



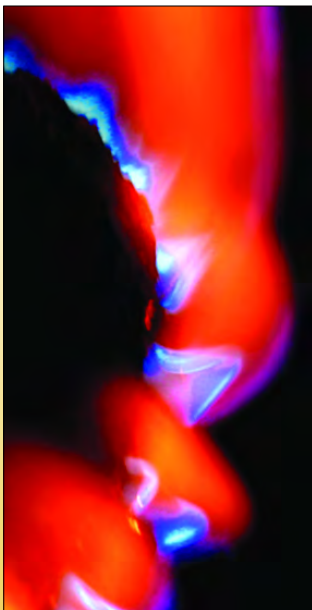
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NOVEMBER 2005



“Incubators provide significant extra horsepower to entrepreneurs.”

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*Shared Learning for
Faster Business Growth*

Expert Insight

Incubators Fueling the Fire!

>> It's easy to overlook the fact that many of Japan's largest global corporations were born from the smallest of ideas. Household names such as Toyota, Sony and Bridgestone were all founded by individuals whose simmering but potent mix of vision, passion and sheer hard work ignited to bring their ideas blazing out of the domain of mere thought and smashing through the door of reality.

However, only the minority of start-ups go on to have their names splashed across the sky of public consciousness and the majority of new businesses fail within a few years of launch. Is there a better way to guarantee a business will get off the ground? Fortunately for smart entrepreneurs with hot new ideas, there is—*Business Incubators*.

Business reporter **Jonathon Walsh** found answers to key questions about this exciting industry from the **National Business Incubation Association (NBIA, www.nbia.org)**, the world's leading organization advancing business incubation and entrepreneurship.

Hiking the horsepower

First off, what exactly are business incubators (BI) and how can they assist entrepreneurs?

Like putting a V8 engine in a VW, BI's are organizations that provide significant extra horsepower to entrepreneurs by accelerating the successful development of start-up companies, helping to boost their chances of survival and providing support to ensure incubatees leave the incubation program independent and financially viable. Only carefully selected entrepreneurs with workable ideas are invited to work with incubators where they are offered a specialized menu of support resources and services which can include office space, management

coaching, administrative services, technical support, and advice about financing, intellectual property and creating effective business plans.

What are the two main types of business incubators?

- **Private incubators** take profits or fees in return for the services they provide, and
- **Public incubators** operate to stimulate the development of new products and services.

BI's in the business

Spurred by innovative Japanese firms such as Internet investor Softbank, the venture exchange NASDAQ Japan, and MOTHERS, a new stock exchange created by the Tokyo Stock Exchange for high-growth companies, a newly energized environment is forming in Japan that is helping to fuel the new ventures market. More venture capitalists have started investing in Japan and the time for companies to go public has shortened significantly.

What is available for entrepreneurs in Japan who are looking for incubators to grow their businesses?

They now have a growing number of options.

JANBO (Japan Association of New Business Incubation Organizations) was established in mid-1999 as Japan's first nationwide network to support the creation of new businesses. JANBO comprises a comprehensive system (Regional Platform) to support new business creation nationwide. The Regional Platform provides a one-stop service for fledgling entrepreneurs that includes rental laboratories, venture capitals and banks, support professionals (accountants, lawyers, etc.) and access to networks.

There are also a growing number of other BI's available to help start-ups get off the

PTO...

ground, including Waseda Business Excelsator, J-Seed Ventures, Dream Incubator Inc. and Neoteny.

Getting with the program

According to NBIA, two core principles characterize effective business incubation:

- The incubator aspires to have a positive impact on its community's economic health by maximizing the success of emerging companies.
- The incubator itself is a dynamic model of a sustainable, efficient business operation.

Just as incubators screen prospective clients, so too should entrepreneurs screen prospective incubators. NBIA has developed the following key questions to ask when considering entering an incubation program:

Track record

- How well is the program performing?
- How long has the program been operating?
- Does it have any successful graduate companies?
- What do other clients and graduates think of the program?



Graduation policy

- *What is the program's exit criteria?*
- *How flexible is the policy?*
- *How long, on average, have clients remained in the program?*

Qualifications of management and staff

- *How long have the current staff been with the program?*
- *How much time do staff spend on site?*
- *Have they had any entrepreneurial successes of their own?*

Does the incubation program offer the services and contacts you need?

What services do you need to make your venture successful? Business plan development, legal and accounting advice, marketing, Internet access, or specialized manufacturing facilities? Is access to a particular market critical? Then consider finding an incubator that specializes in that market.

Do you meet the incubator's criteria?

Find out the incubator's qualifications for accepting clients before applying. For example, some incubators expect prospective clients to have fully developed business plans, whereas others require a less developed idea and offer business plan development assistance.

Is the program's fee structure right for you?

Most for-profit incubators exchange space and services for an equity share in their client companies, whereas most nonprofits charge fees for space and services. If a large cash infusion and speed to market are essential for your business success, then giving up equity in your company in order to secure quick cash may be right for you. But if you believe you have the skills to raise your own funding, don't want to give up any equity in your venture and are willing to build your company more slowly, then paying fees for services and space may be a better choice.

Business Incubators in Japan

Japan Association of New Business Incubation Organizations:

www.janbo.gr.jp/eng/incu_index.html

Waseda Business Excelsator:

www.janbo.gr.jp/eng/2002/waseda.html

J-Seed Ventures:

www.j-seed.com

Dream Incubator Inc.:

www.dreamincubator.co.jp

Neoteny:

www.neoteny.com

NBIA OBJECTIVES

- Provide information, research and networking resources.
- Monitor and disseminate information about BI industry.
- Inform and educate leaders, potential supporters and stakeholders of the significant benefits of BI.
- Build public awareness of BI as a valuable business development tool.
- Engage and represent all segments of the BI industry.
- Create value for members.

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With thanks to NBIA for contributing to this article.

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