



Faculty Of Administrative & Financial Sciences

BUSINESS Incubator



HANDBOOK

Introduction

Business incubators are integrated systems that view every small project as a newborn baby requiring intensive care and comprehensive attention through an incubator to cuddle it from the moment of birth to protect it against the risks surrounding it and provide it with the strength to continue with sufficient support to reach a strong position and be able to grow with all the means to succeed.

It is preferable to locate the business incubator close to or within a university campus or a research center in order to benefit from the research and application resources, laboratories, workshops, and other services as well as professors who provide their services later as experts in areas covering the scope of work of the incubator in order to provide the means of technical, administrative and marketing support for the incubator client to enable him to achieve high growth rates.



Objectives Of The Incubator

1. Developing new concepts to create and establish creative projects.
2. Helping inventors and innovators to transform their concepts into marketable products or prototypes.
3. Providing available support, counseling services and facilities to clients.
4. Providing services for financing parties related to research, information, training, supervision and control to increase and consolidate growth.
5. Reviewing operating processes for its clients periodically to achieve the planned objectives.

Incubator Activities:

1. Providing the project with the necessary requirements and support.
2. Providing guidance and direction to incubator clients.
3. Training project owners who are members of the incubator.
4. Constructing a model to establish and start new businesses and companies.
5. Providing sufficient sites to receive customers of incubator members as well as support laboratories and workshops.
6. Providing support, administrative and marketing assistance.
7. Providing financial assistance and consultations.
8. Identifying investors and strategic partners.



Types of Incubators

There are various classifications of the types of incubators according to the objectives for which the incubator was established which include the following types.

1. **The regional incubator:** provides services to a specified geographical area with the objective of developing the area by using local resources of raw materials and services and utilizing unemployed youth in the area or providing services to specific minority groups or one sector of the community, such as women.
2. **The international incubator:** to attract foreign capital/funds with Technology transfer and emphasis on high quality and exporting abroad.
3. **The industrial incubator:** This type of incubator is usually located within an industrial area after determining the needs of this area from feeding industries and support services for the large factories and small businesses which are members of the incubator with emphasis on knowledge and technical support.

Assessment & continuous improvement

Incubators need to assess their operations and performance on a regular basis. This includes not only monitoring performance and growth of member firms, but also includes the growth & development of the firms after graduating from the incubator. Such information would be beneficial to the incubator in planning and providing its services & more importantly in marketing itself and attracting projects of promising quality that are expected to achieve phenomenal growth.



Privileges of belonging to the incubator

The project owner belonging to the incubator receives the following benefits:

1. A site for his project where he can produce, be creative, market his product and meet his customers.
2. Financial supports where he can get a loan on easy terms and own the project equipment.
3. Utilizing the facilities available in the incubator such as the incubator receptionist services for his customers, the telephone, the fax machine, computers with Internet access, a document printer as well as other machines.
4. Technical support to conduct feasibility studies and other consultations in various fields such as management, marketing, design, production, accounting and legal matters.
5. Skill development through continuous training according to the requirements of the project likes the arts and techniques of selling, negotiating, preparing bids. etc.
6. Minimizing the time used for getting licenses, a commercial register and Government- related procedures.
7. Utilizing the incubator's good relations & cooperation with the various parties related to the project, which is a member of the incubator both inside Jordan and abroad.
8. Marketing support through assistance to the project owner whom is a member of the incubator to participate in local and international exhibitions and also assisting him to market his products through firms cooperating with the incubator.



Incubator Director responsibilities

1. Assuring that the policies and objectives set up for the incubator and approved by the Board of Directors are achieved.
2. Receiving, studying and assessing applications submitted by members in association with the Executive Committee.
3. Assisting the member in preparing a plan for the proposed project.
4. Holding training and counseling programs for members.
5. Keeping periodic records and documents of administrative, financial and technical aspects, filing and archiving incubator documents.
6. Preparing periodic reports and submitting them to the Board of Directors.
7. Participating in the selection of parties to offer technical assistance to the Incubator activities.
8. Marketing and promoting the incubator, which may include holding seminars or conferences.

Incubator financing

Financing varies according to incubator type and its beginning and end stages.

For example, universities tend to provide investments in the form of land or real estate and the required technical marketing, administrative and financial support during the first year and before the project reaches the self-financing stage.

Large corporations may be expected to offer real estate or offer financing on non-commercial terms.



Factors Leading to the Success of the Incubator

Success of the incubator depends on many factors. Some of these factors are:

Incubator director

Who must possess certain skills in the field of business planning, management, marketing and accounting in addition to the time he will spend on members' projects within the incubator. He also needs the practical skill to work with the project sponsors and owners to analyze the strengths and weaknesses of every firm and has the ability to identify problems before they materialize.

Community support

Since most businesses leaving the incubator have their headquarters in the same local area, it is essential that incubators get moral support and establish good business relations with the local community.

Selection of incubator projects

The clearer and more specific the selection criteria, the better the chances are for attracting concepts having the capability to succeed.

Possibilities for obtaining financing

Candidates applying for incubator membership usually need financing and information regarding the various financing alternatives. The incubator is able to collect good information about the various financing sources and the types of financing available from banks or organizations, grants, the various loan funds as well as major investors. The incubator is able to define clearly the requirements of its members and link its members and the major financiers and investors.

Creating opportunities for success

The image of the incubator can be enhanced if it is located in a new or renovated building and if it has good connections to major local organizations, good relations with the press, good local public relations with a successful director in charge, in addition to promising firms and successful graduating firms.

4. **Specific Sector Incubator:** This type serves a specific sector or activity such as programming software or engineering industries, for example. Experts specializing in the activity being highlighted manage this incubator.
5. **The Technology Incubator:** Small businesses within this incubator are characterized by the advanced technological level coupled with investing in the advanced design of new non-traditional products and possessing advanced equipment and instruments.
6. **The Research incubator:** This type is usually located within a university campus or a research center to develop concepts, research and designs made by the teaching staff in addition to benefiting from the workshops and laboratories available at the university.
7. **The Virtual incubator:** This is an incubator without walls, where the usual incubator services are offered, albeit without the walls that house the other types. The SME development centers within the Chambers of Commerce and Industry are considered good examples of virtual incubators.
8. **The Internet incubator :** In principle this type of incubator is an institution that helps starting Internet and software companies grow to reach the maturity stage in order to achieve their planned objectives.



Concepts appropriate for the incubator

Sources that may generate appropriate project concepts for the incubator include:

First: Large corporations may be requested to provide a list of items that are imported from abroad, which they would like to have manufactured locally. This not only decreases dependence on imports, but also guarantees effective marketing of products from the incubator projects.

Second: The Faculty of Administrative and Financial sciences as well as the applications Faculties of Philadelphia University may propose projects through the teaching staff that will be providing their expertise and consultation services for every project submitted by the University faculty member in his field of specialization.

Third: Exhibits of initiatives, inventions and patents on record through selecting what may be appropriate.

Fourth: Young people with initiative that possess new concepts and the enthusiasm to implement them and make them succeed, after qualifying these youths to be future businessmen.



The various parties that assist in starting, financing and operating the incubator:

1. **Financing parties:** Some parties, such as the Ministry of Finance, Development & Operation Fund and Chambers of Commerce may contribute funds if they are assigned to finance the infrastructure of the incubator, and may provide loans to incubator members in accordance with a certain procedure.

2. **Technical support parties:** Professional associations may contribute to the assessment of the projects being considered by the incubator. Moreover, Philadelphia University provides technical and administrative support and the incubator support services through the available expert human resources in the fields of technology and management.
3. **Marketing parties:** Large corporations may be the potential market for incubator products where alternative products are manufactured for these corporations to replace those imported from abroad.
4. **Coordination parties:** The Chambers of Commerce and Industry, the General Investment Commission and the Ministry of Commerce & Industry may determine the investment chart, the projects and the most favored communities or areas to become members of the incubator in order to provide the expertise necessary for the success of incubator operations.



The Incubator Organization Chart

The incubator organization chart comprises three levels:

1. The Board of Directors
2. The Executive Committee
3. The Incubator Director

Board of Directors responsibilities

1. Setting up and approving the general framework for the operating procedures of the incubator including all technical, financial and administrative aspects.
2. Establishing communication channels with the parties contributing to the success of the incubator and developing the self-employment culture in Jordanian youth.
3. Approving the financial & administrative statements and the budget of the incubator.
4. Following up with the executive committee on the implementation of the policies and the recommendations of the Board.

Executive Committee responsibilities

1. Determining the conditions for membership in the incubator and conditions for graduation.
2. Assisting in determining major activities of the projects and setting their priorities in accordance with incubator criteria.
3. Assisting the incubator director in following-up on the implementation of decisions and recommendations of the Board of Directors.
4. Participating in the preparation of the Incubator operation procedures manual.
5. Studying and inspecting the projects of the incubator members referred to the committee by the Incubator Director.
6. Participating with the Director in preparing the Incubator budget.
7. The Executive Committee holds meetings at the discretion of the Incubator Director who is also the Committee reporter.



Incubator Members

- ~ **Age:** 21-45 years of age
- ~ **Qualifications:** Secondary School certificate as a minimum. Priority is given to Philadelphia University graduates whose graduation projects include concepts that can be transformed into promising projects. In addition, talented and innovative individuals who need financing, technical and administrative support to bring their inventions into existence as new products that can penetrate the market.

Period of incubation

The period of incubation is **1-2 years** depending on the growth rate of the project and its readiness to leave the incubator. The period of stay in the incubator is governed by a contract that is renewable semi-annually in return for a nominal rental fee payable quarterly. Philadelphia University students or graduates are exempted from the rental contract. After leaving the incubator, the relationship of the project with the incubator does not stop. The project continues to benefit from some of the incubator services, especially marketing, participation in exhibitions, receiving information continuously as well as other services.

Procedure for membership in the incubator

The candidate needs to fill out the Incubator membership form. In the event the project is accepted, the owner of the project carries out an economic feasibility study, with the assistance of the incubator manager, which is submitted to the incubator operation committee to accept or reject the project.

If the project is accepted, a contract is signed between the project owner and the incubator.