-exist with strategic planning systems and other tools.

The Balanced Scorecard is ultimately about choosing measures and targets. The various design methods proposed are intended to help in the identification of these measures and targets, usually by a process of abstraction that narrows the search space for a measure (e.g. find a measure to inform about a particular 'objective' within the Customer perspective, rather than simply finding a measure for 'Customer').

It is important to recognize that the balanced scorecard by definition is not a complex thing - typically no more than about 20 measures spread across a mix of financial and non-financial topics, and easily reported manually (on paper, or using simple Office software). The processes of collecting, reporting, and distributing Balanced Scorecard information can be labor intensive and prone to procedural problems (for example, getting all relevant people to return the information required by the required date). The simplest mechanism to use is to delegate these activities to an individual, and many Balanced Scorecards are reported via ad-hoc methods based around email, phone calls and office software.[8]

A balance scorecard is hence a tool that can be used by business incubators to monitor and benchmark its performances. In Benchmarking of Business Incubators in Slovenia, the author recommends *"to follow some concepts of the balanced scorecard approach (…) [in order to] evaluate the activities of the business incubators"*.[9]

[8] Source : http://en.wikipedia.org/wiki/Balanced_scorecard

[9] Source : Drnovsek, M. - Benchmarking of Business Incubators in Slovenia - http://www.erenet.org/papers/download/a10.pdf

Section 1.2.2: Management Information Systems (MIS)

MIS are typically used by businesses to manage their M&E data efficiently and effectively. An MIS can be defined as *"a subset of the overall internal controls of a business covering the application of people, documents, technologies and procedures, by management accountants to solve business problems such as costing a product, service or a business-wide strategy. Management Information Systems are distinct from regular information systems in that they are used to analyze other information systems applied in operational activities in the organization. (…) An 'MIS' is a planned system of the collecting, processing, storing and disseminating data in the form of information needed to carry out the functions of management. In a way it is a documented report of the activities that were planned and executed".*[10]

As mentioned in Module 1 of the current Training Program, entitled "Business Incubation, Definitions and Principles", M&E activities should be carried out by incubator's teams in order to make the incubation program evolve in response to the incubatees' needs. This can be enabled by the setting up of an MIS.

[10] Source : http://en.wikipedia.org/wiki/Management_information_system

Section 1.3: The Added Value of M&E for Business Incubators

- Why should incubators measure their performances?
- What elements of an incubator's operations and development are measured?
- Who needs to access this type of information?
- What added value does this bring to an incubator's daily operations?

It is crucial for incubators and the incubation industry to be able to report their effectiveness to:

- The incubator's staff, in order to motivate and retain a dedicated team;[11]
- Their current and potential clients, in order to attract a critical mass of client businesses[12]; and
- The community at large in order to manage the expectations of different stakeholders (e.g. policy makers, sponsors)[13] and to attract the best sponsors, securing their support for the incubation program.

Without relevant data collection and reporting on the success of the incubation program, little can be said or done to continue attracting the right clients or receiving stakeholders' support, most notably from government or donor agencies whose financial support is often essential to the sustainability of the incubator. This is discussed in Module 5 of the current Training Program on "Financing an Incubator" which details the arguments to be used to secure revenues and funds for a business incubator. By making incubator data and results available to stakeholders, the incubator can inform them and manage their expectations. Stakeholders who may have the power to decide whether or not to allocate resources to the incubator may take decisions based on expectations, which are not always the most realistic. The incubation process is often a slow process and not always compatible, for

[11] Note: The staff management team and notably their buy-in and motivation towards the incubator's operations, is explored in great detail in Module 6 "Managing the Incubator" of the current Training Program.

[12] Note: Attracting the critical mass of clients is explored in modules 3 "Planning an Incubator" and 4 "Marketing and Stakeholder Management".

[13] Note: Module 4 of the current Training Program "Marketing and Stakeholder Management" studies in detail the theme of management of stakeholders' expectations and emphasizes the importance of communicating success.

example, with the short-term objectives of policy makers who are sometimes looking to see positive impacts achieved quickly. Reports therefore should carefully manage stakeholder expectations, enabling stakeholders to better understand what can realistically and concretely be achieved in the short, medium and long-term. For instance, for some businesses with a high growth potential, such as in the biotech sector, their development and outcomes may take many years before they make a real impact. Stakeholders often look for high numbers after the first operating year of the business but in reality, high growth businesses are likely to demonstrate their impact after 6 or more operating years. Hence, it is very important to define lead indicators, which should report not only the state of the art of the incubator's activities, but also the trends of the previous years (systematic monitoring) as well as the areas of excellence and of improvement (evaluation activities) that have been identified and include specific recommendations on how the incubator can boost its performances and what needs to be done by the overall community (stakeholders) in order to support the incubation activities. The data that is gathered and the analysis of data conducted can also potentially provide a dynamic means of promotion of the incubator itself. This is especially true for fundraising and advocacy matters. If the incubator's strong points become evident, the incubator can highlight these outstanding features when promoting its activities towards the stakeholders in order to access opportunities (i.e. clients, financial and political support, media coverage etc) within its local operating environment but also potentially at national and international levels.

Figure 3 – The Added Value of Monitoring and Evaluation[14]

[14] Source: Kassis, Laith (2007) - How to develop and implement simple and effective MEIA Frameworks, 5th MENAinc Workshop Bahrain 21-24 October, 2007: http://www.idisc.net/en/Document.196.pdf

Laith Kassis, Chief Executive Officer of the Palestine ICT Incubator[15], developed Figure 3 to summarize the components and added value of monitoring and evaluation for business incubators. The principal questions to be considered are summarized below.

- Why monitor and evaluate the incubator's performance?
  - o To determine to what extent the incubator's overall objectives are being achieved;
  - o To determine what works or not, and why;
  - o To gather periodic incubation program evaluation data;
  - o To continually improve the performance of the incubator;
  - o To continually encourage innovation within the incubator so that it is finely tailored and adapted to its local context;
  - o By demonstrating an ROI, to continually improve the support and funding received by the incubator's stakeholders; and
  - o To develop locally relevant and adequate benchmarks.

- Who can monitor and evaluate business incubator's performance?
  - o Business incubators themselves, as well as their stakeholders, for continuous improvement, and/or
  - o Governments, to ensure their funds are used effectively to achieve outcomes and potentially to improve how they support business incubation.

- How to measure incubator's performance?
  - o By gathering both quantitative and qualitative data: the aim is to balance the incubator's inputs and outputs, and
  - o By assessing the collected data: the aim is to reach qualitative judgments informed by relevant data in order to define what needs improving and how. This is best carried out by an independent consultant or an expert panel who can make recommendations to be shared with the incubator and incubator stakeholders.

While it is crucial to monitor and evaluate business incubator activities and performances, it is not common practice. To illustrate the value of tracking, we can look at an example of business survival rates from the U.S. According to the Small Business Administration in the United States, most small businesses don't make it to their fifth anniversary.[16] Nevertheless, according to the National Business

[15] Source: Palestine Information and Communications Technology Incubator (PICTI) - http://www.picti.ps

[16] Source: Erlewine, M. (2007) - Measuring Your Business Incubator's Economic Impact: A Toolkit, NBIA Publications

Incubation Association (NBIA), a survey conducted with their members indicated that 87% of the graduated businesses from incubators have stayed in business after the third year. Unfortunately, many of the incubators in the USA don't track the success (or lack of) of their clients and graduates. This is a simple illustration of a wasted opportunity for incubators to promote their value within their community. Indeed, many incubators have come to realize the value of a graduate 'alumni' club for instance, where permanent links are maintained between the incubator and their graduates and these linkages are fostered by offline (e.g. mentoring programs, conference speakers) and online forums (e.g. case studies, ask the expert forums). This phase can also include assistance in securing financing for growth, as well as gearing the management team for growth and mentoring. In very successful cases, previous clients can even go on to become 'angel' investors to new client companies. However, it is important to be aware that like any other form of marketing, graduate programs require resources and must be carefully managed. There is no doubt, however, that the benefits are significant, notably in terms of gathering data related to an incubator's and its clients' performances, which is discussed in more detail (notably through the study of post-graduation programs) in Module 6 "Managing an Incubator" from the current Training Program.

COMPONENT CONCLUSIONS

An incubator is a tool for local development, playing an important role in supporting new and developing businesses in its operating area. M&E activities aim to establish if the business incubator's inputs and processes are relevant, efficient, effective and useful to their local environment and their stakeholders, including the businesses they support. It is also essential to identify if the incubator's performances are sustainable.

At the end of this component the trainee should have understood the basics of M&E for business incubators and the rationale for introducing such systems. Trainees should be ready to explore what data should be measured.

Component 2 (Part 1 Training):

What to Measure?

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COMPONENT INDEX

COMPONENT OBJECTIVES

This component is dedicated to enabling the trainees to identify M&E indicators for business incubators. At the end of this component, trainees should be able to:

- Identify M&E indicators, and
- Decide which indicators to use to measure their own incubator's performances.

Section 2.1: A Typical Framework for M&E

The European Commission, Directorate General for Enterprise and Industry, commissioned the Centre for Strategy and Evaluation Services (CSES) to undertake a study on Benchmarking of Business Incubators that was published in February 2002.[17] When undertaking this study, the CSES used a common framework for incubation program monitoring and evaluation that is reproduced in Figure 4.

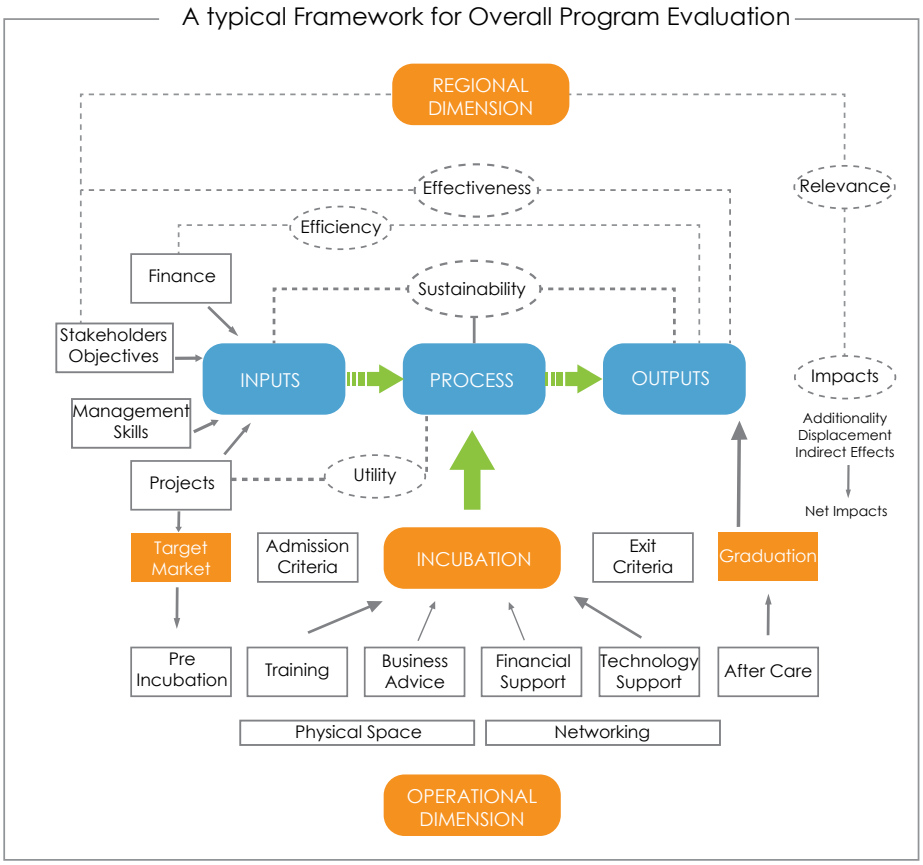

Figure 4 – A Typical Framework for Overall Program Evaluation[18]

[17] Source: European Commission, Enterprise Directorate General (2002) - Benchmarking of Business Incubators, Center for Strategy and Evaluation Services, Brussels

[18] Adapted from: Yengibaryan, Bagrat (2007) - Indicators for Managing and Developing Innovation Projects: http://www.idisc.net/en/Document.197.pdf

Figure 4 shows the way in which the business incubation program can be depicted in terms of a simple input-output model:

- **Inputs –** These mainly consist of the inputs made by stakeholders (e.g. providing finance), management resources, and business projects put forward by entrepreneurs.
- **Processes –** The various inputs are brought together in the business incubation process through the provision of incubation space and other business support services to the incubator's client businesses.
- **Outputs –** Successful businesses graduate creating jobs and wealth which impacts directly on local economies.

The whole program is evaluated by monitoring the inputs, processes and outputs in terms of their relevance, effectiveness, efficiency and sustainability towards the business incubator's operating environment, referred to as the "regional dimension" in Figure 4.

The program needs to be:

- **Relevant –** The incubator's activities and operations need to match the stakeholders' needs and expectations as well as the local and national socio-economic needs and policy priorities.
- **Effective –** The business incubation program needs to achieve its objectives defined in response to the stakeholders and clients' needs and expectations. The program needs to be proven useful, i.e. the services provided must meet the client businesses' needs.
- **Efficient –** The incubation program inputs (e.g. financial resources) must be adequately used in order to achieve its defined objectives.
- **Sustainable –** By delivering relevant, efficient and effective outputs, the incubator secures the constant support from its stakeholders, which is crucial for the incubator to be able to provide sustainable services to their clients.

The five criteria mentioned above are particularly appropriate to evaluate, on a periodic basis, quantitative and qualitative data from overall incubation programs typically funded and supported by donors such as governments, for instance. Hence, it is recommended to individual incubators to use these sound and logical criteria as a source of benchmarks. However, these criteria may remain too complicated for the routine M&E activities of most incubators. It is recommended therefore that incubators follow and adapt simpler models, and/or develop their own M&E system which can be integrated within daily incubator operations without involving undue extra work for the staff.

Being able to measure the performance of an incubator is vital to identify areas of improvement in terms of systems and processes of incubation as well as in terms of outcomes.

The main questions to consider are:

- Are the processes that the incubator is enacting the most efficient and those that will guarantee better results in terms of key performance indicators?
- What are the areas where the processes can be improved in order to guarantee the best use of the present resources resulting in maximum impact on the local environment?

Section 2.1.1: Measuring the Inputs and Processes

Monitoring the administration and running of the incubator is similar to any other business enterprise. Typical examples include financial reports such as cash flows and budgets. Regular, cyclical financial reporting and monitoring is vital if the Board and Manager are to regularly assess the incubator's performance relative to targets and key success factors. Accrual accounting systems should be used, as opposed to simpler cash-flow systems. Accrual accounting records cash-flows at the time economic value is created, transformed, exchanged, transferred or extinguished. This means that cash-flows which imply a change of ownership are entered when ownership passes, services are recorded when provided, output is entered at the time products are created and intermediate consumption is recorded when materials and supplies are being used. This is critical to properly represent the financial position of the incubator at any point in time. Regular Board meetings should receive financial reports showing planned, actual and variance of performance against budget accompanied by notes explaining the reasons for significant variations and strategies to rectify any shortfalls.

Note: The Board should receive reports on all key performance areas, not just the financial indicators which are mentioned as an illustration above.
Specific performance measures used to measure an incubator's processes include enquiry rates, number of new entrants to pre-incubation and incubation, occupancy rates, graduation rates and duration of tenancy, or take-up of the services offered.

Section 2.1.2: Measuring the Outcomes

It is important to monitor performance against the incubator's strategic objectives. The incubator aims to impact on the local environment in which it operates in terms of the creation of sustainable, quality jobs, growth of sustainable businesses and increase in the wealth of the local economy.

Section 2.2: Defining the Indicators

In order to measure efficiently and effectively the incubator's processes and performances, it is essential to define the relevant indicators that will be used as the basis for measurement.

What is an indicator? For the purpose of this training module, we will understand an indicator as a comparative measurement by means of which the variation of a variable is measured and may be compared to another indicator, a standard or a predefined objective.

What is a relevant indicator for an incubator?

A relevant indicator should meet the following requirements:

- The indicator must be related to the overall objectives of the business incubator in order to identify if the processes put in place to enable the incubator to reach these objectives have been met. The indicator must enable measurement of how well the quantitative and qualitative expectations from stakeholders and clients are met.
- The indicator must be related to the specificities of its operating area. Each incubator is different because it operates in a specific economic environment on which it must impact. Hence, a performance indicator may be relevant to one incubator and not for another one, e.g. a technology-based incubator will measure the number of technologies successfully commercialized over a one year period, whereas this indicator is clearly not relevant for an incubator based in a rural area and whose principal aim is related to the employment of young people.

Section 2.2.1: Lagging and Leading Indicators

Incubation is a slow process. The typical outcomes of an incubator (e.g. business survival and growth rates) measured through relevant performance indicators can take years to achieve and are therefore often referred to as lagging indicators, measuring the performances of the incubator over a long period of time.

It may be useful, in particular for new incubators, to use what we refer to as leading indicators, which measure the inputs and processes of the incubator and therefore the likelihood that the outcomes will be achieved in due course. In the first years of life of an incubator, leading indicators are extremely important since there will be few, if any, performance indicators to measure from the start. In the absence of normal incubator outcome indicators like new business success rates, leading indicators can provide important reassurances to stakeholders and investors that good processes are in place to guarantee the eventual outcomes. For example, if one of the objectives of the incubator is to create a certain number of start-ups in a given period of time, the achievement of this goal cannot be

measured until the given period of time has actually elapsed. In the meantime some leading indicators (e.g. the number of entrepreneurial projects selected after feasibility study, or the number of patents requested/granted) can help to understand if the defined number of start-ups is likely to be reached.

An incubator should aim to put in place a system which allows for the measurement of both processes and outcomes. To this end, *info*Dev commissioned a Monitoring, Evaluation and Impact Assessment Study in which *"the assessment team was asked to determine the broad relevance, effectiveness, efficiency and sustainability of infoDev's support for business incubators, as well as the performance lessons that can be learned about how business incubation fosters entrepreneurship and innovation".*[19] *"In an attempt to quantify impact, grantees were asked how many clients they had worked with since their founding. The total number is over 8,000. Similarly 19% of grantees indicate that their clients have created more than 1,000 jobs in their own businesses and 14% indicate that clients have created this same number of jobs beyond their businesses—a ripple effect. Around 16% of grantees indicate that clients have created 101 to 250 jobs. While these results cannot be directly attributed to the infoDev grant, there is evidence of some significant impact as a result of the work of these grantees and their clients, and a role played by infoDev in furthering their success."*[20]

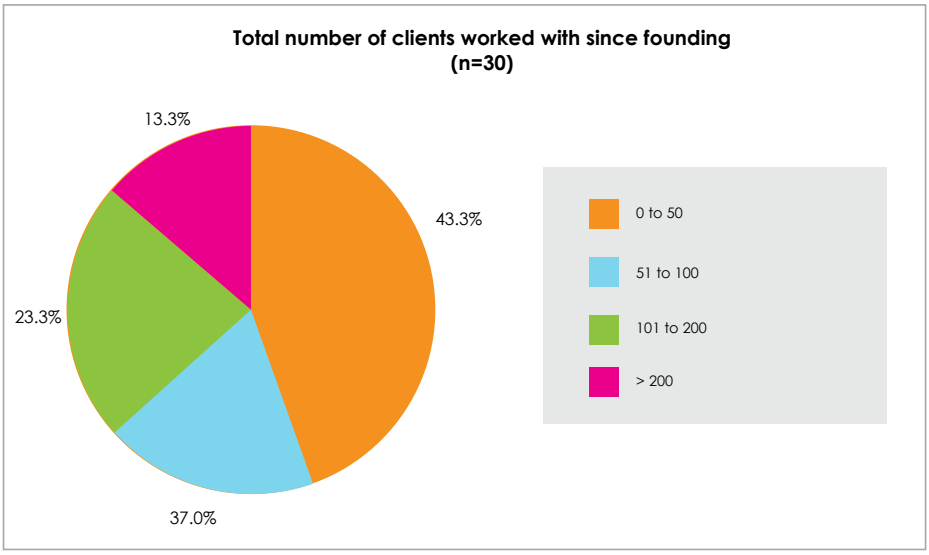

Figure 5 – Leading Indicator: Total Number of Clients Worked with Since the Incubator Received an *info*Dev Grant[21]

[19] Source: *info*Dev, Monitoring, Evaluation & Impact Assessment Study - http://www.idisc.net/en/Page.MEIA.Study.Overview.html

[20] Ibid

[21] Ibid

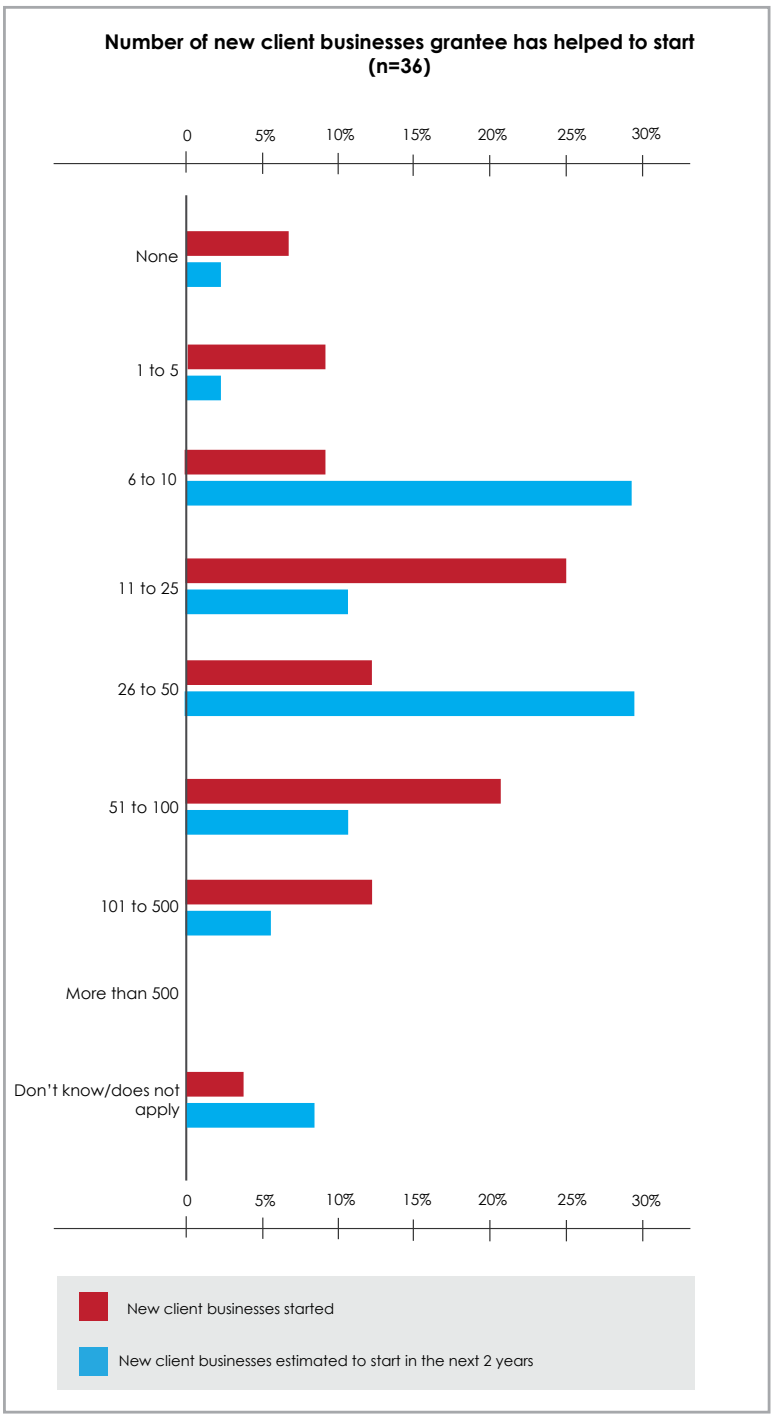

Figure 6 – Leading Indicator: Number of New Client Businesses *info*Dev Grantees have Helped to Start[22]

[22] Ibid

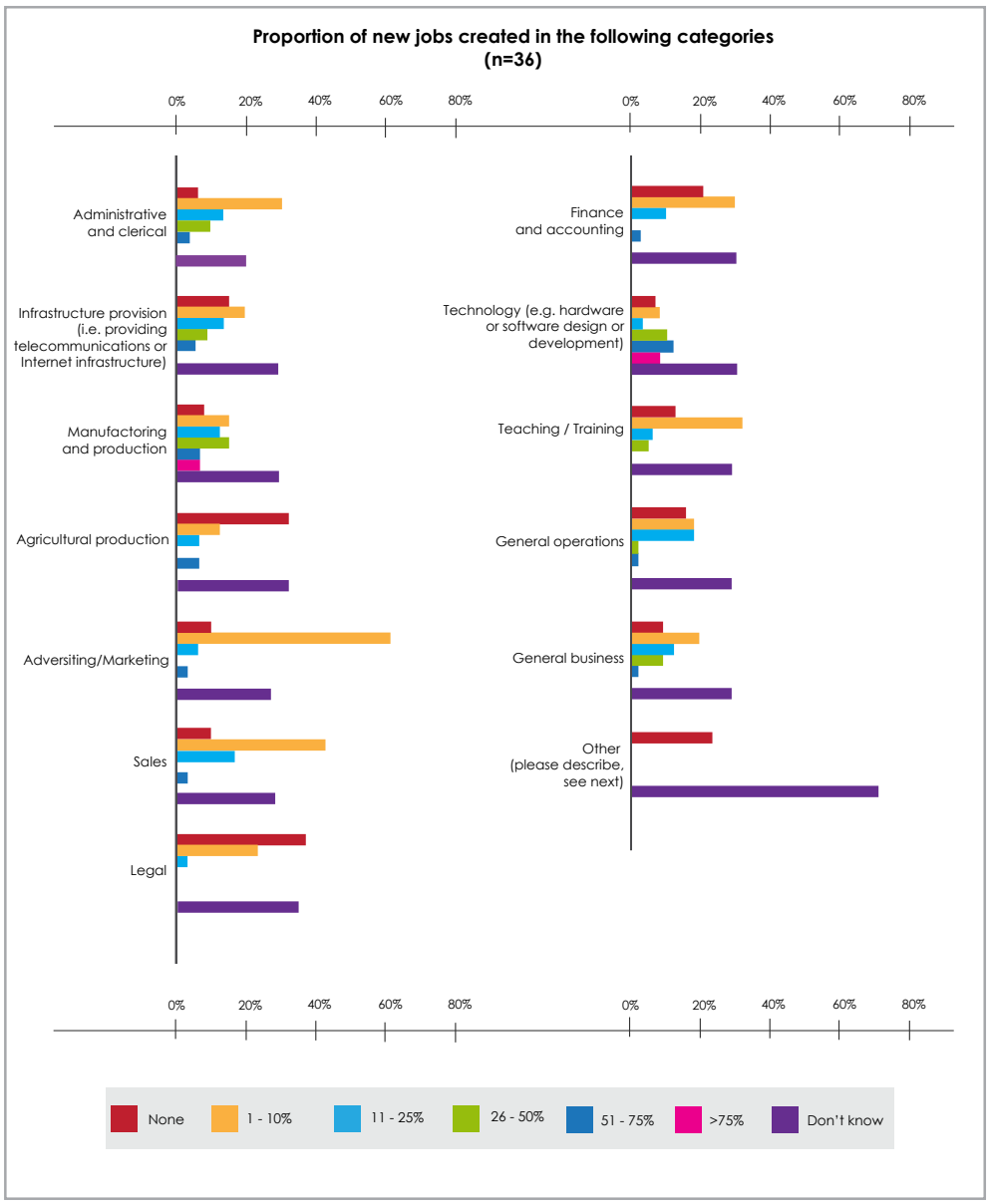

Figure 7 – Lagging Indicator: Proportion of New Jobs Created by *info*Dev Grantees' Clients[23]

Section 2.2.2: Process Indicators

Process indicators are indicators used to measure the success of the overall incubation process in bringing together the various inputs through the provision of business support services to its clients in order to achieve the desired outputs. Is the incubation process relevant, effective, efficient and sustainable in terms of enabling the inputs to generate the desired outcomes? For instance, if the

[23] Ibid

final goal of an incubator is to create a defined number of startups (performance indicator), it will be necessary to understand what was the overall efficiency, effectiveness, relevance and sustainability of the process which led to the creation of the aforementioned start-ups in terms of, for example, the effectiveness of training sessions leading to high quality candidates for the incubation program.

Process indicators measure to what extent the incubator's resources (e.g. financial support, stakeholders' support) have been optimized in order to implement the programmed activities and deliver the foreseen services. The data will be evaluated against the incubator's outcomes providing insights on how effective, efficient, relevant and sustainable these processes have been in achieving the forecasted objectives of the business incubator.

An example of the use of process indicators is to establish cost-benefit ratios. Since indicators per-se are liable to lose relevance if they are not related to the framework in which they have been set, cost-benefit ratios allow the evaluation of quantified indicators against the resources used to achieve the results (e.g. cost to taxpayer per job created). Cost-benefit ratios attempt to summarize the overall value for money of the incubator's services and activities. The European Business and Innovation Centre Network (EBN) assesses its members' cost-benefit ratios on a yearly basis, as reproduced on Table 1.

VALUE FOR MONEY	2005	2006	2007	2008
Cost per job created with support of a BIC (€)	5,218.00	7,692.00	8,789.00	10,839.59
Public financial contribution per job (€)	3,143.00	4,924.00	5,410.00	6,150.08
Average number of start-ups per 100k€ of BIC Income	1.70	1.84	2.15	2.02
Average number of jobs created per 100k€ of BIC Income	19.00	12.90	11.10	9.63
Average number of business plans created per 100k€ of BIC Income	8.50	9.86	5.80	3.70
Average number of companies assisted per 100k€ of BIC Income	7.00	9.35	8.00	10.28
Average number of start-ups per FTE member of BIC staff	2.00	1.71	2.12	1.17
Average number of jobs created per FTE member of BIC staff	2.00	12.00	11.00	8.16
Average number of business plans created per FTE member of BIC staff	10.00	9.17	5.75	3.14
Average number of companies assisted per FTE member of BIC staff	8.30	8.69	8.00	8.72

Table 1 - Cost-Benefit Ratios Used by Members of EBN[24]

[24] Source : European Business and Innovation Centre Network - BIC Observatory 2009 - The BIC Network in 2008: Facts and Figures - http://www.ebn.eu/Observatory/

Process indicators are extremely important to understand what works or not and why, which is the key to continuously improving the services (through the implementation of better practices) of the incubator.

Again the MEIA Study commissioned by *info*Dev reveals interesting results, reproduced on Figure 8.

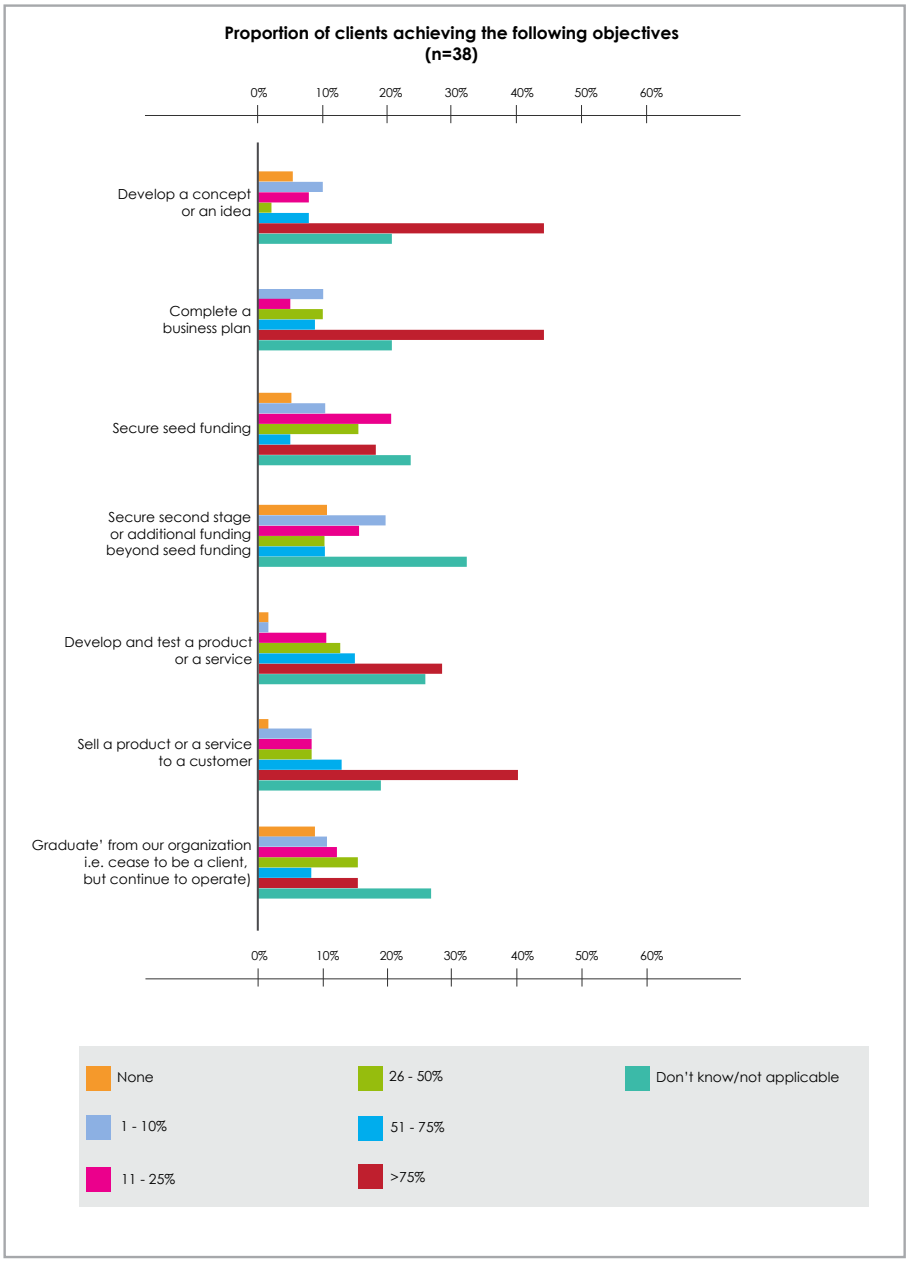

Figure 8 – Process Indicator: Proportion of *info*Dev Grantees' Clients Achieving Incubation Objectives[25]

[25] Ibid

Section 2.2.3: Key Performance Indicators (KPIs)

KPIs are quantifiable measurements, agreed beforehand, that reflect the critical success factors of an organization. They must be quantifiable and reflect the goals of the organization being aligned with the vision and mission of the incubator. KPIs therefore may change from incubator to incubator. This is addressed in Module 3 "Planning an Incubator" from the current Training Program.

When defining KPIs, the minimum elements to consider are the indicators' adequacy, their relevance related to the object and their comparability.

A model often used to define good indicators is SMART, which requires indicators being:

- **Specific:** Measures as closely as possible the result it is intended to measure.
- **Measurable:** Quantitative, it provides no ambiguity on what is being measured.
- **Ambitious AND Achievable:** It is technically possible to obtain data at a reasonable cost.
- **Relevant AND Result-oriented:** Maximum 6 to 10 indicators, reliable, there is a general agreement over interpretation of the results.
- **Time-bound:** Data can be collected frequently enough to inform progress and influence decisions.

When measuring the performance of an incubator, despite the disparity of incubators, some common quantitative as well as qualitative metrics arise. It is often that the indicators identified take into consideration outcomes such as the survival rate of the company (often the monitoring of this data is limited to the third year) or the number of jobs created (through lagging indicators). The "Smartness" of these common metrics is questionable. The performance of the incubator is perhaps best defined by monitoring the growth rate of incubated companies, which will tell more about the relevance, efficacy, efficiency and sustainability of the whole incubation process. Similarly, when exploring the impact on businesses, would not it be more relevant to assess the success of businesses in addition to the survival rate? A business may operate for a few years without succeeding but just surviving; in this case, can we consider that the incubation program performs well? As for the business' growth rate, measuring the number of jobs created is interesting data but not as powerful as gathering data related to the quality of jobs created. Salary levels can provide some indication when measuring the quality of jobs. Sometimes the sector of industry can also give valuable indications as to the quality of jobs (e.g. lower quality jobs in some service sectors vs. higher quality jobs in biotech spin-off companies). But jobs and quality of jobs should not be the only factor assessed. In today's techno-environment, wealth creation may be a better indicator of company success than jobs created. Many IT companies can generate high turnover with a much lower staff ratio than traditional industries. How can incubators help to support the growth of these companies? How can the M&E system identify the most effective processes which generated the 'Growth Gazelles' or high potential startups with the capability to

generate high numbers of high quality jobs, high wealth creation and/or high internationalization capacity? Of course the difficulty in gathering this data is the input required from client companies. Balancing the incubators desire for more detailed growth data from graduated companies with the limited time and resources available from these companies presents a challenge. Maintaining good relations with graduated companies in order to elicit such data is of utmost importance and worthy of investment, not only in terms of M&E but also in a wider context in terms of potential feedback from such companies into the incubators other processes such as mentoring and business support.

When defining SMART indicators, the aim is that the M&E system enables the business incubator to continually work towards the improvement of its operations, notably by learning from its customers. Hence, M&E activities should ideally become a standard part of the normal operating process of the business incubator. As addressed in Module 6 “Managing an Incubator”, monitoring the progress of incubatees during their participation in an incubation program can be done via the entry and graduation policies applied which set specific milestones of the clients’ progress. When an incubatee does or does not reach a milestone, it enables the incubator to monitor accurately the development stage reached by the incubatee.

Section 2.3: Deciding Which Indicators to Use

The process of selecting the best process and performance indicators relating to the overall incubator's activities is often not easy. It is important therefore to understand the overall workflow associated with the operational actions of an incubator. In particular, as illustrated in Figure 9, it is necessary to understand what actions the incubators employ to achieve the incubator's objectives.

Section 2.3.1: The Reference – The Incubator's Overall Goals

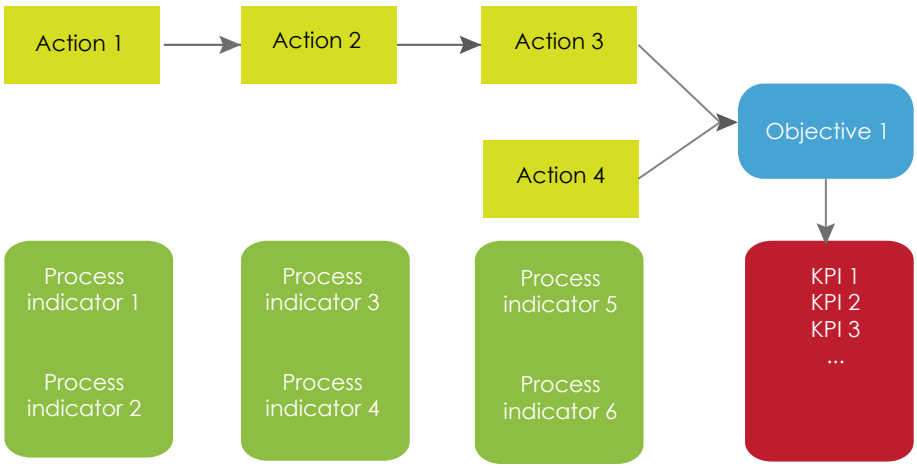

Figure 9 – Process and Performance Indicators Selection Process

Performance indicators, such as KPIs, are usually associated with the final objectives while process indicators are associated with the process (actions) activated to reach the final objective (e.g. the number of startups created is a typical performance indicator, while the number of entrepreneurial training events is a process indicator which will give an idea of the overall efficiency of entrepreneurial training activities in respect to the objective of creating new startups). Therefore a comprehensive knowledge of the objectives and of the workflow followed by the incubator in the delivery of the services is necessary to be able to define the correct process and performance indicators, and therefore to set up an appropriate monitoring and evaluation system. Noticeably different incubators may have different objectives and goals, according to their characteristics and the surrounding environments, and will therefore select different indicators.

When determining which key performance indicators to use, the incubator may also need to select indicators taking into account its strategic objectives (e.g. to support women entrepreneurs). This in turn will lead to a need to collect specific data (for example, how many women-led businesses have been created and/or supported over the year).

The incubator also has to balance the selection of process and outcomes indicators in order to measure the effectiveness, efficiency, relevance and sustainability of the processes towards the outputs of the whole business incubation program. The incubator needs to find the right balance between focusing too much on process, which inhibits innovation or focusing too little on process, which implies a risk of poor management and financial problems. Focusing on outcomes should stimulate successful innovation within the incubators themselves which should in turn be innovative role models for their clients.

Section 2.3.2: Elements to Watch Out For[26]

When defining relevant indicators for an incubator, it is recommended to focus on key indicators and not to include too many. It is better to identify those indicators, which could provide in the short term a reflection of key performances and activities undertaken by the incubator, than to build a heavy and complex system in the attempt to describe and analyze completely the performance of the incubator. There is a tendency for many incubators to use far too many indicators. Six to ten indicators have been suggested as optimal by experienced incubator practitioners. When determining the indicators to use, four elements need to be considered, as summarized in Table 2.

Four basic rules to choose your indicators – things to watch for:

1. A KPI needs to be "balanced" because it broadens the coverage of measurement rather than focusing purely on financial results. Balance inputs and outcomes, as well as quantitative AND qualitative indicators.
2. Poorly defined indicators are not good measures of success - make sure that the indicators selected are SMART!
3. As a general rule, do not exceed the number of indicators you will need to define. Better to use few (from 6 to 10) simple but commonly accepted indicators. There is a tendency to set too many indicators or those without accessible data sources, which are costly, impractical… and underutilized.
4. Choosing the relevant indicators often implies a trade-off between selecting the best indicators and accepting those which can be measured using existing data.

Table 2 – Four Elements to Watch for when Selecting Indicators

[26] Adapted from: Kassis, Laith (2007) - How to develop and implement simple and effective MEIA Frameworks, 5th MENAinc Workshop Bahrain 21-24 October, 2007: http://www.idisc.net/en/Document.196.pdf

Section 2.3.3: Learning From Others' Expertise

Despite the wide variation in incubator profiles, there have been attempts to identify common metrics based on the experiences of a large sample size of incubators. The NBIA Toolkit Suggested Metrics reproduced below in Table 3 is one such example. The NBIA developed a user-friendly tool to keep track of the basic indicators the association deems necessary for every incubator to monitor. It consists of a first PDF guide (measuring your business incubator's economic impact – a toolkit), an Excel file designed to support the organization of the data, and two different very simple and basic survey tools, one directed to the incubatees and the other to the graduate companies.

Note: Most incubators and incubation associations carrying out M&E activities seem to use very simple and cost efficient tools to do so such as Excel worksheets or Word documents.

The NBIA Toolkit suggested metrics:

1. Number of current clients
The number of companies your incubator currently serves.

2. Total number of graduates since program inception
Quantifying the number and performance of graduates is essential to demonstrating program success.

3. Number of graduate firms still in business or that have been merged or acquired
Graduate firms that remain in operation demonstrate your program's ability to produce successful companies that survive. Additionally, mergers and acquisitions are successful business outcomes; therefore, graduate firms that have executed these exit strategies should be tracked and included in your tallies of successful graduates.

4. Number of people currently employed full-time (at least 32 hours) by client and graduate firms
To make data collection easier, don't ask entrepreneurs for complicated information like average full-time employment, full-time equivalents, etc. If you collect current employment figures from both clients and graduates on a regular basis you will be able to show growth over time.

5. Number of people currently employed part-time (<32 hours) by client and graduate firms
Depending on the type of company, there may be significant part-time employment.

The NBIA Toolkit suggested metrics:

5. Number of people currently employed part-time (<32 hours) by client and graduate firms
Depending on the type of company, there may be significant part-time employment.

6. Current monthly salaries and wages paid by client and graduate firms
If you ask for current monthly salaries and wages (as opposed to annual numbers) you will be able to calculate current average wages using the current employment information you've collected. This information also will be easier to collect from your clients and graduates than annual figures.

7. Gross revenues for the most recent full year for client and graduate firms
For the company's last full year, what is the total (gross) revenue amount shown on its income statement?

8. Dollar amount of debt capital raised in most recent full year by client and graduate firms (bank loans, loans from family and friends, revolving loan funds, or other loan sources)
How much money was borrowed in the last full year?

9. Dollar (or equivalent) amount of equity capital raised in most recent full year by client and graduate firms (include investments from angel investors, venture capitalists, seed funds, or other equity capital sources)
Certain stakeholders are keenly interested in the level of investment your clients and graduates attract. Additionally, touting these investments can help you recruit clients.

10. Dollar (or equivalent) amount of grant funds raised in most recent full year by client and graduate firms (SBIR, state grants, etc.)
Again, many stakeholders are interested in the ability of your clients and graduates to attract grant funds. Touting their success in attracting grant funding also can help you recruit clients.

Table 3 – The NBIA Toolkit Suggested Metrics[27]

Note: Further information can be found at: http://www.nbia.org/impact/index.php

[27] Source: National Business Incubation Association – Suggested Metrics - http://www.nbia.org/impact/suggested_metrics.php

Similar to the NBIA model which is widely applied in the US, some other national and international business incubator associations have developed their own M&E systems based on their own experience. These M&E systems, which are becoming more and more widespread, have defined minimum sets of indicators which are considered to be the most useful for incubators in their operational environments.

The NBIA Toolkit[28] suggests that first and foremost, incubators should collect the basic KPI metrics on an annual basis for all clients and annually for graduates for at least five years after they leave the program.

The following additional KPIs that might be relevant to an incubation program, depending on its mission and location, can and should be collected where possible.

TYPE OF INCUBATOR	KPIs
For all Incubators	• Number of incubator graduates remaining in the incubator service area. • Number of firms that either failed in the incubator or that did not meet graduation criteria. • Square footage (or meters) of commercial space leased or owned by incubator graduates in the community.
For Incubators with a Specific Focus	• Number of women employed by clients and graduates. • Number of minorities employed by clients and graduates. • Number of low-income residents employed by clients and graduates. • Value of local goods and services purchased in the community by incubator clients and graduates.
For Technology or University-Affiliated Incubators	• Number of technologies commercialized into new products or services by client and graduate firms. • Number of student, faculty, and staff-initiated businesses. • Number of students employed by incubator clients and graduates. • Number of students securing internships at client and graduate firms. • Number of university graduates permanently employed in client and graduate firms. • Royalty and licensing revenues gained by sponsor from client and graduate firms. • Equity investment returns gained by sponsor from client and graduate firms.

Table 4 – KPIs per Type of Incubator

[28] Source : National Business Incubation Association (2007) - Measuring your business incubator's economic impact: A toolkit - http://www.nbia.org

EBN, the European Business and Innovation Centre Network, requires its members, the Business and Innovation Centers (BICs), to provide data to calculate, among others the indicators highlighted in Table 5.

Indicators: Examples of indicators calculated on a yearly basis through the EBN Quality System

Process indicators

- Number of events organized to promote entrepreneurship,
- Number of people reached through entrepreneurship events,
- Number of training events organized,
- Number of people attending the training events,
- Number of first contacts,
- Number of project selected after feasibility study,
- Number of enterprises hosted in incubator buildings, and
- Number of patents requested.

Performance indicators

- Number of Business Plans produced,
- Number of Start-ups,
- Number of Jobs created in start-ups / SMEs,
- Number of jobs created within tenants hosted in the incubators,
- Enterprise survival rate after three years from their creation,
- Number of Patents granted,
- Number of SMEs supported, and
- Number of spin-offs (academic/research/industrial).

Cost-benefit ratios

- Cost per Job created,
- Public financial contribution per job created,
- Average number of start-ups created per 100K of Incubator's costs,
- Average number of jobs created per 100K of incubator's costs,
- Average number of business plans created per 100K of Incubator's costs,
- Average number of start-ups per FTE (Full time equivalent) of the incubator,
- Average number of Jobs created per FTE (Full time equivalent) of the incubator, and
- Average number of Business Plans per FTE (Full time equivalent) employee of the incubator.

Table 5 – EBN Indicators[29]

[29] Source: European Business and Innovation Centre Network - BIC Observatory 2009 - The BIC Network in 2008: Facts and Figures - http://www.ebn.eu/Observatory/

The environmental context in which the incubator operates will affect also the metrics an incubator will choose to monitor and evaluate. For example different indicators will be chosen depending on the stakeholders involved. The incubator has different strategic objectives that respond to the different stakeholders' interests. Hence, each stakeholder, depending on his/her interests, will find some indicators more relevant than others. This is notably illustrated by the different arguments used to secure funding from different sources in Module 5 on "Financing an Incubator". Table 6 aims to illustrate some examples of the different types of stakeholders and the indicators that might be of more relevance to them. However stakeholders may be interested in indicators across different categories e.g. public authorities might want to know how many jobs are created but also the growth and survival rate of the companies.

Examples of indicators which are of more interest to Public Authorities (impact on local economy):

- Number of start-ups
- Number of jobs Created
- Number of jobs Maintained
- Cost per job created
- Number of jobs created per 100K of public investment
- Survival rate
- Average monthly salaries

Examples of indicators of more interest to investors (early-stage investors and/or venture capitalists):

- Average turnover of the companies
- Number of patents requested/granted
- Growth rates of the companies
- Investments attracted by the companies
- Survival rate

Examples of indicators of more interest to universities:

- Number of academic spin-offs
- Number of students trained
- Number of patents granted

Table 6 – Examples of Stakeholders and Their Most Relevant Indicators

The generic KPI example developed by BADIR-ICT Technology Incubator[30] is presented in Table 7. When identifying the key performance indicators, BADIR ICT Technology Incubator focused on a limited number of indicators (less than 10), with simple measures in 4 Key Performance Areas:

[30] Source : BADIR-ICT - http://www.badirict.com.sa/en/

1. Customers – Focus on customer satisfaction and client outcomes (noting that the incubator's stakeholders are customers as well);
2. Financial performance – Focus on the efficiency of the budget spent towards client outcomes;
3. Human resource management – Focus on staff satisfaction; and
4. Innovation – Focus on new programs.

For each of the key performance areas, one or several indicators have been defined along with the measurement and the frequency of the measurement. Individual key performance indicators for each staff member of the incubator should be negotiated with the staff member related to these organizational indicators.

FOCUS AREA	INDICATOR	MEASUREMENT	FREQUENCY
CUSTOMERS	Customer satisfaction – also calling for suggestions for improvement	Bi-variate client satisfaction survey with all resident and affiliate clients. A bi-variate survey measures the satisfaction for particular service elements as well as the relative importance of each client. The 1st survey sets the base line for subsequent improvement. Anonymity is important for honest feedback and will be achieved with a ballot box system if clients do not want to email completed forms back to BADIR. Another alternative is a web based survey conducted by a reputable and independent company.	Annual
		Workshop and event evaluation of satisfaction, content and presenters	Every workshop and event
	Business Performance	Outcomes survey • Turnover • Employment • Wages paid • Investment • Business survival • Business growth – by comparing one year's figures to another	Annually and for 5 years after graduation
	Client Performance	Formal client performance reviews, noting informal contact with clients on a daily and weekly basis is still crucial	Frequency set on entry, but typically quarterly More frequent for high tech.
	New clients, industry and type (service or technology)	Clients entering full incubation compared to the target for each of: • Resident (10 per annum), and • Affiliate (10 per annum) clients.	Monthly and quarterly reporting to supervisory committee
	Graduation	Clients graduating and period under incubation (average 3-4 years anticipated)	From client records with quarterly reporting to supervisory committee

FOCUS AREA	INDICATOR	MEASUREMENT	FREQUENCY
FINANCIAL	Efficiency	Budget vs. Actual and Variance	Monthly and quarterly reporting to supervisory committee
	Occupancy	Occupancy compared to budget for use of BADIR buildings and the number of affiliate clients compared to the target	Monthly and quarterly reporting to supervisory committee
HUMAN RESOURCES	Staff satisfaction	Bi-variate independent staff satisfaction survey – 1st survey sets the base line for improvement. Anonymity is crucial and it will need to be conducted by a reputable independent company, ideally with a web based survey instrument.	Annually
INNOVATION	New programs	Progress developing and implementing new programs	Annual review of business plan and specified new projects

Table 7 – BADIR ICT Technology Incubator KPI[31]

[31] Adapted from: Kassis, Laith (2007) - How to develop and implement simple and effective MEIA Frameworks, 5th MENAinc Workshop Bahrain 21-24 October, 2007: http://www.idisc.net/en/Document.196.pdf

COMPONENT CONCLUSIONS

It is essential to keep things simple for the data collector by defining a limited number of key performance indicators integrating with the incubator's other systems and taking into account existing staff skills (i.e. M&E systems should not imply undue additional work from the incubator's staff).

While it is crucial to define tailor-made indicators for the business incubator, some existing monitoring systems may be a good source of inspiration to decide which indicators to use on an individual basis.

At the end of this component, the trainee should be able to understand the different types of incubator indicators and decide which indicators to use for its own incubator. The trainee should then focus on how to measure the selected data.

Component 3 (Part 1 Training):

How to Measure?

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COMPONENT INDEX

COMPONENT OBJECTIVES

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

- Define their own M&E methodology, drawing inspiration from existing methodologies;
- Decide which M&E tools to use in order to implement the methodology; and
- Envisage how to report the M&E findings.

Section 3.1: The Golden Rules in the development of an M&E System

When exploring how to most easily measure an incubator's performance, the first question that often arises is: *"Is there a one size fits all approach to M&E?"* The simple answer is NO.

How to measure an incubator's performances depends on:

- The incubator's model,
- The specific objectives of the incubator,
- The state of the local business environment,
- The local culture,
- The requirements from stakeholders, and
- The resources available for this function.

The elements of an M&E methodology can be summarized as follows:[32]

- Articulation of overall objectives,
- Relevant and practical performance indicators,
- Collection of data – quantitative and collective,
- Regular assessment of performance, and
- Identification and implementation of performance improvement strategies and actions.

The incubator must make it easy for the whole team to integrate M&E activities with its other operating systems and without creating undue extra work. Measuring the incubator's performances must be kept simple by remaining within the competencies of the business incubator.

Table 8 summarizes the key elements of an effective, efficient, relevant and sustainable M&E system.

[32] Source: Webb, Julian (2009) - Webb Monitoring and Evaluation Methodology, Presentation, Santiago, Chile, November2009

Fundamentally, it is necessary for the M&E system to:

- Be embedded in the daily activities of the staff members who will have responsibility for data collection;
- Make sure that the clients and those who will provide the ultimate data understand the necessity of contributing towards the system, building trust if sensitive data is needed (ensuring confidentiality);
- Make sure not to overburden the data holders and data collectors asking for non relevant data and/or data that may already be in the incubator's possession, due to the daily activities carried out; and
- Make sure that the stakeholders acknowledge the system and the value of the set of indicators deriving from it.

Table 8 – Fundamental Elements of an M&E System

Section 3.1.1: Cultural Readiness

Collecting data is much easier in an incubator which is ready to do so. In some cultures where there is low trust and in which performance monitoring is not the norm, confidentiality issues will influence the type of data gathered and how the data is managed. Indeed, measuring data can only be done in an efficient manner if everyone who has a part in the process (mainly the data collector and the data owner) acts in a fully cooperative and transparent manner. In the case of an incubator, the client businesses as well as the various departments must contribute to accelerate the data flow. When these contributors do not know how the confidentiality of their data will be maintained, they are often reluctant to share data. For instance, if staff are not used to carrying out such activities or they do not understand why and what data has to be measured, they may either be reluctant to do so or not do it adequately. In such cultures, the key is to communicate both the aims and also the results of M&E to staff so that they can see the value of the system and understand that they have nothing to fear but a lot to gain in terms of continuous improvement. The incubator should also envisage training its employees in order to provide them with the right information, understanding and skills required for them to measure the incubator's performance in a consistent way. In such cultures it also helps if data collection is closely based on existing incubator activities in order to ensure the collection of the right data more easily as it will remain within the culture and competencies of the incubator and its team.

It is important, therefore, that the overall benefits of the system are fully explained to all stakeholders (companies/tenants/incubator staff etc) and measures are taken to provide reassurance in relation to data confidentiality, in order to help the different actors to "buy-in" to the process. The PICTI experience summarized in Table 9 is particularly relevant in illustrating the benefits of having the incubator's staff and stakeholders buy into the process of tracking impact and commit to participating in the M&E process as part of overall performance improvement.[33]

The Palestine Information and Communication Technology Incubator (PICTI) did not utilize a performance evaluation system. Every time its stakeholders questioned the effectiveness of the incubation program, the incubator management were unable to demonstrate clearly that they were fully on the right path or not as they only had access to basic financial reports, and so the stakeholders were dissatisfied with a lack of clarity.

However, the PICTI management knew that its monitoring and evaluation system should not be restricted only to a traditional financial evaluation and that a balanced set of performance measures needed to be introduced. Furthermore, the management knew that strategic and business performance related measures should be aligned with PICTI's vision, mission and strategic direction.

Accordingly, PICTI management embarked on a journey to establish a methodology to establish and update performance measures. This is a measurement process rather than a steering mechanism, aimed at setting objectives (planning), and monitoring whether these objectives are achieved by the organization (control). The PICTI methodology adopted included the following phases:

1. Phase 1: Initiate Performance Measurement Program – The Buy-in.
2. Phase 2: Identify Key Performance Indicators.
3. Phase 3: Identify Process Measures.
4. Phase 4: Design Performance Reports and Data Mart.
5. Phase 5: Expand and Extend Program.

[33] Adapted from: Kassis, Laith (2007) - How to develop and implement simple and effective MEIA Frameworks, 5th MENAinc Workshop Bahrain 21-24 October, 2007: http://www.idisc.net/en/Document.196.pdf

The PICTI Management has also considered the following strategic perspectives as important to its performance:

- **Financial Perspectives** aimed at improving management information.
- **Organizational Learning** was crucial to PICTI management and staff, whereby acquiring incubation know-how was essential for the success of the program. This is aimed at reinforcing core skills, staff satisfaction and organizational roles as a catalyst for synergy with customers.
- **Internal Processes Measures in parallel to KPI** for staff to understand and document internal processes and adopt and manage service level processes such as service level agreements, pre-incubation agreements, incubation agreements, business plans, etc. The aim was to improve the quality, time, productivity and costs of these processes.
- **Customer Perspective** in order to provide clients with value added services and keep customers satisfied in terms of progress on milestones. PICTI aims to be a customer-focused organization that has a single point of contact for each client in order to l provide or organize for customers the highest level of service possible. To this effect, what is to be done, by whom, when, at what cost, and how the ultimate measures of successful delivery are defined, understood, and employed is always discussed. The aim is to design and achieve clear products, services, prices and good relationships with satisfied customers.

One lesson learned at PICTI is that it is a challenge to manage the expectation of the incubator program sponsors and stakeholders. Each stakeholder comes with preconceived and in some cases biased ideas about what is incubation, how it works and what sort of impact and output the program should deliver.

Table 9 - The Process Buy-in – PICTI Example

Section 3.1.2: Confidentiality

Concerns about confidentiality on the part of graduate companies must also be addressed, in particular in cultures where data collection is not the norm. In such situations, pre-emptive action should be taken to provide reassurance about data confidentiality e.g. a common approach in data questionnaires is not to ask for exact employee numbers but to provide categories (0-5 employees, 6-20 etc). Allowing anonymous responses sometimes generates a more critical response, as does the use of telephone or face-to-face interviews to collect results instead of requiring formal written questionnaires.

Section 3.2: Collecting Data

Collecting data is a challenge, especially for graduate companies. Even for on-site companies in an incubator, collecting data can be difficult. Entrepreneurs are busy people who generally put at the bottom of their to-do list activities such as providing data to incubator staff and they may be reluctant to take the time if they do not have to fill in a questionnaire. When the entrepreneur is incubated on-site, the data collector may be able to remind the entrepreneur to provide the staff with the requested data. Once the entrepreneur has left the incubator, keeping in touch with them is not always easy. For many incubators, it is not common practice to monitor businesses when they have left the incubator and if it is done, it is usually limited to the 3 years after the incubation period and the data collected is often sparse. Only in a few countries such as New Zealand are graduates tracked for 5 years.

However, the main benefits of incubation can be best demonstrated in the long term. Companies can take time to grow and achieve their full potential and therefore full impact on employment and wealth creation are long term results that require monitoring over many years. Hence, the data gathered from graduated businesses which have left the incubator is critically important, especially if the data gathered refers to 5 years or more after the graduation of the company. Ensuring a good response rate from entrepreneurs is of particular importance, especially graduate businesses. Even though it is not currently common practice, building a relationship with graduates is particularly beneficial to the incubator not only as the incubator will be able to access the most up-to-date and relevant data but as the incubator may also use these businesses as a source of mentors for the incubatees, for instance.

Section 3.2.1: The Use of Already Existing Data

Data collection is one of the most essential but time consuming elements of the M&E system and therefore it should be made as straightforward as possible for the staff carrying out this task.

By collecting data which already exists related to the daily activities of the incubator and its incubatees (e.g. financial, tenancy related and administrative information) and levering the existing incubation processes used (e.g. meeting with entrepreneurs to elicit customer feedback), the monitoring activities become part of the daily management of the incubator and not overly burdensome.

Section 3.2.2: Methodologies of Data Collection

Regarding methodologies to collect external data, the incubator staff has a choice between several different options. With all scenarios though, it is recommended to automate data collection where and when possible.

This may be done via meetings (formal face-to-face or informal via telephone or internet applications) or surveys consisting generally of a self-assessment questionnaire (which can also be put online to enable automatic data collection). Meetings may require some time from the incubator staff to explain to the entrepreneur what and why data are measured, as well as how confidentiality will be maintained.

But this is probably the best way to ensure the relevance and accuracy of the data, especially if it refers to a recent startup.

Self-assessment questionnaires are less time-consuming for incubator staff, but generate a higher risk of receiving non-relevant and non-accurate information, and therefore more time may be required to follow up with the entrepreneurs to validate the initial data. It is advisable therefore to start data collection from first time respondents through interviews and pass gradually to the use of questionnaires once the incubatees and the entrepreneurs have understood what is expected from them.

COMPARING TWO METHODOLOGIES OF DATA COLLECTION	
MEETINGS	**SELF-ASSESSMENT QUESTIONNAIRES**
More accurate information	Risk of insufficient or inadequate information
More time-consuming for incubator staff	Less time-consuming at first but there is a risk of using up more time and effort in trying to collect missing/insufficient information
Recommended for recent startups from whom information is being collected for the first time – enables interviewer to address confidentiality issues more adequately	Recommended once the entrepreneur is acquainted with the typology of data requested and a relationship of trust is established

Table 10 - Comparing Two Methodologies of Data Collection

Section 3.2.3: The Importance of Collecting Consistent, Accurate and Relevant Data

To gather consistent, accurate and relevant data is not an automatic process. There are several issues to be taken into consideration when setting up the M&S system, such as:

- The questions that are posed may be subject to a certain degree of interpretation, which could undermine the accuracy of the data collected. It is therefore fundamental that those who collect and those who provide data share the same understanding and interpretation of what is required.
- Using the same system regularly will increase its accuracy over time, as both incubator staff and companies get more and more accustomed to the process and to the content. The longer the system runs, the more accurate the data collection process will be, the more consistent the analysis will become, and the more realistic the evaluation will be.
- The incubator manager should, where possible, ensure that several staff members are involved in the monitoring and evaluation process, so that the knowledge and experience of the system is shared between colleagues. This will enable "buy-in" from the staff that will have the opportunity to exchange on the system features and will limit the risk of the system experiencing delays or problems should key staff not be able to assess the data for one reason or another or should key members of the quality team leave the incubator.

5 basic rules to gather accurate, consistent and relevant data:

- Whatever the methodology used (questionnaire or meeting) simplify the questions as much as possible. Go directly to the point to avoid misinterpretations!
- Be ready and flexible to revise the system. If you have the same problems with the majority of the entrepreneurs and staff in the incubator, the problem is most likely in the system.
- Provide guidance. Training for staff, desk support and an easy-to-use user manual for the M&E system could be provided.
- Make sure the entrepreneurs and the staff see the benefits of collecting correct data!
- Do not despair… the quality of the information will improve over time!

Table 11 – 5 Basic Rules to Gather Accurate, Consistent and Relevant Data

Section 3.2.4: The Frequency of Data Collection

Part of the M&E methodology is deciding on the frequency of assessment of the incubator's performance. In order to ensure adequate and relevant assessment of performance, this must be carried out on a regular basis. It is usually done on a yearly basis in order to give an updated picture of the performance of the incubator. Company performance data needs to be assessed on an annual basis at least. As far as incubator processes are concerned, most incubators circulate customer satisfaction surveys among their clients, usually on an annual basis.

Section 3.2.5: Simplicity = Efficiency; the Example of Customer Satisfaction Surveys

A business incubator is a business like any other, meaning that it needs satisfied customers to carry on operating. A satisfied customer is a sign of the positive performance of the business incubator, as is highlighted in Module 6 "Managing an Incubator" of the current Training Program. The SME Toolkit Kenya[34] provides guidelines and templates for customer satisfaction surveys that may be very helpful for business incubators when designing a customer satisfaction questionnaire.

[34] Source: International Finance Corporation (IFC), SME Toolkit, Kenya – http://kenya.smetoolkit.org/kenya/en

Customer Satisfaction Survey Instructions

Customer satisfaction is the key to success. You want customers to be happy with the products and services you provide. If they feel they have received good value for their money, your business will prosper. Getting your customers to tell you what's good about your business, and where you need improvement, helps you to be sure that your business measures up to their expectations.

A customer satisfaction survey is one way to gather this vital information. There are any numbers of ways to get copies to your customers. Copies can be included with orders, mailed directly at regular intervals, sent and received by fax, whatever is convenient for your particular business. Many won't be returned, but those that are will make it worth your while.

The customer satisfaction survey below is designed to get your customers to tell you what they really think. No ranking of quality on a scale of one to five, no lengthy questions, just a list of key business activities and space to respond. Limiting the choices to "outstanding" and "needs improvement" sends a clear message that you expect the products and service you supply to be the best available, period. Keeping the survey to a single page makes it more likely that customers will take the time to respond. It also facilitates faxing. Be sure to include instructions on how to return the completed surveys. Give your fax number; include stamped, addressed envelopes, or whatever it takes to make it more likely that you'll get them back.

Don't forget to follow up on the comments you receive. If you have to change a procedure, tell an employee how you want things done, pick a new delivery service, do it. And advertise the fact that you did. Send thank you notes to the customers whose comments caused you to make a change. Let them know that you can do an even better job because they took the time to help you improve.

Sample Customer Satisfaction Survey [print on company letterhead]

We are constantly looking for ways to improve the quality of our products and services. To do that, we need to know what you think. We'd really appreciate it if you would take just a few minutes to respond to the handful of questions below. As a valued customer, how you rate our work is the most important information we can get. Please help us do the job you deserve - the best possible!

Please return this survey [describe how you want the survey returned.]

This table is continued on the following page.

Please circle "Outstanding" "Acceptable" or "Needs Improvement" and comment:

Products:	Outstanding	Acceptable	Needs Improvement
Services and Support:	Outstanding	Acceptable	Needs Improvement
Delivery:	Outstanding	Acceptable	Needs Improvement
Ordering and Billing:	Outstanding	Acceptable	Needs Improvement
Employees:	Outstanding	Acceptable	Needs Improvement

Table 12 – Customer Satisfaction Survey Instructions[35]

Following the guidelines provided by the SME Toolkit, an incubator may be able to produce a simple but helpful customer satisfaction survey. The survey developed by CREEDA (Capital Region Enterprise and Employment Development Association) that is used by three business incubators in Australia is reproduced over the next couple of pages.

In countries where trust levels are low, getting an honest response to the customer satisfaction surveys is a challenge the incubator management needs to grapple with. Hence, the confidentiality issue has to be adequately addressed by reassuring the clients that the information provided will be treated with strict confidentiality.

To improve confidence in the system, it is critical for the management team to ensure they implement open follow up actions most notably by reporting the overall results of the survey in the public domain (while still respecting the confidentiality of the clients who responded to the questionnaire). Adequate follow up activities should follow to demonstrate to clients that actions are being taken based on the survey results – for example, the incubator must take actions to address the needs its customers identified via the survey in order to gain their trust. A customer who sees that their feedback has been taken into consideration by concrete actions to improve their satisfaction with the services provided will be more inclined to provide their feedback the next time (especially if they feel comfortable enough to give objective and honest individual feedback as this will remain confidential).

[35] Source : International Finance Corporation (IFC), SME Toolkit – Kenya - http://kenya.smetoolkit.org/kenya/en/content/en/401/Customer-Satisfaction-Survey-Form

CREEDA WANTS TO PROVIDE BETTER SERVICES - BUT WE NEED YOUR HELP!

Please take a few minutes to fill out the questionnaire on the next four pages.

About the survey:

Each question (statement) measures two issues:

(i) The importance you place on the issue, and

(ii) How well you rank the CREEDA performing the service.

Returning Surveys

A sealed box is located at the front desk for you to drop in your completed questionnaire.

Due Date: 30 May 2003

Survey Results

Tenant answers will be compared against staff answers to provide a 'gap analysis' highlighting differences in perceptions of service delivery. This analysis will help us deliver better services to YOU!

Anonymity and confidentiality:

The CREEDA has recruited an independent consultant to design the survey, receive the completed questionnaires and interpret the findings.

Thanks for your co-operation.

How do you rate the following services and facilities?

Circle the appropriate number on both questions or applicability: **1 =** lowest/poor **5 =** highest/excellent **n/a =** not applicable to your business or circumstance

1. BUSINESS ACCOMMODATION SERVICES	HOW IMPORTANT IS IT TO YOU?						HOW WELL DOES THE CREEDA PERFORM?					
Familiarity of CREEDA License Agreement terms & conditions	1	2	3	4	5		1	2	3	4	5	n/a
Value for money for your Licensed Area	1	2	3	4	5		1	2	3	4	5	n/a
General business ambience within the Centre	1	2	3	4	5		1	2	3	4	5	n/a
Meeting/conference room presentation	1	2	3	4	5		1	2	3	4	5	n/a
Meeting/conference room availability	1	2	3	4	5		1	2	3	4	5	n/a
Audio/Visual presentation equipment	1	2	3	4	5		1	2	3	4	5	n/a
Other _____	1	2	3	4	5		1	2	3	4	5	n/a
BUILDING SERVICES MANAGEMENT												
Internal Presentation of the Building	1	2	3	4	5		1	2	3	4	5	n/a
External Presentation of the Building	1	2	3	4	5		1	2	3	4	5	n/a
Timely response to repair & maintenance requests	1	2	3	4	5		1	2	3	4	5	n/a
Customer service from CREEDA Building Services Contractor	1	2	3	4	5		1	2	3	4	5	n/a
After hours building security	1	2	3	4	5		1	2	3	4	5	n/a
After hours access to the building	1	2	3	4	5		1	2	3	4	5	n/a
Building climate control services (air con/heating)	1	2	3	4	5		1	2	3	4	5	n/a
Kitchen facilities and supplies	1	2	3	4	5		1	2	3	4	5	n/a
Toilets, showers, bathroom facilities	1	2	3	4	5		1	2	3	4	5	n/a
CREEDA street signage	1	2	3	4	5		1	2	3	4	5	n/a
Your business sign at CREEDA	1	2	3	4	5		1	2	3	4	5	

1. BUSINESS ACCOMMODATION SERVICES	HOW IMPORTANT IS IT TO YOU?						HOW WELL DOES THE CREEDA PERFORM?					
Car parking	1	2	3	4	5		1	2	3	4	5	n/a
Waste disposal/Recycling	1	2	3	4	5		1	2	3	4	5	n/a
Fire evacuation procedure	1	2	3	4	5		1	2	3	4	5	n/a
Pest control	1	2	3	4	5		1	2	3	4	5	n/a
Enforcement of smoking policy	1	2	3	4	5		1	2	3	4	5	n/a
Other _____	1	2	3	4	5		1	2	3	4	5	n/a
PAYMENT OF ACCOUNTS												
CREEDA account paying facilities	1	2	3	4	5		1	2	3	4	5	n/a
CREEDA payment terms & conditions	1	2	3	4	5		1	2	3	4	5	n/a
CREEDA overdue account policies	1	2	3	4	5		1	2	3	4	5	n/a
CREEDA assistance to overcome financial difficulty	1	2	3	4	5		1	2	3	4	5	n/a
Customer service from CREEDA accounts personnel	1	2	3	4	5		1	2	3	4	5	n/a
Other _____	1	2	3	4	5		1	2	3	4	5	n/a
2. RECEPTION SERVICES	HOW IMPORTANT IS IT TO YOU?						HOW WELL DOES THE CREEDA PERFORM?					
Customer service from CREEDA reception staff	1	2	3	4	5		1	2	3	4	5	n/a
Timely and professional phone answering	1	2	3	4	5		1	2	3	4	5	n/a
Timely and accurate message taking	1	2	3	4	5		1	2	3	4	5	n/a
Professional presentation of reception staff	1	2	3	4	5		1	2	3	4	5	n/a
Personal support from reception staff	1	2	3	4	5		1	2	3	4	5	n/a
Timely relaying of requests/concerns to CREEDA staff	1	2	3	4	5		1	2	3	4	5	n/a

2. RECEPTION SERVICES	HOW IMPORTANT IS IT TO YOU?						HOW WELL DOES THE CREEDA PERFORM?					
Word processing services	1	2	3	4	5		1	2	3	4	5	n/a
Courier service	1	2	3	4	5		1	2	3	4	5	n/a
Other _____	1	2	3	4	5		1	2	3	4	5	n/a
3. OFFICE EQUIPMENT SERVICES	**HOW IMPORTANT IS IT TO YOU?**						**HOW WELL DOES THE CREEDA PERFORM?**					
Phone system	1	2	3	4	5		1	2	3	4	5	n/a
Photocopier	1	2	3	4	5		1	2	3	4	5	n/a
Facsimile	1	2	3	4	5		1	2	3	4	5	n/a
Document binding	1	2	3	4	5		1	2	3	4	5	n/a
Laminating	1	2	3	4	5		1	2	3	4	5	n/a
Paper shredder	1	2	3	4	5		1	2	3	4	5	n/a
Guillotine	1	2	3	4	5		1	2	3	4	5	n/a
Stationery supplies	1	2	3	4	5		1	2	3	4	5	n/a
Other _____	1	2	3	4	5		1	2	3	4	5	n/a
4. BUSINESS ADVISORY/DEVELOPMENT SERVICES	**HOW IMPORTANT IS IT TO YOU?**						**HOW WELL DOES THE CREEDA PERFORM?**					
SUPPORT FROM CREEDA BUSINESS FACILITATORS WITH:												
Informal discussions talking over concerns	1	2	3	4	5		1	2	3	4	5	n/a
General troubleshooting	1	2	3	4	5		1	2	3	4	5	n/a
General business information distribution	1	2	3	4	5		1	2	3	4	5	n/a
General networking and business contacts	1	2	3	4	5		1	2	3	4	5	n/a

SUPPORT FROM CREEDA BUSINESS FACILITATORS WITH:												
Referral &/or assisted access to business prof's/consultants	1	2	3	4	5		1	2	3	4	5	n/a
Formal business reviews	1	2	3	4	5		1	2	3	4	5	n/a
Strategic Planning Focus Groups	1	2	3	4	5		1	2	3	4	5	n/a
Seminar and workshop programs (in-house & external)	1	2	3	4	5		1	2	3	4	5	n/a
Information resources, e.g. business magazines, books, etc	1	2	3	4	5		1	2	3	4	5	n/a
Availability of business facilitation services	1	2	3	4	5		1	2	3	4	5	n/a
Value to your business of CREEDA business coaching services	1	2	3	4	5		1	2	3	4	5	n/a
Customer service from CREEDA Business Coaches	1	2	3	4	5		1	2	3	4	5	n/a
Support and value from networking with fellow tenants	1	2	3	4	5		1	2	3	4	5	n/a
Other _____	1	2	3	4	5		1	2	3	4	5	n/a

Do you have any further comments about CREEDA services or facilities?

(Please do NOT include comments of a personal or confidential nature that cannot be published with the results of the report.)

_____

_____

_____

_____

_____

_____

Thank you for your cooperation.

The examples provided illustrate the simplicity of the monitoring and evaluation systems that can be used by business incubators. A simple Excel spreadsheet or word document is enough to implement a customer satisfaction survey. If you prefer to use an on-line system, some affordable and user-friendly tools like "Survey Monkey"[36] are particularly well suited to carry out on-line surveys. The advantages of such a tool include:

- Easily set up,
- Easily accessible by several people,
- The confidentiality of the data is assured, and
- Automatic graphs are created (very helpful to picture key trends).

Hopefully, most incubators' staff will have the skills to develop and use such straight forward monitoring tools. This may not be the case if the incubator was to use more sophisticated systems for which the staff may not have the required skills or capabilities.

[36] Source :SurveyMonkey - http://www.surveymonkey.com/

Section 3.3: Defining M&E Tools to Analyze the Data

Section 3.3.1: Analyzing the Data

The analysis of the data collected will enable the incubator to:

- Identify the most efficient, effective, relevant and sustainable inputs, processes and outputs but also those that do not enable the delivery of outputs complying with the overall objectives of the business incubator;
- Provide an accurate reflection of the characteristics of the entrepreneurs that are supported by the incubator;
- Provide good insights on where to better promote the services and the actions of the incubator and form an essential ingredient for future partnering and networking, both for the entrepreneurs and for the incubator itself;
- Can be used to better tailor the services offered to the entrepreneurial community which uses the incubator;
- Identify mid and long-term trends to evaluate if the incubator's services are meeting the expectations and the needs of the supported entrepreneurs, providing elements to understand whether corrective actions need to be put in place;
- Inform the stakeholders about the incubator's performances and concretely manage their expectations by adapting the business incubator strategic plan enacting improvement strategies and actions; and
- Develop an amended communication plan for the incubator.

Section 3.3.2: The Tool

An M&E system is not a "fixed" but a "flexible" tool. It can be modified, improved or indeed simplified in order to respect changing needs and external conditions. Hence, selecting the appropriate tool to use to analyze the data depends very much on the quantity of data the incubator intends to collect and to process, and on the methodology decided upon for data collection.

The definition of the tool should be influenced by the following questions:

- Who needs which indicators, and for what purposes?
- What is involved in collecting and communicating these indicators?
- Which indicators have already been collected?
- What is involved in gathering the additional indicators required and what will be the benefits of gathering these indicators which do not already exist?
- How can the collection of these additional indicators be managed efficiently?

When defining the tools to use to implement M&E activities, the incubator's team may decide to use existing M&E tools such as the NBIA self assessment tool presented in Component 3 of the current training manual. In this case, off-the-shelf systems can be very helpful, as the incubator does not have to re-invent a whole system, which may take some time. However, even off-the-shelf systems require ongoing adaptation to the specific incubator, as there is not one model of incubator operations and incubators tend to operate in widely different local contexts. In essence, if staff do not have the skills and/or if the incubator cannot afford to carry out upgrades and maintenance activities, using existing monitoring systems can become more of a problem than a solution.

The incubator's team may consider developing its own M&E system. This approach is feasible as long as the system is kept simple and the developers keep in mind that some of the most important qualitative impacts of an incubator may not be easily measured (e.g. the relative quality of jobs created by incubator's clients). A general rule though is to keep it as simple as possible. A well-designed Excel sheet or similar tool may be sufficient for most incubators who do not have a great number of working/office spaces (25 – 30), and therefore do not need to manage large data sets, especially if the incubator is applying the rule of not using too many indicators (6-10, as previously described). When the system is required to manage larger data sets and/or to calculate more specific indicators, specific IT systems can be developed. To this end, the incubator may draw inspiration from already existing systems, such as the ones presented in the next couple of sections.

Section 3.3.3: The NBIA Self-Evaluation Workbook for Business Incubators

The NBIA Self-Evaluation Workbook designed by Kathy Cammarata claims to contain all the essentials for a comprehensive self-evaluation. It is based on NBIA good practices which, while not always applicable outside of the U.S., are a good guide for adaptation, or at least a comprehensive checklist to consider.

The Workbook details Twelve Program Areas for Evaluation, as reproduced in Table 13.

[37] Source: Cammarata, Kathleen (2003) - Self-Evaluation Workbook for Business Incubators, NBIA Publications

STAKEHOLDER	KPI
1-MISSION AND STRATEGIC PLANNING	Mission Statement: Key Points 1. In succinct written form 2. Inspires commitment from board, staff 3. Accessible to staff, board members, clients, and community 4. Center of discussions about new goals, programs, or services Strategic Plan: Key Points 1. Provides clear picture of quantifiable goals, objectives, and tasks within given time frame 2. Keeps incubator focused on its fundamental purpose 3. Developed at least every 3-5 years
2-BOARD OF DIRECTORS	Board Responsibilities 1. Hiring incubator manager 2. Setting incubator policy 3. Assisting in strategic plan development 4. Supporting incubator manager Incubator Board Members Should Have: 1. Expertise in fields related to the incubator's activities. 2. Diverse backgrounds/skills. 3. Commitment to the incubator's mission.
3-STAKEHOLDERS	Stakeholders Can Foster an Incubator's Success by: 1. Marketing the program. 2. Encouraging promising entrepreneurs to apply for admission. 3. Providing client companies with resources and expertise. 4. Investing in an incubator or its clients.

STAKEHOLDER	KPI
4- INCUBATOR STAFFING	Incubator Staffing: Key Points 1. Staff must be qualified to help companies grow and to handle the incubator's own business functions. 2. Competitive compensation packages are essential to attracting and retaining high-level professionals. 3. Some incubation programs, such as arts or biotech programs require staff with subject-area expertise. 4. The majority of an incubation program staff's time should be committed to providing business assistance to clients.
5- INCUBATOR FINANCES	Financial Self-Sustainability Is Essential to an Incubator's: 1. Long-term survival. 2. Ability to grow strong companies. 3. Capacity to have a significant positive impact on its community. Incubator Finances: Key Points 1. A detailed business plan, consistent budgeting process, and valid accounting practices are key to an incubator's financial well being. 2. Relying too much on a single financial sponsor can be disastrous for a program if that sponsor falls through. 3. Making educated assumptions about rental income is vital to the financial health of most incubation programs. 4. Below-market rental rates may help attract clients in the short term but can backfire in the long term.
6- SELECTING CLIENTS	An Effective Client Selection Process: 1. Results in an optimal mix of businesses. 2. Weeds out fly-by-night entrepreneurs. 3. Helps determine whether incubator and applicant is a good match. Essential Parts of the Client Selection Process 1. A clear set of admissions criteria 2. An interview/exchange of information 3. A thorough discussion of applicant and incubator expectations

STAKEHOLDER	KPI
7- SERVING CLIENTS	Serving Clients: Key Points 1. Serving clients is an incubator's No. 1 priority. 2. Services should reflect an incubator's mission and focus. 3. Tailor services to individual client needs. 4. Evaluate services regularly to ensure relevancy and effectiveness. 5. Increase one-on-one time with clients through volunteer mentors, advisory boards, etc.
8- GRADUATION	Graduation: Key Points 1. Clients should be informed of an incubator's graduation policy as part of the admissions process. 2. An incubator should have a strong rationale for its graduation policy. 3. Exit criteria should relate to an incubator's mission and focus. 4. Exit criteria give companies concrete goals and help ensure they'll be ready for life outside the incubator. 5. Exit criteria help an incubator determine whether it can continue to provide value to a client. 6. Helping clients relocate is integral to the graduation process.
9- MARKETING AND PUBLIC RELATIONS	Marketing and Public Relations: Key Points 1. Good marketing and PR are key to the success of any business, including business incubators. 2. Regular tracking of incubator accomplishments helps facilitate successful marketing. Benefits of Marketing and Public Relations 1. Attracting a sufficient number of high-quality clients 2. Gaining and maintaining stakeholder support 3. Integrating the incubator into the community

STAKEHOLDER	KPI
10- FACILITIES MANAGEMENT	Facilities Management: Key Points 1. A good facility influences a program's image, the clients it attracts, and its financial well-being. 2. Managing the facility should not get in the way of providing excellent business assistance services to clients. Characteristics of an Effective Incubator Facility 1. A design that encourages interactions 2. A size, configuration, and condition that promote financial sustainability 3. Areas for shared business assistance and administrative services 4. Flexible space
11 - INCUBATOR DOCUMENTS	Benefits of Effective Documents 1. Reduce misunderstandings between incubator manager and clients 2. More enforceable legally than verbal agreements 3. Increase incubator efficiency 4. Outline incubator policies, practices, and procedures 5. Aid in tracking of client progress and statistics 6. Establish roles of staff and board
12 - MEASURING IMPACT	Measuring Impact: Key Points 1. Incubator managers can use many different approaches when measuring their programs' effectiveness. 2. Incubation programs should be compared only with others of similar type, mission, and location in order to obtain valid and useful information. 3. Annual economic impact data can help incubator staff ascertain how well a program is meeting its mission, goals, and objectives. 4. Up-to-date statistics on an incubator's activities are evidence of success for potential donors, stakeholders, and the media.

Table 13 - NBIA Self-Evaluation Workbook: 12 Program Areas[38]

[38] Source: Cammarata, Kathleen (2003) - Self-Evaluation Workbook for Business Incubators, NBIA Publications

The Workbook provides a section on "Points to Consider" for each of the Program Areas so that incubator management and staff can take note of good practices. Each Program Area also has an "Improvement Strategies" section for incubator management and staff to monitor their activities to achieve their own milestones. The following template is an example of an improvement strategies' framework:

WHAT NEEDS IMPROVEMENT?	STRATEGIES FOR IMPROVEMENT	WHO WILL BE RESPONSIBLE?	TIMEFRAME

Table 14 - NBIA Self-Evaluation Workbook: Selecting Clients Improvement Strategies[39]

Section 3.3.4: QLBS Q-Incubate Program[40]

QLBS.com claims to have developed the world's first Universal Measurement Engine. The QLBS.com measurement engine is a transformative technology and when coupled with QLBS.com's proprietary Criteria Design methodology, allows organizations to develop Best Practice Models (incorporating lead indicators) and comprehensive Performance Improvement Systems. The core engine can be easily modified to allow any organization to implement a continuous performance improvement system that can evolve over time with changing organizational needs.

The backbone of the Q100 System is the criteria. The criteria are targeted sets of questions specially designed to extract specific critical factors in the assessment. Not only is an organization able to perform assessments based on any stock criteria but the system allows the creation of customized criteria if so required. The ranges of stock criteria include:

[39] Ibid

[40] Source: QLBS - http://www.qlbs.com

QStart	Screens and guides new technology-based products or services as they make their way from concept to launch.
QIncubate	Designed for building superior business incubators, QIncubate assesses incubator support services and functions.
QFitness	Identifies risk and growth constraints of SMEs, covering all the fundamental areas of a business. Also available as a shortened version as QFitness Mini.
QExcellence	Designed for medium sized organizations, QExcellence is an abridged version of the internationally renowned Baldrige Criteria for Performance Excellence.
QWorldClass	Aligned with the internationally renowned Baldrige Criteria for Performance Excellence, QWorldClass is designed to help large corporates on their excellence journey.
QBrand	Provides a unique perspective analyzing the organization from an internal perspective and highlighting the level of alignment with the overall brand strategy

Table 15 – QLBS Stock Criteria[41]

Section 3.3.5: Incutrack[42]

IncuTrackTM is a comprehensive and feature-rich tracking and reporting system for business incubators and technology centers. The website presents the system's features and benefits to business incubators, out of which the most relevant ones are presented in Table 16.

[41] Ibid

[42] Source: incuTrak - http://www.incutrack.com

GENERAL FEATURES	BENEFITS
WEB BASED INTERFACE	A software solution that is easy to learn, simple to use, and can be extended to collaborators outside the facility. The system offers 24 x 7 access from any computer with an Internet connection and a username / password. This gives you the freedom to conduct business from anywhere, and not be tied to a LAN based system.
HIGHLY SECURE	A hierarchical security system allows you to provide information on a "need to know" basis. For example, in the hosted version outside mentors only see business review information and not lease, insurance, or other administrative information. Password protection and encrypted transactions allow the highest level of privacy and confidentiality.
COMPREHENSIVE DATA COLLECTION AND REPORTING	A variety of standard reports are available to reflect company progress and successes. Information on investments, employment, company milestones, and business reviews are readily accessible. The system improves the presentation of the facility's operations with the ability to organize information in the most usable form for your organization and management style.
LOW COST, UNIFIED, CENTRALIZED RECORD KEEPING	Instead of a collection of disparate online and offline systems, you may now have your entire program participant and tenant information in one readily accessible database. Maximizes your information value in management analysis and decision making.
EASILY CUSTOMIZABLE	Adding a new facility, investment type, or system user? No need to contact system support -- you may easily configure these and many other variables to customize the system to your unique requirements.
LOW COST	incuTrack significantly reduces your administrative costs. You can reduce copying, filing costs by using the systems "filing" capabilities. Administrative costs associated with business reviews, correspondence, communications, and reporting can be minimized.
DISTRIBUTED DATA ENTRY	To the extent that you deem appropriate, you may extend data entry capabilities to tenant companies. This can be especially beneficial for collecting economic impact data, having companies develop their 'Executive Summaries', and having them report investments.

APPLICATION FEATURES	BENEFITS
LEASE TRACKING	Easily track and report on active leases and readily access historical lease information.
INVESTMENT STATISTICS	You may configure investment types and collect information on company investments.
ECONOMIC IMPACT DATA	Hiring information, jobs created, other employment data, and any other data you choose can be tracked.
EXECUTIVE SUMMARIES	Companies may author and edit an online summary describing their product & market description, management team, investments, and more. This capability provides a structured presentation of company information for the media, stakeholders, investors, and others.
PARTICIPANT TRACKING	Information may be collected on company officers, employees, mentors, and advisors. Uses included tracking of facility access cards, keys, parking spaces. Additionally, you have a ready database for electronic communications.
SURVEYS	You may develop and distribute online surveys to keep your finger on the pulse of program participants. Survey results may be charted and graphed to provide informative visual presentations.

Table 16 – incutrack Features and Benefits[43]

Section 3.3.6: New Zealand Trade and Enterprise Incubation Program

The New Zealand Trade and Enterprise Incubation program[44] is focused on high growth with relatively simple Key Performance Indicators based on best practice from incubators in the rest of the world. An excerpt from the Government's document on Growing an Innovative New Zealand states:

[43] Ibid

[44] Adapted from: New Zealand Trade & Enterprise: http://www.nzte.govt.nz/get-ready-to-export/Starting-a-business/Pages/Join-a-business-incubator.aspx

"In July 2001 the Science and Innovation Advisory Council published the first report on a proposed innovation framework for New Zealand. That report argues convincingly that if we are to achieve our economic objective of returning to the top half of the OECD per capita income ladder then we must excel globally. New Zealand must become a source of high value innovation in particular sectors of the global economy. This will require significant strengthening of our innovation system."

The New Zealand high growth incubation strategy consists of funding 10 incubators (through NZ Trade & Enterprise) with an average funding of USD$220,000 per annum over a 10 year period (after which they should be self sufficient), in order to enhance the high growth potential of businesses. In order to measure the impact of the NZ high growth incubation strategy, very simple KPIs have been defined, as summarized in Table 17.

STRUCTURE	DESCRIPTION	MEASUREMENT (KPI'S)
VISION	Business Incubators will be a key part of the economic development infrastructure, and will help fuel the development of NZ's economy through the creation of new, high growth businesses.	
GOAL 1: **HIGH GROWTH**	Industry NZ will support incubators that are incubating high growth companies. High growth is defined as companies having around 40 - 50% annual growth in turnover and or staff numbers. A likely profile of such a company upon exit is: • 5 -10 staff • Turnover or capital raised of $0.5 - 1 million • Within 5 years of exit turnover of $3 -10million.	20 companies per annum graduate with the potential to be high growth global companies.

[45] The definition of "high growth" has been redefined to make it more flexible. Hence, each incubator may develop its own definition of "high growth" in order for the definition to be relevant to the realities of the incubator's catching area.

STRUCTURE	DESCRIPTION	MEASUREMENT (KPI'S)
GOAL 2: INTERNATIONAL BEST PRACTICE	Industry NZ will be involved in building capability and supporting incubators that are nurturing high growth companies to achieve and maintain international best practice. The NBIA defines best practice as: 1. Comprehensive Business Assistance programs. 2. Professional Infrastructure (Advisory Boards etc). 3. Resident company capitalization and financing. 4. Resident company networks. 5. Technology Transfer commercialization assistance. 6. Tertiary and Research institutional linkages. 7. Facilities (The Space). 8. Governance and staffing. 9. Client screening and graduation policies. 10. Effective Evaluation systems.	Incubators that are supported score greater than 50% on average in an evaluation by Industry NZ of their competence in each of these areas.
GOAL 3: PRIVATE EQUITY	Industry NZ will support Incubators that have links with venture funders, and help attract private equity for resident companies.	30% of Incubator residents receive a private equity injection per annum
GOAL 4: FINANCIAL SUSTAINABILITY	Incubators will be encouraged to implement measures that will drive them toward long term financial sustainability	Incubators that are supported have an acceptable plan that works toward financial sustainability and that shows a reduced reliance on INZ funding.

This table is continued on the following page.

STRUCTURE	DESCRIPTION	MEASUREMENT (KPI'S)
GOAL 5: STRONG NETWORKS	Incubators will be strongly networked to each other, to expert business support services, and with local/central business support programs.	At least 30% of resident companies access external specialize advice and or business support schemes. All incubator managers participate in at least one Incubator network activity per annum.
GOAL 6: FIT WITH GIF	The program will support incubators that are aligned with the governments Growth and Innovation Framework	At least 60% of total incubator resident companies are aligned with ICT, Biotechnology and Creative Industry sectors.
GOAL 7: ECONOMIES OF SCALE	The program will encourage incubators to increase their capacity and capability to accommodate 20 companies per incubator.	Preference in funding decisions will be given to Incubators that have plans to increase their capacity to 20 companies per incubator.

Table 17 - New Zealand High Growth Incubation Strategy KPIs[46]

Section 3.3.7: EBN's Quality System[47]

The EBN system, which is the foundation of the EC-BIC quality mark, is managed by EBN through a self-assessment questionnaire and on-site audits. The entire system is explored in details in the Case Study dedicated to EBN's Quality system and Annexes 1 to 5 of this module.

The M&S system has 2 components:

1. The self-evaluation questionnaire that enables the collection of qualitative and quantitative data. Each year, the members of EBN must submit a completed questionnaire on-line in order to:

- Assess their degree of conformity to the EC-BIC label criteria and to implement any further steps required to meet these criteria (audits, technical assistance, corrective measures and so on);

[46] Ibid

[47] Source : European Business and Innovation Centre Network - BIC Observatory 2009 - The BIC Network in 2008: Facts and Figures - http://www.ebn.eu/Observatory/

- Maintain a database for the purpose of benchmarking, allowing BICs to compare their results with those of other BICs having similar profiles – (or not);
- More effectively respond to specific requests from BICs such as searches for information or for partners within the framework of technical assistance or setting-up of a consortium for international program;
- Publish examples of best practice across the network to members; and
- Write, publish and disseminate the annual activity report of the network namely the "BIC Observatory", for members. This report is also a useful tool for marketing and lobbying at international, national or regional levels, for the promotion of one BIC, a group of BICs or the entire network.

2. EBN systematically assesses on-site any new candidate for the EC-BIC label. These evaluations are carried out by selected experts trained by EBN. At least 10% of existing full members of EBN (that is to say organizations that are already labeled as an EC-BIC) are visited and audited each year. The selection of the incubators to be visited is proposed by EBN based on information collected and analyzed from the questionnaire. For organizations which are interested in the EC-BIC quality mark but do not want to become a member of EBN (exceptional cases), the audit visit is compulsory. EBN carries out an audit visit to these organizations every two years, but provides no other services.

The quality process thus enables EBN to improve its services to its incubators: more effective lobbying, updated quality information and databases, a better knowledge of the network, improved networking and better-targeted international programs.

Section 3.4: Reporting

Reports are an important tool (among the most fundamental deliverables of the whole M&E process) which must be tailored to the benefit of the incubator's stakeholders and end-users. There is no point in collecting data in a reporting format which is incomprehensible, irrelevant and ultimately useless to the end-user. A report must be prepared bearing in mind the reasons as to why it is being written (Why), to whom it is directed (Who) and the content must be organized and adjusted accordingly (What). Table 18 lists (in a non-exhaustive way) the elements usually included in a report.

A report should contain the following elements:

- Strict definition of the reporting period (6 months, 1 year, etc.);
- A short description of the incubator's operating area;
- Reference to the mission and the strategic goals of the incubator;
- Qualitative and quantitative description of the services delivered to the supported business projects (e.g. how assistance for the elaboration of business plans is delivered and how many business plans have been created in the period in question);
- Description of the actions implemented (describe the activities the incubator is involved in, and how these are benefiting the entrepreneurs); and a
- Description of the chosen indicators and their quantification. If possible insert significant trends (e.g. if you report the survival rate of client companies, describe how you calculate it and report the figure).

Table 18 – Elements of a Business Incubator Monitoring and Evaluation Report

Another reporting mechanism which may be used is the creation of a general "Observatory", such as the EBN Annual Observatory.[48] As mentioned previously, this would allow data to be collected in an online format and the results presented in an interactive format, allowing the users to select the data they are more interested in and to compare/contrast different performance criteria over different reporting periods. Observatories, although costly to establish, can be very powerful promotional tools. In terms of timing, reporting the data measured must be part of the general reporting management processes of the business incubator. It is useful to prepare reports periodically (once a year or every third or quarter of a year, although the time frame should be decided on a case by case basis), to allow the management of an incubator, as well as the relevant stakeholders to get fully acquainted with the trends resulting from the actions of the incubator. The data reported should be used to review the performances of the incubator against the strategic plan, in order to improve the incubator's business plan on a periodical basis.

[48] Source: European Business and Innovation Centre Network - BIC Observatory 2009 - The BIC Network in 2008: Facts and Figures - http://www.ebn.eu/Observatory/

COMPONENT CONCLUSIONS

Once the M&E indicators have been defined, collecting the data related to these indicators is the next challenge. Defining a methodology on how to collect the data is essential. There is no one size fits all solution for business incubator M&E systems. The incubator's overall objectives in relation to the area in which they operate, as well as the local culture, influence the choice of indicators to use in order to evaluate the incubator's performances.

When defining the methodology, it is important to bear in mind that:

- The most relevant outputs and impact from an incubator (e.g. employment and wealth) often come from the graduate businesses. It is rare and sometimes challenging to remain in contact with these businesses but their feedback is critical in determining the long term impact of the incubator; and
- Successful data collection depends on the culture of the incubator. Staff need to be kept focused on the overall goals of the incubator and collect information on incubation as part of their daily processes.

At the end of this component the trainee should understand the activities involved in data collection and processing. They should also understand what methodologies and tools could support their M&E activities, and how to set up and manage their own M&E system in order to compare their incubator's performance with those of other similar organizations.

Case Studies

www.infodev.org
www.idisc.net

The European BIC Network Quality System

Incubator Name: European BIC Network
Sector: Not-for-profit Association
This Case Study Examines: EBN holistic Monitoring & Benchmarking System (MBS)
Date: February 2010

PART I

SUMMARY

Problem

In January 2002, EBN was awarded a trademark licensing contract to manage the EC-BIC label from Directorate General Enterprise and Industry of the European Commission (see Annex 1). As a mandatory condition, EBN had to develop and implement a Monitoring and Benchmarking System to enable the development of a network of excellence through the integration of a quality approach.

Solution

Inspired by the European Foundation for Quality Management's (EFQM) Excellence Model (see Annex 2), EBN has set-up a Monitoring & Benchmarking System which is composed of three main stages (see Annex 3):

1. Incubator's Self-Evaluation,
2. Independent Analysis of the Data, and
3. Due-Diligence Missions (on-site evaluations).

PART II

BACKGROUND

EBN's Monitoring & Benchmarking System (MBS) has been operating since 2004. By 2010, the database contains a vast amount of data which is used fundamentally to evaluate the incubator's performance and to identify possible areas of improvement. Additionally, the MBS also supports the Business and Innovation Centers to perform benchmarking activities.

The regular collection of data has allowed EBN to develop and enforce several initiatives to boost exchanges of "better practices" and to identify high-performing incubators – for further information see link number 3 (below).

When developing the MBS, the main challenges encountered were:

1. How to build a holistic and robust system that would address all areas of operation of an incubator;
2. How to account for different types of incubator (e.g. generalist incubators, sector-based-incubators, university-base incubators);
3. How to guarantee that the system could be applied by incubators in different development stages (i.e. newly created incubators vs. well established incubators);
4. How to address the geographical dispersion and specificities of the incubators (e.g. local economical environment specificities);
5. How to allow the collection of accurate and consistent data (both qualitative & quantitative) across so many different local realities;
6. How to deploy a mechanism which would allow the identification and transfer of good practices;
7. How to guarantee that all data would be kept confidential; and
8. How to guarantee that the MBS would be continuously improved without jeopardizing the consistency of the data collected.

The planned MBS had to be robust enough to accommodate all the challenges mentioned above and at the same time address one practical criterion: it had to be cost-efficient and manageable by a small team of 2-3 persons.

To address these issues, a "working group" composed of several incubation experts was constituted, including: incubator managers, specialized consultants and entrepreneurs.

The main stages of the MBS development are described hereafter:

Stage 1: Incubator's Self-Evaluation:

The incubator's management team is required to submit annually an extensive online self-assessment questionnaire (see Annex 4), composed of 9 sections (detailed below) and comprising of 150 questions.

- Section 1: Mission & Legal Status
- Section 2: Organizational Development
- Section 3: Financial Assessment
- Section 4: General interest BIC Missions
- Section 5: Services to new entrepreneurs
- Section 6: Services to SMEs
- Section 7: Signposting to partner organizations
- Section 8: Quality

- Section 9: Performance & Efficiency

(The sections displayed in Annex 4 of this Module, namely, Section 1, Section 3 and Section 9 are the most representative ones considering the type and amount of data gathered.)

To facilitate the collection of the incubator's data, a comprehensive online platform was developed, hereafter referred to as the "Quality website". Whenever an incubator decides to initiate Monitoring and Benchmarking activities, the EBN's team creates a profile on the Quality website and provides a "login" and a "password" to the incubator's management team. The login details allow the management team to access their "online incubator profile" and start filling in the questionnaire with the requested data (for further information about the features of the online platform, see Annex 5).

Stage 2: Data Analysis:

The data submitted is manually assessed by the EBN team and, when requested or appropriate, is compared with existing benchmarks. EBN does not disclose any information provided by the incubators without prior consent. Each incubator receives individual feedback about the state-of-art of their operations and performance.
The data collected allows the computation of several indicators and the monitoring of yearly trends (e.g. average enterprise survival rates, average number of jobs created);

Stage 3: Due-Diligence Missions (on-site evaluations).

An average of 15 on-site visits are performed annually, corresponding to the visit of around 10% of the EBN's network of full members. The visits are performed by other incubator managers and are aimed at verifying the accuracy of the data submitted by the incubators. At the same time, this mechanism provides an excellent opportunity for peer-to-peer discussions and exchanges of experience and expertise.
To guarantee that the MBS is always updated and that it still responds to the BICs' needs, EBN performs annual revisions of the system:

- Questionnaire review: deleting/adding questions; and
- Talent Pool review: experienced incubator managers are informed about the new features of the MBS and "newcomers" are trained in the MBS features.

The EBN team responsible to overview the MBS operation is composed of two people.
The annual cost of managing the entire MBS amount to around €20.000, including on-site visits, training of the incubator managers and updating of the system. The initial overall cost incurred by EBN to set-up the MBS amounted to €25.000, including the development of the software and working group activities.

TIMELINE OF EVENTS

2002: Deployment of the Monitoring & Benchmarking System, responding to the request of the European Commission.

2004: Publication of the first Annual Observatory gathering the data collected through the MBS.

2007: The Quality System was transferred and implemented at Asociación de Incubadoras de Empresas Chile Incuba A.G. (see Case Study 3)

2009: Nearly 100% of the BICs have fully complied with the Monitoring & Benchmarking System's requisites.

OUTCOME AND CONCLUSIONS

This case study highlights the value of developing a Monitoring & Benchmarking System which allows an accurate evaluation of incubators' performances. Benchmarking remains one of the best ways to lead to better practices. Incubators on their own are not always capable of obtaining the correct data on which to compare their performance, hence benchmarking against another similar organization, especially in the case of one to one benchmarking, is most helpful.

The EBN Quality System guarantees that the data collected is consistent and uniform thus enabling the yearly monitoring of key trends. The data collected and details of emerging trends are made available to interested incubators in the form of tables, charts and graphs. The EBN Quality team can develop further more detailed reports if specific requests are made by incubators. An MBS should be structured so that the incubator can request additional reports, based on specific characteristics.

PART III

LINKS

EBN website: www.ebn.eu
EBN Quality website: http://quality.ebn.be
EBN Observatory: http://www.ebn.be/DisplayPage.aspx?pid=21
EFQM website: www.efqm.org

REFERENCES

Guide to the European BIC Network available at:
http://ec.europa.eu/regional_policy/innovation/innovating/guidec_en.htm

Annex 1 – The BIC Quality Mark Criteria
Annex 2 – The EFQM Model
Annex 3 – Description of the Quality System
Annex 4 – EBN Self Evaluation questionnaire
Annex 5 – Quality website main features

The material for this case study was contributed by Giordano Dichter, EBN Quality, Membership Development and Technical Assistance Manager and Gonçalo Reis, EBN Quality and Membership Officer. This information is based on firsthand experience and personal involvement in the development of the tools mentioned above.

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Evaluation process of performances and continuous improvement of Chilean business incubators

Incubator Name: Corfo (Chilean Economic Development Agency)
Sector: Multi-sector business incubators (e.g. agribusiness, tourism, ICT, mining…)
This Case Study Examines: The national evaluation system of incubators managed by Innova Chile CORFO, the Chilean Economic Development Agency.
Date: February 2010

PART I

SUMMARY

Problem

Corfo, the Chilean Economic Development Agency, provides financial support to business incubators in order to enable them to create and promote successful and sustainable innovative enterprises through InnovaChile. In order to achieve a high return on investment, the Agency needs to identify the good practices leading to incubation successes in order to support these and to leverage these as quality standards.

Solution

Drawing inspiration from incubator performance evaluation systems from the United States, New Zealand and the European Union, InnovaChile created its own system dedicated to the performance assessment of Chilean incubators. The Chilean system aims to enable Chilean incubators to identify their strengths and weaknesses in respect to other incubators in their country, to achieve a better positioning and to have standardized parameters on which to measure their performance, all with the end goal of improving the overall quality standards of the Chilean incubation industry.

The information gathered contributes to the decision-making process of the Agency when allocating financial support to incubators.

PART II

BACKGROUND

In order to generate adequate conditions to strengthen the entrepreneurial capacity of Chile and the development of sustainable businesses, business incubators were created in 2001. The overall objective of these incubators is to enable the creation and promotion of successful innovative enterprises to be financially sustainable and independent when graduating from the incubation program. The support process for businesses involves the provision of selected resources and services such as supporting the search for investment, generation of sustainable business models, client searches, improved access to networks and acceleration of internationalization, amongst others. The incubators are financially supported by the InnovaChile division of Corfo.

In 2008, to ensure a high return on investment and a performing Chilean incubation industry, Innova Chile decided to set up an instrument to evaluate the performance of Chilean incubators. The Agency studied different international models to define a system enabling the identification of weaknesses and strengths of the incubators. By identifying incubator's weaknesses and strengths, the final objective is to develop strategies aiming at the strengthening of the incubation process in Chile.

The construction of such an instrument was designated to a consultancy company, by means of a public procurement notice, which worked directly or indirectly with 6 incubators during the pilot phase of the development of the system.

The instrument of evaluation of the incubators' performance has been designed in agreement with the best international practices in incubation and adapted to the national reality.

The system consists basically of 11 areas of evaluation, within which a total of 48 questions are established:

1. Focus on the creation of high growth potential companies.
2. Process of attraction and selection of entrepreneurs.
3. Processes and services of the incubation offer.
4. Internationalization of incubated companies.
5. Networks of mentors, counselors, advisers and links among entrepreneurs.
6. Access to sources of finance.
7. Corporate governance of the organization.
8. Management of the organization.
9. Transfer of knowledge and high-level technologies.
10. Business Model and sustainability of the organization.
11. Link with the national and international environment.

In 2009, InnovaChile launched the implementation of the model of measurement of the Chilean incubator's performance. Since then, the evaluation of business incubator's performance through the Agency's system has become one of the key elements of the application procedure for incubators to receive financial support from the Agency.

The specific objectives relative to the first year of implementation of the model included:

- To check and to propose improvements to the instrument of Evaluation of Performance developed in 2008, taking into consideration the objectives and particular characteristics of the incubators.
- To implement the "Pilot Model of Evaluation of Performance and Continuous Improvement for the Chilean Incubators", applying the Instrument of Evaluation of Performance bearing in mind proposals from consultants and elaborating a plan for improvement for each of the incubators evaluated on the basis of the gaps and weaknesses identified by the evaluation.
- To produce recommendations for the consolidation of the Model of Evaluation, through the systematization of good practices and lessons learned during the implementation.
- To generate and to strengthen aptitudes to implementing in a sustainable way the "Model of Evaluation of Performance and Continuous Improvement for the Chilean Incubators".

The process development included the following stages:

1. Pilot evaluation (via e-mail and in person within the incubator's premises) - Implementation of the model of evaluation with 3 incubators to validate and fit the instrument of evaluation to the different operating areas and conditions of development of the incubators.
2. Adjustment to the Evaluation System - Adjustment to the system on the basis of the observations made during the pilot session.
3. Interviews (in Santiago) - Individual interview with the manager of the incubator completed by an international consultant.
4. Seminar (in Santiago) - Seminar related to the model of evaluation and continuous improvement. Concerns only the participation of the incubators taking part in the evaluation.
5. Sending of Evaluation by the Consultant (via mail) - The consultant will send a validated survey which forms a part of the instrument of evaluation.
6. Review of Final Version of Instrument and Guideline of Evaluation - Incorporation of adjustments to the instrument and guidelines of evaluation on the basis of the observations made during the pilot and review of final version of the system.
7. Receipt of Evaluation (via mail) - The information provided by the incubator will form an integral part of its evaluation and will be validated during the visit.
8. Visits to Incubator (within the incubator's premises) – One day visit to the incubator's premises

to validate the evaluation done by the consultant.

9. Meeting feedback (within the incubator's premises) - Meetings with every incubator for the analysis of its results and the design of its plan for improvement. These meetings will be undertaken by the consultant.

10. Seminar of Diffusion of the Results (in Santiago) - Seminar for the dissemination of the results of the implementation of the model of evaluation and continuous improvement. It is open to the participation of the evaluated incubators, other incubators and authorities.

TIMELINE OF EVENTS

2001: Creation of the business incubator's program by Corfo.

2005 to 2007: Strengthening and adjustment of the business incubator's program on the basis of other international models, notably the European one.

2008: Designed the performance evaluation model.

2009: Implementation of the Chilean Model for Incubator's Performance Evaluation and continuous improvement, establishing a formal and sustainable result oriented system for monitoring and evaluating.

OUTCOME AND CONCLUSIONS

All incubators supported by InnovaChile Corfo which look for the Agency's support (19 incubators, which make up 100% of Chilean incubator sector operating for more than 2 years), took part in the evaluation process in 2008. During the implementation of the evaluation system, some challenges have been identified, namely:

- To find an independent evaluator from the incubator and the universities or institutions the incubator may belong to.
- To make sure that the incubators acknowledge the evaluators as being capable to implement the evaluation.
- To overcome the precedents of unsuccessful evaluations and the poor clarity with regard to the use of the results of the evaluation.
- To guarantee the sustainability of the evaluation model of performances offering added value to the evaluated incubators.
- To guarantee access to information for all stakeholders and to overcome incubators operational myths.

Taking into account all of the challenges faced, InnovaChile decided to implement the model designed

in 2008, in order to establish a formal and sustainable system, oriented towards the ongoing monitoring and evaluating of Chilean business incubators.

PART III

LINKS

CORFO website: http://www.corfo.cl

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The material for this case study was contributed by Jocelyn Villarroel, World Bank Program Advisor, Development Division Innova Chile CORFO. This information is based on firsthand experience and personal involvement in the development of the system mentioned above.

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Annex 1: BIC Quality Mark Criteria

www.infodev.org
www.idisc.net

PREAMBLE

The purpose of the EC BIC Quality Mark (http://quality.ebn.be) is to provide an assurance that BICs meet certain standards in terms of their service offering and performance. This assurance is important to stakeholders, BICs themselves (e.g. by helping to identify management priorities) and to clients.

The EC BIC Quality Mark can either be granted to an organisation as a whole or to a specific department or business unit of an existing organisation. In the latter case, the criteria apply to that specific department. It can also be granted to organisations or departments which operate on more than one site; as long as the label is given to the organisation or department responsible for ensuring that the BIC criteria are fully implemented on all sites.

For both organisations as a whole, or departments of an existing organisation, the criteria that must be met to be awarded the BIC label are grouped under six headings: (1) Mission, (2) Organisation, (3) Services to Innovative Individual Entrepreneurs/Start-up Enterprises and SMEs, (4) Activity Measurement and Evaluation, (5) Quality.

1. GLOBAL MISSION : INNOVATION AND INCUBATION

BICs are professional organisations which promote, stimulate and develop innovation in SMEs at all stages of their development, through a comprehensive incubation process. Depending on the characteristics of the territory and the existing business support organisations already present, BICs may focus on fostering the creation of new innovative enterprises and/or developing innovation in existing enterprises, with the goal of contributing ultimately to regional/local economic development, competitiveness and growth.

BICs should identify and subsequently take account of the sectors with innovation potential in their region and the strategic/business plan should focus on developing these sectors. In addition, if the region in which they operate is active in the field of R&D, BICs should aim to exploit this by ensuring that at least a part of their activities are focused on technological innovation (e.g. through academic and University spin-offs etc.).

Where BICs work with non-innovative companies the rationale should be to develop these companies to become innovative through a range of support services including consultancy, SME diagnostics, training, or inclusion in a specific program (internationalization, clustering, enterprise take-over etc.)

2. ORGANISATION

BICs must be able to demonstrate that they:

- Focus on a specific and well-defined catchment area (within a region, province, city etc.). In areas where one or several accredited BICs already exist and operate, any new candidate BICs applying for accreditation should demonstrate there is a clear case for the creation of a new BIC, with convincing arguments such as evidence of market demand; a population and number of SMEs that could justify its creation and sustain its activities in the longer term; the existence of industrial sectors that are not already served by the existing BIC that would be served by the new one, and so on;
- Ensure that their role is acknowledged by the relevant public authorities in their catchment area and is aligned with agreed regional/national economic development priorities and innovation strategies;
- Involve the public sector in the case where they are predominantly private in structure or involve the private sector in the case where they are predominantly public in structure, (by e.g. including an appropriate post on the Board [both types of structure], participating in relevant local publicly funded development programs [predominantly private structures], involving corporates and Business Angels etc.[predominantly public structures]);
- Co-ordinate/integrate their activities with those of other business support organisations to ensure the seamless delivery of a complementary and comprehensive range of facilities and services in the catchment area;
- Are financially sustainable with an allocated budget and own profit and loss account;
- Have a clear positioning in relation to business support provision in the catchment area, supported by a strategic and action plan aimed at creating new jobs and stimulating economic growth through the creation of innovative companies or the development of existing companies;
- Have identified premises (a BIC may be hosted by a bigger organisation) and a clear identity and branding as a BIC that differentiates them from other business support organisations in the catchment area; and
- Are managed professionally and autonomously, have a dedicated team of at least three full time staff – appropriately qualified, experienced and involved in the core activity of business support as e.g. business advisors – of which one must be the manager/CEO with overall responsibility for the BIC.

3. SERVICES TO INNOVATIVE INDIVIDUAL ENTREPRENEURS/START-UP ENTERPRISES AND SMES

BICs should be active in terms of incubation (creation of innovative enterprises) and/or fostering innovation in existing SMEs. The balance between these two activities should be determined in the light of an assessment of the development needs of the catchment area. In order to achieve this, BICs must:

- Actively promote innovative entrepreneurship (4.1.1) and/or the development of innovation in existing SMEs; and
- Use a number of methods to detect and promote new innovative projects (4.1.2).

Both of the above should be achieved through a number of activities e.g.:

- Events,
- Competitions and awards,
- Project building, through European, national and regional programs,
- Partnerships and networking,
- Provide adequate resources, and/or
- Periodically review their performance against the EC-BIC Quality Mark benchmarks, taking action if necessary to address shortcomings (8.1.8).

3.1. Incubation (new individual entrepreneurs/start-up enterprises and start-ups) (5.1.1)

BICs should be clear about what kind of clients they need to target for the provision of services (5.1.2).

Once the diagnostic phase is complete, BICs should implement an agreed policy and procedure(s) to govern the relationship such as an agreement with individual entrepreneurs/start-up enterprises which should set out the services that have been discussed and agreed and that will be provided over a pre-determined (estimated and flexible) time period (5.1.11).

In the provision of services to new individual entrepreneurs/start-up enterprises, BICs should (as a minimum):

- Undertake risk analysis in the pre-incubation phase (technology, marketing, human resources etc.), using a structured and consistent method designed to give reliable results (5.1.3);
- Provide guidance and support in the business planning process (5.1.9), using a structured and consistent method that addresses all the necessary elements of starting up a successful business (5.1.7);
- Help the individual entrepreneur/start-up enterprise to define their/its business model (5.1.8);
- Support the individual entrepreneur/start-up enterprise with the financial planning for their enterprise and help him/her to access finance (5.1.13) through e.g. public measures (tax incentives/ relief, subsidies), alternatives to bank loans (business angels, seed capital, venture capital), EU

programs (Framework Programs, sector-oriented programs etc.)And appropriate private initiatives [competitions etc.];

- Provide access to general or thematic training as appropriate to the individual entrepreneur/ start-up enterprise and the BIC mission, either directly or through appropriate co-operation agreements (5.3.) BICs should also undertake the initial and ongoing analysis of the needs of individual entrepreneurs/start-up enterprises;
- Provide mentoring and coaching primarily by the BIC's own staff or through the use of outsourced professional consultants;
- Provide networking opportunities (entrepreneurs' clubs, associations);
- Provide premises with appropriate services in the incubator or signpost to suitable premises if not available on site (5.2.1); and
- Provide other innovation support services (e.g. help with technology transfer, proof of concept funding/seed finance, Intellectual Property Rights and other legal aspects, access to equipment etc.).

BICs that want to make a bigger impact in the innovative SME market and want to demonstrate this over the longer term will also:

- Follow-up and animate individual entrepreneurs and start-up enterprises in the incubation and (if required) post-incubation phase for three to five years after creation (continued access to financing, benchmarking against business plan to ensure realization and proposals for corrective actions if necessary. Follow-up may be partially sub-contracted but BICs should be proactive in the prevention of business failure. Follow-up helps to ensure that BIC activities achieve sustainable outcomes benefiting the region where they are located.

3.2. For existing SMEs, BICs should carry out a number of activities, tailor-made for the individual company

BICs should know how innovation is likely to be improved in SMEs and should ensure that these activities are supported adequately by either the BIC services or the availability of appropriate services through co-operation agreements and signposting (6.1.2).

Once the diagnostic phase is complete, BICs should implement an agreed policy and procedure(s) to govern the relationship such as an agreement with SMEs which should set out the services that have been discussed and agreed and that will be provided over a pre-determined (estimated and flexible) time period (6.1.6). NB: Some ad hoc services may not require a specific agreement.

In the provision of services to SMEs BICs should (as a minimum):

- Undertake general diagnosis of any innovation gaps : SWOT analysis; recommendations and action plan, using a structured and consistent method designed to give reliable results (6.1.4);
- Provide SME support aimed at increasing the innovation profile (marketing, financing, and so on);

- Provide access to SME training (e.g. internationalization, management, Intellectual Property etc.) either directly by the BIC itself or by outsourcing; and
- Include SMEs in specific projects (clustering, enterprise take over, technology transfer, women in management, renewable energy, and so on).

3.3. Signposting is a Key Service of a BIC

BICs must act as an interface between the innovative individual entrepreneur/start-up enterprise and local public and private bodies: BICs must identify a local "talent pool", the members of which are selected according to the needs of the innovative individual entrepreneur/start-up enterprise, for example: Enterprise Europe Network for technology transfer and EU programs, patent officers, marketing advisers, lawyers, professional organisations, clubs/associations of entrepreneurs, development agencies, Chambers of Commerce, banks, venture capitalists, Business Angels etc. Access to this selected talent pool provides added value to both individual entrepreneurs/start-up enterprises and existing SMEs. BICs comply with the B2Europe charter.

In order to achieve this role as an interface, BICs should:

- Establish co-operation agreements with appropriate partner agencies and service providers (2.1.1);
- Ensure that tools are available in the BIC to signpost individual entrepreneurs/start-up enterprises and SMEs to the right service providers e.g. databases (Section 7); and
- Ensure that BIC staff, particularly those advising individual entrepreneurs/start-up enterprises and SMEs, have up to date knowledge of other service providers in the relevant sector and/or catchment area.

4. ACTIVITY MEASUREMENT AND EVALUATION OF PERFORMANCE

The EC-BIC accreditation and ongoing evaluation process involves a comprehensive review of BIC activities and performance. An important input to this is self-evaluation information provided by BICs. In order to provide adequate data for the annual evaluation of compliance against the criteria for the EC-BIC label BICs must use the common indicators identified in the self-evaluation questionnaire to assess their activities. The provision of this data is also vital to reinforce the reputation of the network, through the Annual Observatory and for benchmarking purposes and the calculation of key statistics, charts and other performance reports. As well as those specific data indicated above by their reference number, which relates to the evaluation questionnaire, BICs must also record (for Section 9 of the questionnaire):

- The number of academic spin-offs created with the support of the BIC (if any),
- The annual number of enterprise creation projects prior to feasibility study,
- The annual number of enterprise creation projects implemented after feasibility study,
- The percentage of projects based on technology,

- The annual number of business plans produced,
- The annual number of start-ups created with the support of the BIC,
- The annual number of jobs created by enterprises,
- The survival rate (percentage) of enterprises three years after creation,
- The number of tenants in the incubator (if a physical incubator is located in the BIC),
- The annual number of people employed by tenants in the incubator,
- The annual number of SMEs supported with their innovative projects,
- The annual number of SMEs supported with innovation diagnostics,
- The annual number of SMEs participating in programs aimed at improving competitiveness, and
- The annual number of client SMEs closing down.

5. QUALITY

The BIC Quality System is based on a TQM approach (EFQM model) using self assessment, benchmarking reports, and on site visits. BICs must comply with the BIC Quality System. In particular they must:

1. Complete and submit their on-line self-evaluation questionnaire on an annual basis, by the given deadline;
2. Facilitate on-site evaluation visits by EBN experts and provide all the information requested; and
3. Implement the decisions of the BIC Quality Mark Committee.

BICs should also:

- Define any other performance indicators as appropriate and as required to meet the needs of stakeholders and clients;
- Implement a management information system for the collection of key information, including performance indicators, contact details, other agency and service provider details, project information, and so on; and
- Regularly monitor client satisfaction through, for example:
  - Paper or on-line surveys, and
  - Telephone surveys.

The BIC QUALITY MARK CRITERIA form the basis for the whole quality process. They provide the foundation for EBN's operational terms of reference for technical assistance and on site evaluation procedures, in particular for the evaluation of new candidate BICs.

This new version of the EC-BIC Quality Criteria was approved by the European Commission and the EBN Board of Directors in May 2008.

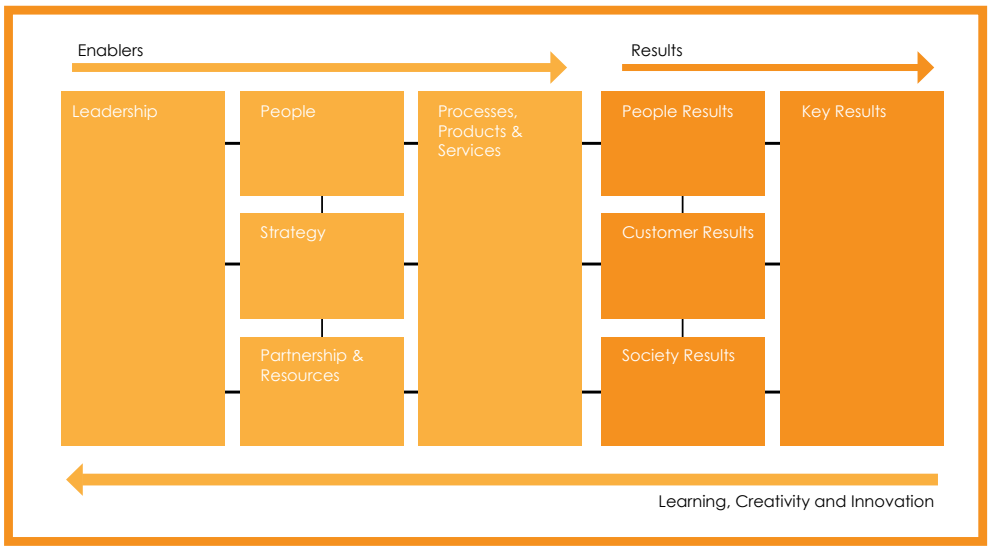
Annex 2: The EFQM Execellence Model

The EFQM Excellence Model (http://www.efqm.org/en/) is a non-prescriptive framework based on 9 criteria [sections]. Five of these are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organization does and how it does it. The 'Results' criteria cover what an organization achieves. 'Results' are caused by 'Enablers' and 'Enablers' are improved using feedback from 'Results'.

The Model, which recognizes there are many approaches to achieving sustainability, is based on the premise that:

> *Excellent Key Results, Customer Results, People Results and Society Results are achieved through Leadership driving the Strategy that is delivered through People, Partnerships and Resources, and Processes, Products and Services.*

The EFQM Model is presented in diagram form below. The arrows emphasize the dynamic nature of the Model. They show innovation and learning helping to improve enablers that in turn lead to improved results.



Annex 3: Description of the EBN Quality System

www.infodev.org
www.idisc.net

1. THE IMPORTANCE OF THE QUALITY PROCESS

The EBN quality process http://quality.ebn.be/ underpins the value of the trademark and of the organizations that have received the license (professionalism, performance, consistency and positioning). BICs are becoming more and more dependent on financing from local bodies and their own ability to generate their own resources. To adopt client oriented behavior is becoming increasingly important.

Within the same context a large number of BICs have developed advanced skills in the engineering and management of national and international programs. In addition to the contribution to the financing of the BICs these programs have a strong impact on the reputation of the BIC, on its credibility with local actors and on the budgets and missions that they are allocated.

This impact also contributes to the image of the network in terms of its capacity to implement national policies. The information gathered in the framework of the quality initiative will lead to a better understanding of the network's activities. It will also enable the publication of the Annual BIC Observatory, a document which explains the achievements of the network and helps to raise its profile and standing. It is obvious that this reputation is directly linked to the network's positioning in terms of national, local and regional authorities as well as towards clients, partners and competitors.

The third and last pillar of the quality process is "benchmarking", which is achieved through the tools for analysis and comparison of results, approaches and methods.

2. THE QUALITY PROCESS OF THE NETWORK IN DETAIL

2.1. The self-evaluation questionnaire

This is the cornerstone of the initiative, the tool that enables the collection of qualitative and quantitative data and adds credibility to the network's quality process. Each year, the BICs must submit a completed questionnaire to EBN.

This questionnaire allows EBN to:

- Assess the degree of conformity to the label criteria and implement any further necessary steps (audits, technical assistance, corrective measures etc.);
- Maintain a database for the purpose of benchmarking, allowing BICs to compare their results with those of other BICs having similar profiles – (or not);
- More effectively answer the targeted requests of members such as searches for information or for partners within the framework of technical assistance or setting-up of a consortium for international programs;
- Publish examples of best practice across the network to members; and

• Write, publish and disseminate the annual activity report of the network namely the "BIC Observatory", for members. This report is also a useful tool for marketing and lobbying at international, national or regional levels, for the promotion of one BIC, a group of BICs or the entire network.

2.2. On-site visits

EBN systematically assesses on-site any new candidate for the BIC label; these evaluation missions are carried out by selected experts trained by EBN. Concerning the visits to existing full members of EBN (that is to say organizations that are already labeled as a BIC); at least 10% are audited each year. The selection of the BICs to be visited is proposed by EBN based on information collected and analyzed from the questionnaire. For organizations which are interested in the BIC quality mark but do not want to become a member of EBN (exceptional cases), the audit visit is compulsory. EBN carries out an audit visit to these organizations every two years, but provides no other services.

3. CONCLUSIONS

The quality process aims to provide the BICs with added value. It is a tool for benchmarking, marketing and networking. Thanks to the annual questionnaire, EBN can – amongst other things - publish and disseminate the annual report (BIC Observatory), identify the competencies developed within the network and be aware of European projects in which BICs are participating.

The quality process thus enables EBN to improve its services to its incubators: more effective lobbying, updated quality information and databases, a better knowledge of the network, improved networking and better-targeted International programs.

In the medium term, it is the value and the strength of the BIC label, of each BIC and of each BIC's market, which will be reinforced and boosted by a stronger network, stemming from the EBN BIC Quality System.

Annex 4: EBN Questionnaire

SECTION 1: MISSION AND LEGAL STATUS

Contact Information

General contact

Name | Email address

Section 1 contact (if different from general contact)

Name | Email address

Section 1.1: Creation of the BIC

1.1.1 Was your BIC created as a complete new entity?

○ Yes ○ No

If YES - enter the date of creation and go directly to section 1.2

1.1.2 Date on which the BIC unit was set-up in an existing organisation?

1.1.3 Are the BIC department & premises clearly and separately identified?

○ Yes ○ No

1.1.4 Is the separation from the hosting organization:

☐ Physical (premises)

☐ Finantial (budget)

☐ Organizational (management)

1.1.5 Has the BIC inside the hosting organisation a legal status?

Yes No

1.1.6 What is the nature of the organisation hosting the BIC:

- A regional development agency
- A Science and Technology Park (Technopole)
- A Chamber of Commerce and Industry
- A Business Angel Network
- A technology Centre
- A University or Research organisation
- An industrial or sectorial association
- A local authority
- Other

Section 1.2: Legal status of the BIC and/or the hosting organisation BIC
(Answer 1.2.1 - 1.2.3 if answered "Yes" to 1.1.1)

1.2.1 How would you characterize the BIC? Is it a...

- Public body
- Public equivalent body
- Private body
- A mix of public and private

SECTION 3: FINANTIAL ASSESSMENT (INCOME AND EXPENDITURE)

Contact Information

General contact

Name	Email address

Section 3 contact (if different from general contact)

Name	Email address

Section 3.1: Income for the year in Question

3.1.1

Public sector Income - Subsidies	euros	%
From national, regional, local bodies		
Eu structural funds (e.g. ERDF, ESF)		
Other public subsidies		

Public sector Income - Subsidies	euros	%
Public income through National & Regional programmes		
Income from EU Programmes (Framework Programme, Interreg, etc.)		
Other public income		
Total of Public Sector Income		

Private sector Income	euros	%
Income from housing + incubator services (rent, reception, copying, etc.)		
Income from client - SMEs/ Entrepreneurs		
Other private income		
Private sponsorship		
Total of Private Sector Income		
Total		

Section 3.2: Expenditure for Year in Question (BIC or BIC cost centre inside hosting organisation)

3.2.1

	euros	%
Payroll		
Consultants and external experts		
Subsidies to entrepreneurs		
Overheads (furniture, travel, energy, IT facilities etc.)		
Cost of incubator building(s)		
Finantial costs (from loans etc.)		
Other costs		
Total		

SECTION 9: PERFORMANCE AND EFFICIENCY

Contact Information

General contact

Name	Email address

Section 9 contact (if different from general contact)

Name	Email address

Section 9.1: Enterprise creation

Data in year in question

9.1.1 This question has been deleted from the questionnaire

9.1.2 How many projects prior to feasibility study and evaluation did you select in the year in question?

9.1.3 How many enterprise creation projects did you select after feasibility study and evaluation, for implementation in the year in question?

9.1.4 Among these projects (question 9.1.3), what percentage were:

Give percentage breakdown	%
Technological based projects i.e. "Technology push"	
New non-technological activities (marketing, financing, quality, internationalization...) considered as "innovative" for the catchment are i.e. "Market Pull"	
Others (non innovative)	
Total (must be 100%)	

9.1.5 Among evaluated projects (from the year in question and previous years), how many new Business Plans were produced in the year in question?

9.1.5.1 For now many new, non-tenant entrepreneurs did you provide coaching/ virtual incubation. In addition to the enterprise creation projects reported above?

9.1.6 Estimated average time (in months) from the first contact with the entrepreneur to the creation of the company:

9.1.7 How many start-ups were created with the support of your BIc in the year in question?

Give percentage breakdown	%
% Individual entrepreneurs	
% Industrial spin-offs	
% Academic spin-offs	
Total (must be 100%)	

9.1.8 How many enterprises have been created with your support since the start of the BIC?

Annex 5: Quality Website

LOGIN PAGE

The incubator managers can login with their login details in the upper-right corner of the website to accede to the functionalities of the online platform.

FILLING-IN THE QUESTIONNAIRE

By selecting the option “questionnaire” on the left-side of the screen, incubator managers are able to see the 9 sections which compose the questionnaire.

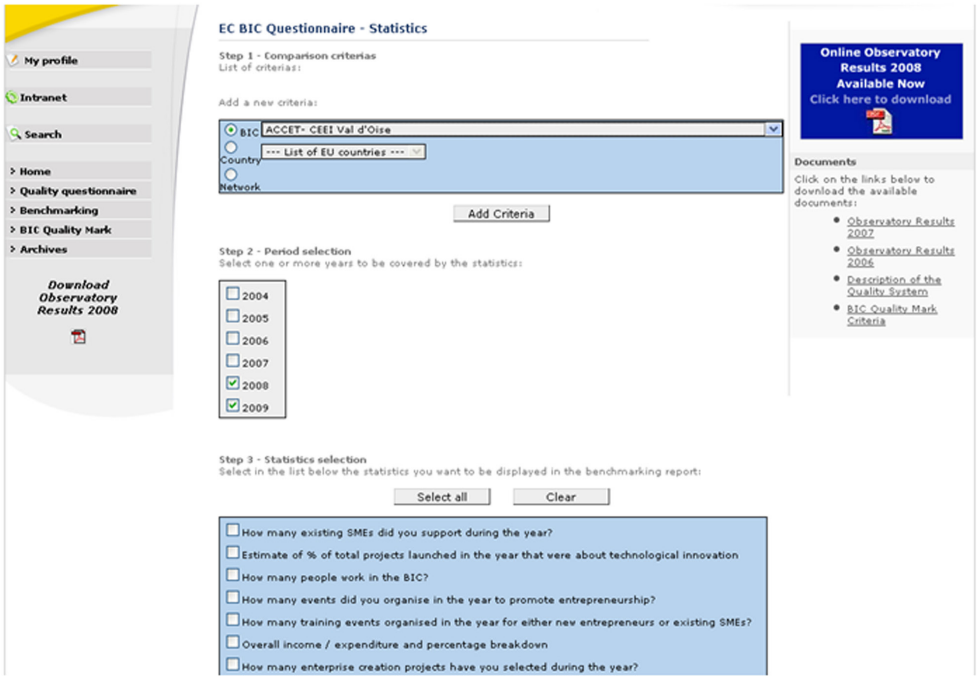
Each of the sections must then be completed with the appropriate data and submitted.

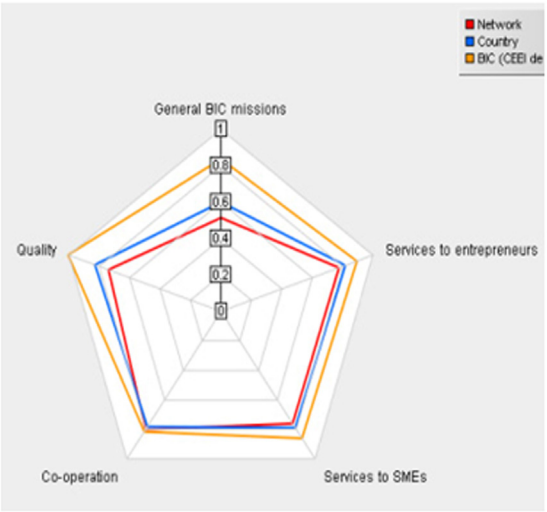
Incubator managers are requested to do this annually, however, the frequency of questionnaire submission can be adapted according to the needs.

STATISTICS

By selecting the option “benchmarking” on the left-side of the screen, incubator managers are able to withdraw graphs, charts and tables displaying information about their incubator.

The Quality website also allows the comparison with the Network average. Comparisons against other incubators are possible, but subject to a disclosure agreement from all parts involved.





Annex 6: Taiwan Case Study – Best Practice Benchmarking

www.infodev.org
www.idisc.net

Monitoring and evaluation, as with benchmarks, are linked to the assessment of good (or best) practices and associated performance indicators. Varying methodologies are used to monitor, evaluate and benchmark business incubator's performances, in order to answer the concern of "how can you make your incubator better"?

Note: This annex draws upon work and presentations made by Dr Benjamin Yuan, School of Management, National Chiao-Tung University, Taiwan, one of the main leaders of the Taiwanese Incubation Industry.[51]

How can you make your incubator better? Where do you start?
How do you know whether your incubator is good, bad, and indifferent or at the top of the league in the results that matter in your sector of industry?

The answer to both questions lies in Best Practice Benchmarking (BPB). Although we us this well known term throughout this component, it should be noted that 'Good Practice' is a better term than 'Best Practice', because practices can always improve and therefore are never best and because what is a good practice in one location may not be in another.

Best Practice Benchmarking (BPB) is a technique used by successful companies around the world - in all sectors of business, both manufacturing and service - to help them become as good as or better than the best in the world in the most important aspects of their operations. It recognizes that profitability and growth come from a clear understanding of how the business is doing, not just against its own performance last year, but against the best they can measure.

How to implement Best Practice Benchmarking?

1. Establishing what makes the difference, in your clients' eyes, between an ordinary incubator and an excellent incubator.
2. Setting standards in each of those things, according to the best practice you can find.
3. Finding out how the best incubator meets those challenging standards.
4. Applying both other people's experience and your own ideas to meet the new standards - and, if possible, to exceed them.

[51] Source: Yuan, Benjamin (2002) - Best Practices in Business Incubation: The East Asian Experience, NBIA's 16th International Conference on Business Incubation: http://www.nbia.org/events/conf2002/session_descriptions.html

What are the gains to be made from BPB?

- Better understanding of your clients and other incubators,
- Fewer complaints and more satisfied clients,
- More satisfied staff,
- Reduction in waste, quality problems and reworking,
- Faster awareness of important innovations and how they can be applied,
- A stronger reputation within your market place, and
- As a result of all these, increased performance, profits and sales turnover.

What does best practice benchmarking demand of your incubator?

BPB is to be taken into consideration as an everyday activity that must be part of the normal routine of effective management of the business incubator.

A continuous improvement approach must be inculcated amongst all staff of the business incubator so that it becomes the norm in the framework of their daily activities. This way, every manager has a responsibility to continually seek to improve the operations he/she controls. What frequently stops him/her is a simple lack of knowledge - not knowing how much better he/she could be doing or is doing.

Without something to measure up against, it is human nature to assume that current performance is near enough as good as you can get. BPB leaves no room for such complacency.

The main requirements of BPB include:

- A strong commitment from top management to act on any major opportunities for improvement that are revealed;
- A small amount of training and guidance for employees who will have to gather the information needed to identify and analyze best practice; and
- Authorization for employees to spend some of their time on benchmarking activities.

Making best practice benchmarking work for your incubator

There are five key steps to the BPB process:

1. What are we going to benchmark?
2. Who are we going to benchmark against?
3. How will we get the information?
4. How will we analyze the information?
5. How will we use the information?

While large incubators will tend to want to gather greater quantities of information and will be more concerned with issues of competition, small incubators will tend to focus on a few critical areas and be more concerned with operational improvements. In both cases, incubators need to be sure why they are benchmarking and have a clear strategy for carrying it out.

1. What are we going to benchmark?

Two key questions need to be asked

1. What would make the most significant improvement in our relationship with our clients?
2. What would make the most significant improvements to our bottom line?

Some common benchmarks can be used. They refer to 2 areas, i.e. incubator data and client data (i.e. quantitative indicators relating to inputs and outputs).

As far as incubator data is concerned, the following elements can be benchmarked:

- Physical space – gross floor area, available space, occupancy rate (available/let %);
- Number of graduates and graduation rate per annum;
- Number of incubatees and new incubatees per annum; and/or
- Number of applicants and ratio of enquiries to acceptance as an incubatee.

In terms of client data, the following data could be considered:

- Total growth/change of incubatees regarding:
  - Employees,
  - Revenue,
  - Space leased,
  - Product lines, and/or
  - Investment.

- Number of competition winners, and so on.
- Survival rate five years after graduation and while under incubation.

- Remember that the most important issues may change with time - a changing world.
- Don't try to benchmark too many things to begin with.
- Don't waste time benchmarking things that are 'just nice to know'.
- The more precisely you define what you want to measure, the more useful the information you gather will be.
- Before you start comparing with other incubators, test the benchmarks within your own organization, to make sure they really work.

2. Who are we going to benchmark against?

Ways to identify which peers to compare your incubator against include asking clients who they think is "best in class", asking industry observers, such as journalists, academics and so on, asking Industry associations and Networks, who may be able to put you in contact with other incubators.

When choosing incubators with whom to compare, it is important to question:

- Do they know your incubator?
- Is their experience really relevant to your incubator?
- Are they still good at the activity you want to measure? An incubator can live off its reputation for a long time!!
- Are you legally able to exchange this kind of information with these incubators? Most incubators are very happy to share but trade secrets may exist, especially with private incubators.
- As mentioned previously, cross national benchmarking does have weaknesses that a business incubator needs to be aware of. With cross national benchmarking the scope for comparison may be limited by wide variations in local environments and cultures; business models; services and types of incubator.

There are 3 different types of organization an incubator can benchmark against: other incubators, parallel Industries (e.g. Venture Capital Institutions, SME Support Services) and totally different industries (e.g. real estate developers).

3. How will we get the information?

The information can be gathered through the following means:

- Magazines, newspapers, association reports and specialist databases,
- From clients, affiliates, suppliers and other observers,
- Personal contacts and visits – an important part of the process, and
- Incubators who are not directly competing for the same tenants.

4. How will we analyze the information?

The information gathered needs to be quantified, as closely as possible; it needs to enable the comparison of similar points and to reflect other managers' opinions on the lessons you can learn from the other incubator's experience. The key question here is: 'how much of this is genuinely applicable to your incubator?'

5. How will we use the information?

The information from BSB should be used to set new standards for the performance you expect and communicate them to everyone concerned, along with an explanation of why standards have been raised (or, perhaps, why you have instituted them for the first time). In order to ensure the full impact of BSB it is recommended to make someone in authority responsible for devising an action plan to reach the new standards; to provide the resources for managers to carry out additional research, if necessary and to monitor progress so that the plan really does get put into effect.

6. How long does benchmarking take?

The length of the research process will vary greatly depending on what and who you are benchmarking against.

To be really effective, benchmarking is an on-going process, and once you have built links with benchmarking partners, up-dating is relatively simple. But short visits to other incubators can also prove useful. Small incubators as well as large have much to gain by benchmarking.

Troubleshooting

While implementing Best Practice Benchmarking, an incubator may face problems. The following Table indicates the common problems an incubator may face while carrying out BPB as well as the most likely causes and the corresponding solution to solve the problem.

PROBLEM	LIKELY CAUSES	SOLUTION
BENCHMARKING THE WRONG MEASURE	Inadequate knowledge of own organization and operations	Further research to find significant measure
BENCHMARKING THE WRONG ORGANIZATION	Inadequate desk research	More detailed initial research
BENCHMARKING NOT LEADING TO ACTION	Senior management not involved	Ensure that management supports the process
FAILURE TO SELL IDEA TO SENIOR MANAGEMENT	Lack of information, poor presentation	Tie BPB firmly to the existing business plan; show how other incubators have benefited
LACK OF RESOURCES FOR BENCHMARKING	Lack of management support; exclusive ownership by the BPB team	Lobby and promote BPB as a incubator-wide approach
DATA NOT MEANINGFUL	Too much/too little data; data not comparable	Tighter focus to measures; test the assumption about your processes that generated the measures
INACCURATE/FALSE DATA	Over-reliance on public or competitor sources	Double-check sources through personal checks
FAILURE TO SELL IDEA TO TARGET ORGANIZATIONS	Skepticism and protective instincts	Make clear the benefit of shared information; reassess criteria for selection of partners
OVER-RELIANCE ON SUPERFICIAL SIMILARITY WITH PARTNER	Lack of rigorous criteria for assessing partners	Re-define search to find closer matches
BENCHMARK PARTNER UNWILLING TO SHARE USEFUL DATA	Benchmark partner too alike	Define search by process not industry
BENCHMARK TOO MANY MEASURES	Unclear priorities	Relate BPB to business plan

Monitoring, evaluation and benchmarking are all about making your incubator better. Best Practice Benchmarking is one technique that enables the incubator's team to define the activities with which benchmarking can be integrated (e.g. strategic planning), the key performance areas for benchmarking, as well as the incubators and parallel organizations that may be relevant for benchmarking.

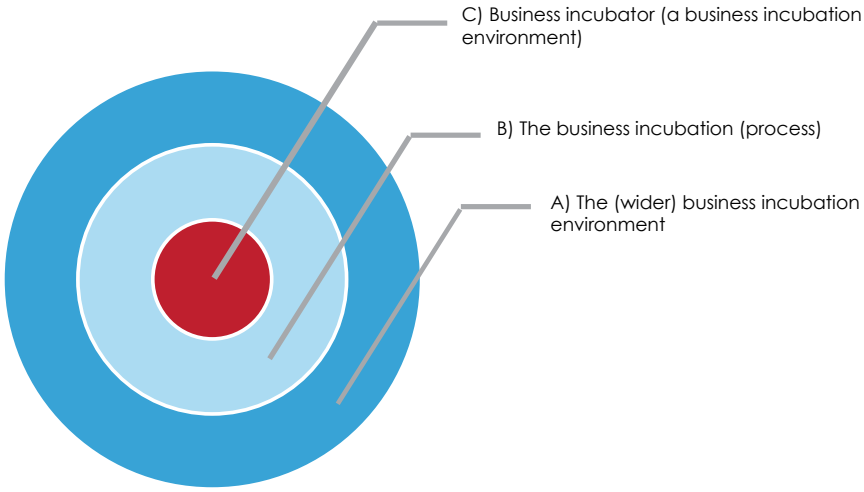
Annex 7: India M&E Case Study

www.infodev.org
www.idisc.net

India has one of the most developed M&E systems in developing countries. The information reproduced below was prepared by RMP Jawahar from TREC-STEP one of India's oldest and most successful incubators.

Background for Measurement of Business Incubators

It is true that a thing cannot be improved, if it is not measured. Efficient metrics of Business Incubation is required today in order to measure the performance of business incubators and to improve it further. In order to develop some relevant metrics, which clearly studies the impact of Business Incubators, it is, therefore, necessary to define business incubators and its components to start with. The global summit of business incubators rightfully identifies a simple business incubator model as follows:

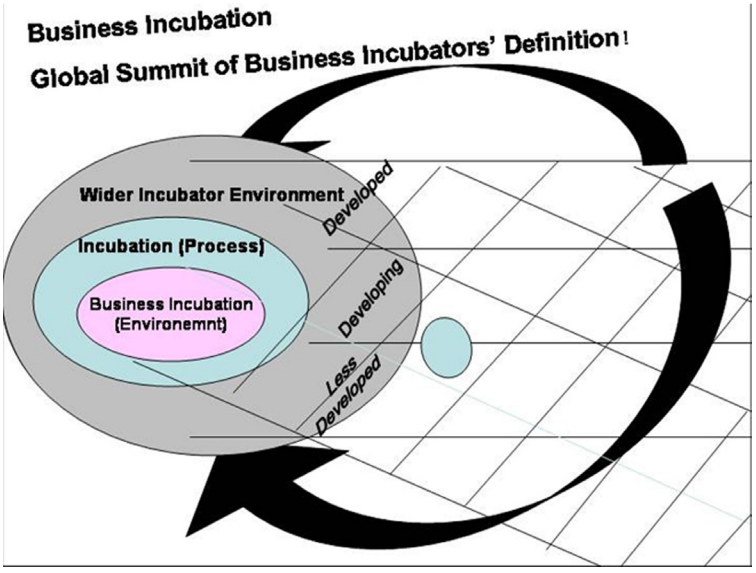


The performance of any business incubator is dependent on these three components of the model: the Business Incubator Environment, Business Incubation Process and the wider Business Incubation Environment. The dynamic equilibrium and the functional harmony resulting out of it is the effective reach of business incubators in our society. Typically in each of these components many differences exist between incubators to incubator. An incubator attached to a university/research institution/ industrial consultancy organization or stand alone business incubators have different business environments. India and in some developed and developing countries, specific technology facilities (as in Indian TBIs) and connectivity (as in Software Technology Parks of India) is exclusively provided to incubators for its incubate tenants. This provides them with new exclusive environment in addition to their organic linkages with host institutions, if they are present.

Similarly different Business Incubation process may be in place depending upon the organizational capabilities and its conscious choices. For example some of the incubators have innovation development programs, incubation programs, business plan contests, a rigorous model of attracting potential tenants etc. Some other incubators may have a less rigorous incubation program. For example, the model at Chalmer's Innovation at Gotenberg, Sweden has a very rigorous model, where

the project mentor assumes the role of the chief executive of incubatee ventures for a limited period of time, if required. In TREC-STEP India, the role is limited, to the extent of playing the role of coach or a mentor. Some models in the UK and Germany have much more hands-off model in venture development. This again is directed by the business incubator organizations' policy or resources or both. Similarly the wider venture environment differences markedly from incubator to incubator. We have both rural incubators on the one hand to incubators in down-town environments in almost all countries, including the developed countries. We have incubators attached to research intensive institutions and premier education institutions in Bangalore, Delhi and Chennai as well as rural hinter lands. So, according to their environment, business incubators may also identify the value additions they contribute to the wider environment. So, typically a business incubator falls within a matrix of such clarification of incubation environment, incubation processes and wider environment. Typically this is what the incubator inherits. Now, the business incubator sets an objective for its functioning, which is explained in its charter and sets a strategic path for itself to achieve this objective.

Depending upon the objective and capabilities it reaches and its organizational maturity it simultaneously transforms the wider environment as explained below:



As the wider environment changes because of the incubator's interventions it affects the incubation process and incubator environment both consciously and unconsciously. This changes also the agenda of the incubator and its charter. That brings in more changes to the wider environment setting in dynamic equilibriums between the business incubator and its wider environment. This ideally brings up development of the wider environment and also the development of the incubators. But this is in ideal condition and reality is made up of many other numerous factors that affect the wider environment and therefore the business incubator also. However, any business incubator promoter or manager should take note of this under-current in business incubation – wider environment dynamic equilibrium in order to manage their business incubators in the long run efficiently.

Simple Business Incubation Metrics

An incubator's overall performance has to be measured more holistically, in terms of its impact on wider environment over a long period of time. For example, some of the parameters of the impact the business incubator can be listed as follows:

- Number of new ventures created over period of time
- Size of the new ventures created
- Profitability of the new ventures created
- Number of jobs it has created in these ventures
- The exit value of the ventures at the time of IPO, if there is one

Easier-to-measure factors include:

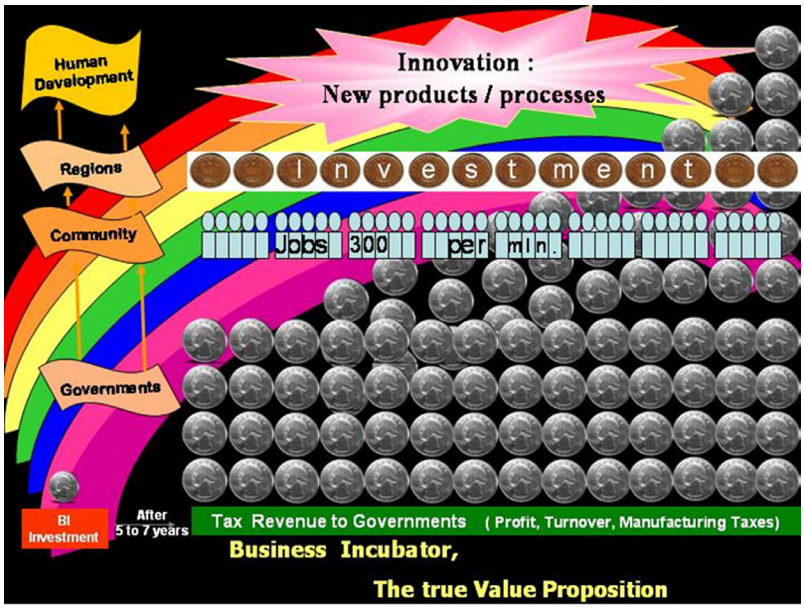
Tax Revenues from these ventures: Business Ventures pay many taxes such as turnover taxes, profit taxes, manufacturing taxes etc. These taxes not only indicate the amount of revenue to the governments but also indicate the ventures quality such as size of the venture (which again indicates wider market acceptance of the innovative idea), profitability of the venture (indicating the innovative content)

Number of jobs created: One of the main qualities of business incubation in many situations is its ability to actively bring out social exchanges within the community. New jobs created improves quality of life to that extent it impacts the job scenario. More ventures promoting more jobs, improve the quality of life, indirectly and directly. In many situations number of jobs created becomes an important criterion.

New Investments Created: Even if all the ventures do not go IPO routes, those who do not create adequate profits which far exceed their plough back requirements. So, these new investments created, trigger again more often new ventures setting in motion reinvestment opportunities, further cascading individual growth and prosperity. So, investments created also contribute to the impact of business incubators.

Innovation Bench Marks: Some of the products or technology ideas may be so innovative that it sets an industry benchmark. These innovative benchmarks are one of the valuable contributions normally expected from Technology Business Incubators, since it sets new inflexion points for the industry as a whole. They also set newer targets for other new entry ventures for innovative performance. So, this is one of the dimensions which need to be monitored while evaluating the performance of the incubator.

All these parameters and their impact can be easily summarized to demonstrate the performance of incubator by 1$ analysis. The 1$ analysis graph below clearly indicates for each $ invested in the business incubator returns of tax revenues, jobs, new investments and setting new bench marks.

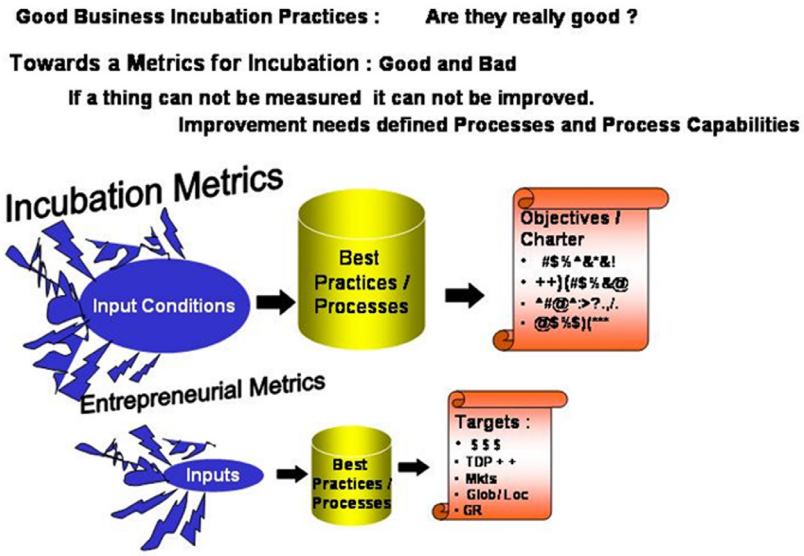


Monitoring the Metrics

When monitoring and evaluating business incubators these are the two levels which need to be considered:

- Adequacy Level, and
- Compliance Level.

In the adequacy level, we need to make the choice of right policies and objectives, not only with regard to the environment, but also duly taking into consideration the past and similar experiences of the incubators. The adequacy documents such as charter, MOAs etc describe the organizations ability to vision itself into the future. It also indicates clearly what types of resources need to be established. At the compliance level, we need to monitor and evaluate various incubation process and facilities, with respect to the objectives and actual performance.



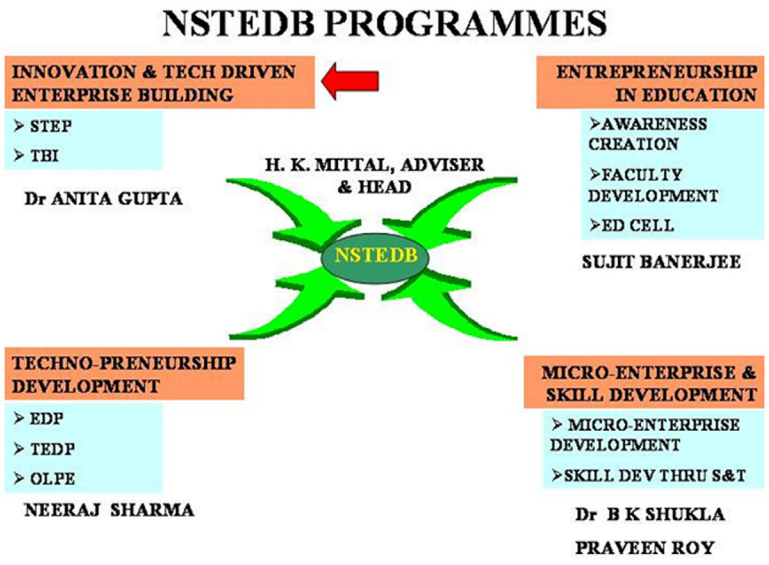
Incubators and its initiatives are subset of the overall business incubation environment. Changes in the overall business incubation environment bring in new changes to the business incubators and greatly influence their performance. So, it is necessary that the metrics we develop should also constantly recheck business incubator's critical interfaces with wider business incubator environment and how these affect the performance of business incubators itself. Changes in tax structures, purchasing policies of major government organizations, emerging trends in educational institutions, Science and Technology Policy, Innovation and IPR policy are some for the areas where Business Incubators performance have a direct bearing. So, changes in these domains shall necessarily affect the business incubator performance. The metrics should be able to identify these and bring it to the notice of business incubator managers and policy makers, in order to help them develop proactive policies and measures, at both the industry level and at the incubator level. Recent examples of service tax exemption for business incubators in India, which is on the anvil, can be one of the examples for these kinds of proactive initiatives.

Lastly, the evaluation and monitoring systems need to be a proactive exercises rather than post-mortem analysis of the situation. Though rear view mirrors are very important for driving ahead, they alone would be insufficient to avoid accidents and increase the pace of performance. So, the monitoring and evaluation systems of the next generation need to be proactive systems instead of being post active systems. Real time information will enable Business Incubator Managers to move to preventive actions rather than looking at corrective actions. It is also important to recognize that incubators normally work in an innovative environment, which is very different from standardization as seen in established management organizations. Standardization of processes to a great extent also creates mindsets which are often not very conducive to innovation ambience. The monitoring and evaluation systems for business incubators should provide sufficient flexibilities for enabling innovation, making mistakes and learning from them and institutionalize these learning in the business incubators. These are some of the requirements a monitoring and evaluation systems needs addressed. Now, let us briefly look at the monitoring and evaluation system that is being installed recently for project management of Indian business incubators by Government of India.

Web Based Project Monitoring System (PROMOSYS)

The web based Project Monitoring System PROMOSYS is being installed by National Science and Technology Entrepreneurship Development Board (NSTEDB), Department of Science and Technology (DST), Government of India for real time integration of all the Technology Business Incubators, Science and Technology Entrepreneurs Parks, other pre incubation centers and the program based initiatives spread through India. Typically, these project sites are spread across thousands of miles and real time information has been the major challenge in the past. In addition to Technology Business Incubators and Science and Technology Entrepreneurs Parks, which are fully-fledged incubators, Department of Science and Technology, National Science and Technology Entrepreneurship Board (NSTEDB) has also established many pre-incubator units (Entrepreneurship Development Cells) in education institutions as well as micro venture virtual incubators (Science and Technology Entrepreneurship Development) Projects. These are feeder institutions to Indian Business Incubators.

In order to enable these institutional arrangements such as STEPs, TBIs, EDCs and STEDs to actively engage in incubation of technology ventures, the NSTEDB also promotes a number of enabling programs such as Entrepreneurship Awareness Camps(EAC), Entrepreneurship Development Programs(EDP), Faculty Development Program (FDP), Open Learning Program in Entrepreneurship (OLPE) etc. Other support programs such Technology Skills Development Program for both providing technology inputs for micro venture creation and manpower in new innovative technology areas are also in place. This spectrum of incubation institutions and incubation enabling program contribute the core intervention strategy of Department of Science and Technology. In addition the Department of Science and Technology constantly brings in new innovative programs jointly with global players such as *info*Dev, World Bank, European Commission, Intel and so on.



In order to constantly monitor all its interventions both on institutional mode and program mode,

the Department of Science and Technology (DST) has developed an effective system called Project Monitoring System PROMOSYS. PROMOSYS is a nation-wide monitoring System with following dimensions:

- Distributed system for project monitoring
- Location and time independent
- Web-centric and easy to access both for DST and project staff
- Automatic report generation
- Detects defaulters and sends reminders

The Levels of access, PROMOSYS addresses are:

- System administrator (SA)
- Program wise administrator (PWA)
- Head of institution (HOI)
- Data entry level user (DEL)

The roles and responsibilities of the main actors of the system are as follows:

System administrator (SA)

- Creates institutions
- Allocates program to institution
- Allocates the program to PWA
- Can overview each program/project of NSTEDB
- Can generate report in suitable format (bar chart, pie chart etc)

Program wise administrator (PWA)

- Exclusive rights to administer a program
- Enters sanction data
- Sanction release
- Tracks Utilization Certificate and audited statement
- Generates reports pertaining to his program/project

Head of institution (HOI)

- Head of grantee institution
- Controls the program of his institution
- Creates data entry level user
- Tracks the program / projects sanctioned to his institution
- Monitors the progress of project
- Generates report for each project

Data entry level user (DEL)

- Enters data pertaining to the program
- Feeds the data regarding progress of the project
- Can generate report for his program
- Reports to hoi

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