INCOMPASS

REGIONAL POLICY IMPROVEMENT FOR FINANCIALLY SUSTAINABLE CREATIVE INCUBATOR UNITS

Best Practices Toolkit

InCompass PROJECT

European Union
European Regional Development Fund

INTERREG IVC
INNOVATION & ENVIRONMENT
REGIONS OF EUROPE SHARING SOLUTIONS


Media Evolution City

Introduction

Objectives | Structure

Objectives

This 'Toolkit' presents the outcomes of the INTERREG IVC project InCompass: Regional policy improvement for financially sustainable creative business incubator units. Its main target group are local and regional policy-makers. It therefore aims:

- to identity practices to improve the financial self-sustainability of business incubators for the creative industries, in order to make them less dependent on local and regional public funding;
- to indicate constraints and points of attention that policy-makers should take into account with regard to the transfer and implementation of observed practices.

The Toolkit presents, in a structured way, a number of observed best practices. These are based on study visits to 29 incubators in seven regions in different parts of Europe. Thus, on the one hand it provides dedicated 'tools' to local and regional policy-makers and other actors involved in the management of creative incubators, and on the other hand it also serves to present the results of InCompass in an accessible way to a broader audience.

Structure

The toolkit is structured as follows:

- Background - a concise review of incubator literture;
- InCompass project - the objectives and project consortium of InCompass;
- Research process - the structure of the project, and the approach and methodology applied. Particular attention is paid to the cases studied and the selection and aggregation of best practices;
- Best practices - the actual 'toolkit'. This chapter presents an overview of selected best practices, based on the practices observed at the cases studied, and structured according to three domains of incubators' activities. Furthermore, it presents a concise description of each best practice, as well as some examples of its application in the cases studied;
- Implementation - the transfer of observed practices to other cases and other regions, as well as their implementation. This aspect is closely related to the idea of transnational learning that lays at the heart of the INTERREG programme.he Implementation

References, an index of cases and study visit locations, and an overview of project partners complete the Toolkit.


Trinity Buoy Wharf

Background

Introduction | Business incubators | Funding of incubators

Introduction

In an age of increasing global competition, it is considered important for cities and regions to foster a regional innovation system, an 'ecosystem' of innovative and creative businesses, entrepreneurs, workers and communities. Business incubators are seen as an important component in this, as they are a means to both stimulate and protect business start-ups and therefore the commercialization of new and often innovative ideas. This is the main reason for municipalities and regional governments to initiate or support business incubators, and many incubators indeed depend to some extent on public funding. Many incubators are public or non-profit organizations or social enterprises, and it is often taken for granted that they will be financially supported by national, regional or local authorities. This is even more true as many incubators are supported by universities which, at least in Europe, also depend primarily on public funding and should de facto be regarded as public subsidizers.

The recent economic downturn, however, has made incubators vulnerable due to the austerity measures of public authorities such as budget and subsidy cuts. Moreover, it cannot be taken for granted that the public funding of business incubators at the level it was before the economic downturn will be re-established, irrespective of any recovery in public finance. This makes the funding of business incubators an important policy issue with regard to a stable regional incubation system in the longer term.

Business incubators

Origin and development

Business incubation is often considered a means to stimulate local or regional growth by increasing the number of successful business start-ups. Qian *et al.* (2011:79) define incubation as "… a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services". These services include primary services such as shared facilities, administrative services and professional services, including entrepreneurial support in addition to networking.

In common parlance an incubator can be either the place which provides these services, or the organisation that provides them. Incubators provide a dedicated and supportive environment for start-up companies to founded, grow and survive their infancy, the period when they are particularly vulnerable (Aerts *et al.*, 2007:255; Al-Mubaraki and Busler, 2010:1). As such, incubators may be a bridge between the initial development of ideas and concepts and their marketization in the form of products or services. For cities or regions, more successful start-ups mean an increase in added value and employment (Phan *et al.*, 2005:167). Moreover, as start-ups tend to be more innovative than existing firms incubators may contribute more

than proportionally to the local or regional innovation system (Aerts *et al.*, 2007:254; Schwartz, 2011:491-2).

The approach towards incubation has evolved over time. Aerts *et al.* (2007:256) distinguish three generations of incubators, of which the first focuses on shared working spaces and facilities. The second generation, which emerged around 1990, also included network access, training, consultancy and venture capital. About ten years later the third generation of incubators arrived, which are much more focused on ICT and high-tech start-ups. In practice the different generations of incubators co-exists, since many incubators stayed in business after the arrival of each new generation. Moreover, since 2007 in particular the attention paid to networking and pre-incubation (the phase in which potential entrepreneurs develop their ideas before they start a business) has increased, presumably resulting in a fourth generation of incubators.

Most current literature is involved with high-tech incubators, often associated with a university as a vehicle to market the results of research, and focussing on scalable products (i.e. products of which the scale of production can be adjusted without additional development costs, in contrast to unique services produced on an hourly rate). This reflects the growing attention for business incubators by both academics and policy-makers with the arrival of the third generation. Literature on other types of incubators, focusing on for instance design, ICT or media, is more scarce.

Elements and function

Over time a large variety of incubators can be observed, including incubators of different generations, providing different levels of facilitation and support to different types of start-ups (for an overview see e.g. Hackett and Dilts, 2004:79-83 or Barbero *et al.*, 2012:889-91). Indeed, one of the striking aspects of the incubators studied in InCompass has been their wide variety in terms of ownership, funding, focus and approach.

In general, an incubator is assumed to consist of a building providing affordable working spaces, shared office facilities and services such as internet and administrative support, a community of incubates (usually recent start-ups) with internal and external relations, and an organisation providing a support programme. Despite this communis opinio, however, many venues or organisations can be found - including several of the cases studied in InCompass - that lack one of the above elements, but are undeniably involved in business incubation. For example, it is possible that an incubator does not provide primary services, in particular office space. Qian *et al.* (2011:79) define this as a virtual incubator. This implies that incubatees work from home or from workspaces at other locations. In contrast other incubators may provide office space but no additional support other than, for example, a shared reception desk and shared catering and ICT services. These are in fact multi-tenant buildings with shared workspaces rather than incubators, although the distinction is not always clear and in practice is indeed difficult to make (cf. Montgomery, 2007). This is in line with Lyons' conclusion (in: Tötterman and Sten, 2005:488) that the opportunity for networking between start-up firms is the most important 'service' an incubator provides, and that being in the same building is therefore an essential element of incubation; more important, it is suggested, than the support programme. In comparison with the virtual incubator this reveals not only a significant difference in definition, but also in incubation approach. A final issue is whether an incubator focuses exclusively on start-ups, or on a combination (or in some cases a deliberately balanced mix) of start-ups and more mature firms. Many

incubators focus on both groups and are in fact partly incubator, partly shared office building.

In addition to the discussion on what elements make up an incubator, several authors define the incubator in terms of its function, i.e. incubation. Bergek and Norrman (2008:20) define an incubator in terms of its function, as a concept that "… is often used as an overall denomination for organisations that constitute or create a supportive environment that is conducive to the 'hatching' and development of new firms". Ahmad and Ingle (2011:628) suggest that the incubation process is actually more important than the incubators themselves and the facilities and services offered. The incubation process describes the 'innovation funnel', the process through which a start-up is guided: starting with a concept or a preliminary idea (pre-incubation); moving to entrepreneurship and the development and marketing of a product or service (incubation), and finally growth and consolidation of the new business (acceleration or post-incubation). The innovation funnel model is very much based on high-tech start-ups that focus on scalable products. Within incubators primarily dedicated to high-content service industries, the innovation funnel might apply to some extent to, for instance, ICT start-ups but less to designers or architects who work on unique projects, rather than bringing a single product to the market in larger quantities.

The above means that business start-ups in different sectors require a different incubation approach (Montgomery, 2007:602). Many incubators indeed focus on a specific sector, although while there is a rather strict distinction between 'high-tech' and 'high-content service industries' incubators, within these categories specialization is less common. Thus, while some incubators focus on for example ICT, design or sustainable technology, many apply a rather broad scope. The extent to which an incubator specializes, and the specific focus it applies, depends on the actual support programme and the partnerships it engages in as well as informal networking, cooperation and possible competition between incubatees (cf. Schwartz and Hornych, 2010:491).

Funding of incubators

While much has been written about the various types of incubators and methods of incubation, less attention has been paid to the exploitation of the incubator as an enterprise in itself. Chandra and Medrano Silva (2012:4) distinguish three revenue models applied by incubators:

- the 'landlord model', based on rents from tenants and fees from clients; this can be self-sufficient if e.g. the building is provided to the incubator for 'free';
- equity sharing, in which the incubator takes a share in the start-up company; this may generate a stable income but requires considerable pre-investment and time, since substantial revenues are generated in the acceleration phase at the earliest, and not all start-ups are successful;
- funding or sponsoring, e.g. by universities or public authorities.

A focus on the incubation process as advocated by Ahmad and Ingle (2011:628) makes sense, as incubation is the raison d'être of the incubator. Nevertheless, these revenue models indicate that from the perspective of the question addressed here (how to make the incubator more financially sustainable) the nature of the incubator itself is equally important, as the building or organisation may generate revenue which can sustain the incubation process, for instance by renting out spaces or organizing events. Moreover, the choice for a revenue model may affect the activities of the incubator. In the case of the landlord model, a dependence on rents may seduce

incubators to become less selective and focus not just on start-ups but also on mature firms that can be charged higher rents. The equity sharing model, in contrast, is likely to stimulate the implementation of strict selection criteria for start-ups that apply for support, since the future income of the incubator directly depends on the success of the start-ups.

In practice most incubators combine two or three of the above models. Indeed, most incubators operate on a non-profit base (sometimes as social enterprises) and to some extent depend on public funding (Chandra and Medrano Silva, 2012:4; Al-Mubaraki and Busler, 2010:9). However, in recent years the consequences of the financial and economic downturn that local governments have faced has forced many to implement stiff financial austerity policies such as cuts in public subsidies. Depending on their funding situation, severe consequences for incubators are possible. The greater their dependence on public funding, the more vulnerable these incubators are to austerity measures.

The financial sustainability of incubators is therefore an important factor for achieving a stable regional incubation system in the longer term. Current literature provides little insight into the cost-effectiveness of incubators and the incubation process, or the role of public funding in this. Nonetheless, questions are relevant such as how and to what extent incubators can generate revenue from activities that are for the most part primarily aimed at the support of incubatees rather than on generating income, and whether incubators should get involved in additional fundraising activities that may distract them from their primary function (cf. Dee *et al*., 2011:38). Other relevant questions concern the role in this of the local and regional public authorities that support incubators, and to what extent incubators' activities contribute to a regional incubation and innovation system.


Fabbrica del Vapore

InCompass project

Introduction | Objectives | Consortium

Introduction

InCompass aims to support the self-sustainability of creative incubator units and enable them to develop innovative methods to move away from a general dependence on public funding. The project was initiated by Andrew Mackenzie from Dundee College (now Dundee & Angus College) and ran between December 2011 and December 2014.

Co-financed by the EU's European Regional Development fund through the INTERREG IVC programme, the project objective is to inform on and stimulate collaborative development of local, regional, national and EU policy and thereby increase the capacity to create more spaces for experiment, innovation and entrepreneurship in the creative industries, and to enable these to provide a driver for sustainable growth and job creation.

Objectives

While much research in previously funded projects has focused on the role and value of specific activities undertaken within creative incubator units, InCompass focused exclusively on how these can become independently financially sustainable, hence considering incubators as such to be companies. InCompass aims to identify ways to increase the financial self-sustainability of incubators for the creative industries. The project does this by focusing on three main objectives:

- to identify existing, innovative good practices that contribute towards the achievement of financial sustainability of incubation units for business start-ups in the creative industries;
- to assess and test the transferable nature of these good practices between regions for local implementation and adoption into policy, thereby making a significant contribution to evidence-based regional policy-making;
- to develop practical and realistic implementation plans for the transfer and application of good practices and improvement in regional policies across all regions.

Consortium

The InCompass consortium consists of 15 (later 14) partners in 12 regions, shown in the below map. The partnership covers the 'triple helix', including policy-making public authorities such as municipalities and regions, knowledge and research institutes, and private actors such as business incubators and science parks.

Detailed information on the project consortium can be found in the Appendix on Partners.

Project consortium

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Cell Cultures
400
300
200
500 ml
SIMAX
CZECH REPUBLIC
CEBAL

Research process

Introduction

This chapter discusses the research process applied in InCompass. This includes the way data and information have been collected, the incubators that have been studied, and the method applied to aggregate the overwhelming amount of information into a limited number of useful and transferable 'best practices'. After this, the next chapter discusses the project results in detail.

Methodology

Information gathering

Given the focus of the research on practices and policies, and the diversity of incubators and local contexts, a qualitative approach based on case studies was considered the most appropriate to provide a rich insight into incubator activity. Hence, the analysis within InCompass is informed by a series of case studies of business incubators in seven cities and regions across Europe, out of the twelve that participate in InCompass.

These case studies are based on desk research, site visits, and in-depth interviews and discussions with incubator managers, start-ups and local and regional policy-makers. The results of the case studies have been validated by local and academic experts and professionals in the field of incubation. Furthermore, the results of each study visit is discussed once again within the project consortium, in a series of thematic seminar held during the regular project meetings. The finalized study visit reports are made publicly available and constitute the basis of the transfer and implementation of practices in local and regional policy.

The situation of incubators (e.g. the number of incubatees) tends to vary over time; moreover, several incubators visited during the first year of the research since then had to cease or alter their operations due to financial reasons, once more illustrating the precarious funding situation of many incubators. It should be noted, therefore, that unless mentioned otherwise the information presented in the next sections reflects the situation at the time each incubator was visited, between May 2012 and February 2014.

Domains of incubators' activities

The data collection, analysis and reporting in InCompass have been structured according to three working groups. These reflect three main domains of incubator activities that may generate income or savings other than public funding: commercial activities, networking and tiers of support. These three categories correspond to the main elements of incubators activities observed in the current literature.

Commercial contextualization
Commercial contextualization includes first and foremost the rents and fees that start-ups pay in the incubator for services, facilities and space. Furthermore, income may be generated by renting out facilities and unused spaces to commercial parties, by developing additional activities (e.g. hotel, catering, conference tourism), or by supplying specialised services (e.g. consultancy services) to external companies. Finally, income might be generated from start-ups that have grown and left the incubator, for example by equity sharing.

Social contextualization
Social contextualization involves networking activities and relations to the local context of the incubator. Networking within an incubator aims to increase informal learning by incubatees through the exchange of new knowledge, information and best practices. This may result in forms of co-creation. Networking activities not only entail stimulating cooperation and co-creation between incubatees within the incubator, but also between incubatees and potential business partners or associates outside the incubator.

Tiers of support, networks and partnerships
Tiers of support, networks and partnerships include all the more or less planned and organized forms of support and partnerships. This includes both training and coaching as part of the incubation programme, and support by external partners of the incubator.

Regional Implementation

The study of cases of incubators and the identification of good and best practices is only one side of the project. The other - and the central aim of INTERREG IVC - is the transfer of practices and their implementation in local and regional policies, primarily in partner regions but potentially elsewhere as well.

Regional Implementation Groups
In each partner region a Regional Implementation Group (RIG) has been established, consisting of representatives of local or regional authorities, business, knowledge institutions and other relevant actors involved in the local or regional incubation system (such as Chambers of Commerce, incubator managers or consultants). The exact size and composition of the RIG therefore differs according to the specific local or regional context.

The Regional Implementation Group advices the regional project partner or partners in the transfer and implementation of practices observed during the study visits. This implies that the RIG assesses each study visit report to see which practices that have been observed at the visited incubators might be useful and transferable to their own region.

Regional Implementation Plan
In each partner region, the Regional Implementation Group also assists the project partner in the formulation of a Regional Implementation Plan. This plan describes to which extent and how the results of the project - the observes practices - can be implemented as to contribute to the financial sustainability of the incubators in that particular region and, from a broader perspective, to the strengthening of the local or regional incubation system. Together, the twelve Regional Implementation Plans represent the final project results aimed at the end users of InCompass: the local and regional policy-makers.

Cases

Overview

A total of 29 incubators have been visited in seven regions across Europe (see map). The cases show a wide variety in for instance size, focus, ownership and funding. A rough division can be made between incubators focused on non-tech creative industries such as design, fashion, writing or crafts, and incubators focused on tech-based creative industries such as IT and games development. The visited cases of the former type are often located in old industrial buildings in urban areas, those of the latter type mostly in newly constructed buildings on urban edges. The latter type also is often linked to, or part of, higher education institutes or science parks. Nevertheless, this is not a clear-cut division, as many incubators should be positioned between or outside these two categories.

Ownership and funding

The table below shows an overview of the incubators visited according to ownership and funding. As may be expected most publicly owned incubators fully or partly depend on public funding, while privately owned incubators tend to be less dependent on public funding. It was difficult in many cases to establish the exact degree to which incubators depend on public funding, which may differ from year to year and is mostly combined with other sources of income. Only few incubators are fully dependent on public funding.

Cases according to ownership and funding.

funding	public ownership	mixed ownership	private ownership	total
public funding	8	4	4	16
no public funding	1	3	9	13
total	9	7	13	29

Focus and approach

Incubators also vary widely in their approach. Publicly owned incubators are more likely to focus on both start-ups and more mature forms, while the majority of the other incubators focus on start-ups and, in some cases, potential start-ups. For incubators related to educational institutions (e.g. C4CC, Ideon Innovation) a focus on start-ups is most common, but this is not always the case (Patras Science Park).

Cases according to focus.

focus	public ownership	mixed ownership	private ownership	total
start-ups	2	5	7	14
start-ups and mature firms	5	2	5	12
other/n.a.	2	-	1	3
total	9	7	13	29

Most incubators provide a combination of workspaces and business support, but several focus on business support (Company Care) or mainly provide shared workspace (CoWork Lisboa, Trinity Buoy Wharf). Virtually all provide tenants with networking opportunities by way of 'third spaces' or network events. A few cases have been visited that are not incubators in a strict sense, but were deemed relevant because of their relation to the regional incubation system (Innovation and Technology Transfer Office, CEBAL) or their focus on reducing public subsidies (Carnival Lab).

Cases according to the services provided.

services provided	public ownership	mixed ownership	private ownership	total
workspaces, networking and support	4	5	10	19
workspaces and networking	1	1	-	2
workspaces and support	2	-	-	2
networking and support	1	1	1	3
workspaces	-	-	1	1
networking	-	-	-	-
support	-	-	-	-
n.a.	1	-	1	2
total	9	7	13	29

Study visits

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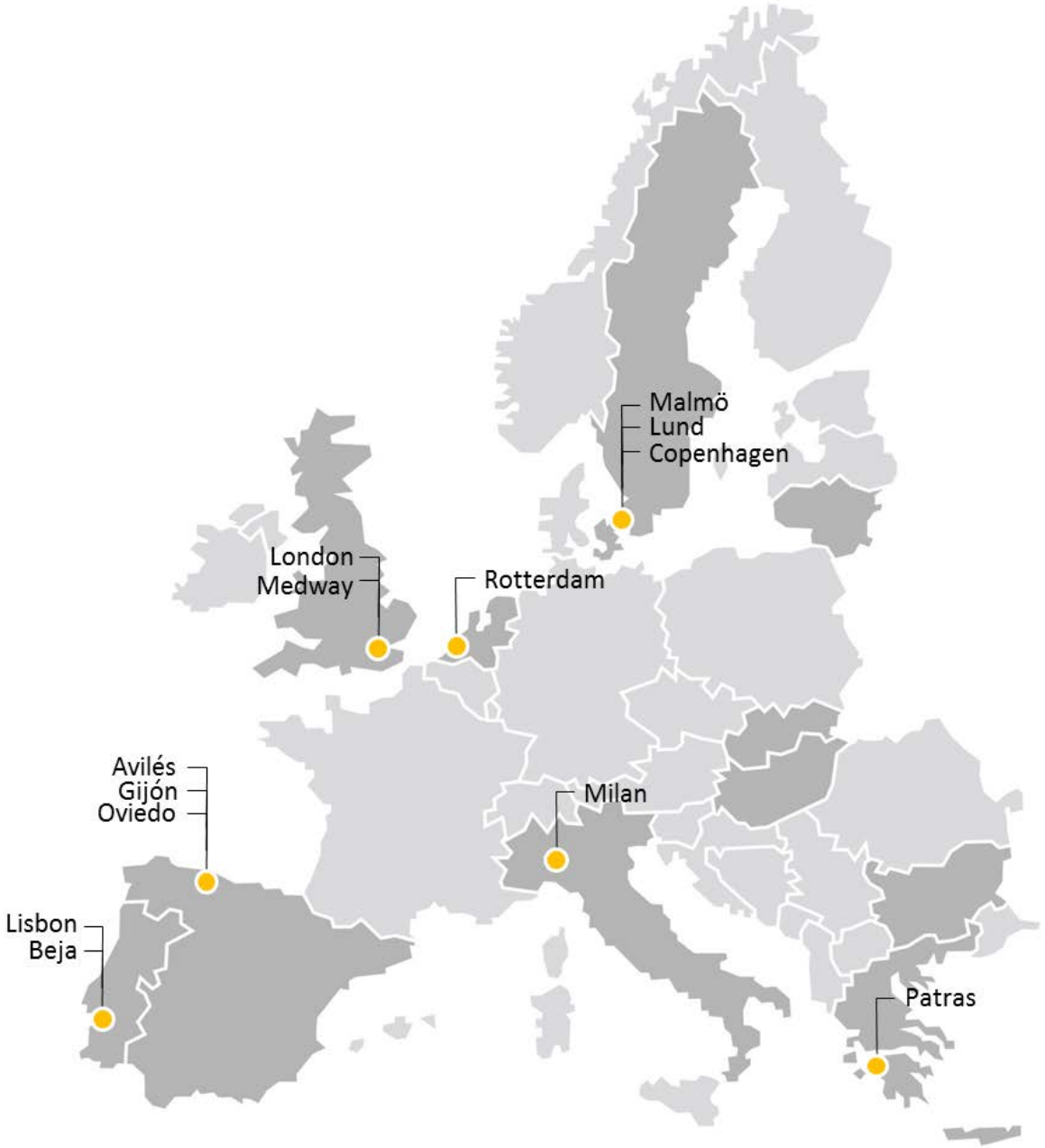


Study visit 1: Rotterdam

The Netherlands
May 2012

Creative Factory
The Creative Factory is located in a former grain silo that has been renovated with public funds. The municipality now rents it out to an entrepreneur who runs it at his own risk as an incubator for creative start-ups. The municipality originally considered the Creative Factory a means to improve the Rotterdam Southside neighbourhood, but this objective has faded in recent years. [website]

DNAMO
DNAMO is an incubator focusing on sustainable design and technology in a broad sense. It is part of the RDM Campus, a business and education complex located at the former RDM shipyard. The area has been redeveloped mainly by the Rotterdam Port Authority, which owns the area, Albeda College (secondary education) and Rotterdam University of Applied Sciences (tertiary education). These partners bring together education and industry, craftsmanship and innovation, and government. DNAMO runs a pre-incubation and an incubation programme.

Study visit 2: Milan

Italy
June 2012

Laboratorio Innovazione Breda (LIB)
Laboratorio Innovazione Breda (LIB) is the largest public incubator in Milan. Founded in 2003, LIB is part of the redevelopment of the former Breda manufacturing area in the Sesto San Giovanni suburb. LIB offers fully equipped spaces and support services to start-ups and mature firms, including spin-offs from larger enterprises. LIB hosts activities that fit quite well into the productive structure of the area such as ICT, media, training and consultancy. The incubator hosts 29 companies.

Make a Cube[3]
Make a Cube[3] focuses on social and sustainable enterprises. It is a private joint venture of think tank and consulting firm Avanzi and Make a Change, an association for the promotion of 'low-profit' social business. Unlike traditional incubators Make a Cube[3] does not provide working spaces to all incubatees. It provides four types of business support services, based on the various phases from pre-incubation to a mature firm. The brief incubation process typically ends after 6-9 months. [website]

Hub Milano
The Hub Milano (now Impact Hub Milano) is part of the worldwide Hub network. Rather than focusing on start-ups per se, it provides workspaces, mentoring and networking opportunities to its 340 members, in particular social enterprises. Even though the Hub is not a traditional business incubator with a structural support programme, it features many of the basic elements of these such as networking events, affordable working spaces and shared office facilities, and has an incubator function for some of its members. Membership is flexible, based on the needs of individual entrepreneurs. [website]

Fabbrica del Vapore
The Fabbrica del Vapore is located in a former (steam) locomotive factory. Originally started as an incubator for young creative entrepreneurs, it now only includes more mature firms, for a large part former incubatees. Together, these firms now constitute first and foremost a fashion cluster rather than a varied community of start-

ups. The municipality of Milan covers the operational costs and finances the costs of renovation of the factory, which is still going on. The huge complex is also used for events such as fashion festivals. [website]

Study visit 3: Øresund (Malmö, Lund and Copenhagen)

Sweden and Denmark
November 2012

Media Evolution City (MEC)
Media Evolution City (MEC) in Malmö provides workspaces and services to about 60 small firms of 1 to 5 employees in the digital media sector. On the top floors of the building larger companies are accommodated, many of which maintain relations with MEC. In addition, there is a range of meeting and conference spaces, as well as a restaurant. MEC is a private company owned by the non-profit organisation Media Evolution. [Media Evolution City website] [Media Evolution website]

MINC
MINC (Malmö Incubator) is an incubator focusing mainly on ICT start-ups. It runs a 24-month incubation programme for up to 30 start-ups, and in addition accommodates 66 non-incubatee firms. In addition, MINC rents out meeting spaces. MINC is characterized by an international focus and maintains strong ties with Silicon Valley and Stanford University. It is located in a former industrial building, amidst a cluster of audio-visual firms and institutions and almost next door to MEC, where several start-ups rent workspaces after the incubation phase in MINC has ended. [website]

Ideon Innovation
Ideon Innovation is a high-tech incubator that is part of Ideon Science Park in Lund. It maintains strong ties to Lund University. Ideon Innovation provides support for 30 to 40 start-ups for a maximum of two years. Recently it started Creative Plot, an as yet small sub-programme focusing on creative industries. [website]

Company Care
Company Care applies a twofold approach. It provides 'in house' workspaces and services to 65 start-ups in the creative industries in a renovated shipyard office in Refshaleøen, Copenhagen. In addition, it operates a web portal through which start-ups, former start-ups and other small entrepreneurs can purchase, at a strongly discounted rate, numerous services and products provided by partners of Company Care. The portal also supports a community of current and former incubatees of Company Care. [website]

Study visit 4: Lisbon and Beja

Portugal
April 2013

CEBAL
CEBAL is a research institute in the town of Beja, accommodated on the campus of the Instituto Politécnico de Beja. Its mission is to develop knowledge adequate to support innovative production and processing in the fields of agroforestry, food production and ecology as a contribution to regional economic development. To that end, it is dedicated to high quality scientific research, technology transfer and implementation of innovations in the agricultural sector. CEBAL is founded in 2008 as a private non-profit association, initiated by a

partnership of municipalities and some larger agro-industrial companies in Baixo Alentejo. [website]

CoWork Lisboa
CoWorkLisboa is a private venture company located on premises of the LX Factory, a former textile manufacturing complex in the old Lisbon industrial borough of Alcântara. CoWork positions itself as a very open-minded community for creative people with no long-term obligations in a co-working manner. People working in CoWork have no formal contract for a certain term of lease. Instead, they have a card that can be charged and used (cf. a mobile phone card) whenever the holder needs it. In addition to shared work space, CoWork provides them services like free water and coffee, wifi or cable network, and use of a meeting room, lounge and kitchen. [website]

Tagus Park/Incubadora
Incubadora is located in Tagus Park, a science and technology park in Oeiras, in the Lisbon agglomeration. Tagus Park was founded in 1992 as a private company, but by a government initiative, as a part of an integrated urban redevelopment programme. Higher education and academic research are important components of the innovative ecosystem in Tagus Park. The Business Incubator that was created in Tagus Park in 1995 had hosted about 50 companies, all in ICT, when it finished operation in 2009. Two years later, in 2011, a new incubator, Incubadora, launched. Incubadora was initiated by the shareholders of Tagus Park with the aims to create a new flagship both for 'external publicity' and to enable new innovative and commercial linkages for existing companies in the Park. [website]

Study visit 5: Patras

Greece
June 2013

Patras Science Park
The Patras Science Park (PSP) is an incubator for start-ups in 'new technology', linked to the University of Patras. The PSP was established between 1989 and 1992, inspired by Sophia Antipolis near Nice in France. Today, the PSP accommodates 15 to 20 firms with over 120 employees. Most of them are inventors, adaptors and users of new technologies. The park has full occupation rate. Start-ups are supported in the sectors ICT, pharmaceuticals, renewable or new energy technology, and chemical engineering. These come from Western Greece, but also from Athens and abroad. The PSP and the firms in it participate in over 25 research projects, as well as in a number of EU co-funded projects. [website]

Carnival Lab
The Carnival Lab of Patras is responsible for constructing the artistic wagons for the Patras Carnival Parade, which is the most famous carnival in Greece. On the whole the carnival industry in Patras may be characterized as a cluster, depending for about 50 percent on non-profit activities. The Lab itself dates from the 1950s and is owned by the Municipality of Patras. The aim of the Lab is to grow from a 100 percent subsidised existence to financial independence, and some important steps in this direction have been made. [website]

Corallia Clusters Innohub
Corallia — the Hellenic Technology Clusters Initiative — is a public entity, aiming at boosting competitiveness, entrepreneurship and innovation. In fact, the focus of Corallia is on the development of clusters rather than individual start-up firms. In the Patras region, Corallia supports three clusters in the ICT sector: nano electronics, space technology and gaming technologies. The Innohub is the Patras branch of Corallia (the other branch is located in Athens). It is a modern office building, designed to accelerate the successful development of innovative companies in Western Greece through an array of business support resources and one-stop-shop services, developed and orchestrated by Corallia. [website]

Innovation and Technology Transfer Office (ITTO)
The Innovation and Technology Transfer Office aims to establish links between research and industry and, in the longer term, to establish a Regional Centre for Innovation and Technology Transfer. It does so by e.g. facilitating networking, dissemination of research results and assisting with various funding applications. The ITTO is partly funded by the University of Patras Research Committee. [website]

Study visit 6: Asturias (Avilés, Gijón and Oviedo)

Spain
November 2013

Factoría Cultural
The Factoría Cultural in Avilés is established in a former textile factory built in the midst of the 20th century and closed down in 1995. The Factoría provides a variety workshops for artistic creation and areas of multiple uses (e.g. computer rooms, multipurpose classrooms, soundproof rehearsal rooms). It focuses on five main artistic branches: music, performing arts and dance, plastic arts, digital creation and audio-visual media, and fashion and design. [website]

School of Female Entrepreneurs
The School of Female Entrepreneurs (SFE), Escuela de Emprendedoras y Empresarias de Asturias, is set up in 2012 by the regional government of Asturias in cooperation with the ministry of Health, Social Services and Equality, for the promotion of women's participation on the regional labour market. Its principal objective is to incorporate women into the productive system of Asturias in order to take advantage of their talent and their capacities to renew, to diversity and to give a boost to the regional economy. It maintains close relationships with a network of centres of incubation in Asturias that it can recommend to starting female entrepreneurs. [website]

La Curtidora
La Curtidora was founded in 1995 in the framework of Avilés 2020, a strategic development programme set up by the municipality of Avilés to face the then economic and social crisis due to the downfall of traditional heavy manufacturing industries. Its core objective is to support both the consolidation of existing firms and the start of new ones in relevant economic sectors. The Centre is open for local entrepreneurs, individuals who want to start an entrepreneurial initiative, and businesses that think of starting a branch in Avilés to demand for support. [website]

LABoral
LABoral Art and Industrial Creation Centre is based within the so called LABoral City of Culture in the municipality of Gijón, in old university workshops that were constructed in the 1950s and recently refurbished. It is a cultural centre where artists explore new technologies, in particular ICTs, and new ways of artistic expression arising from the creative use of these technologies. LABoral is

designed as a multidisciplinary platform where tools and know-how are available to facilitate and support artists and creators with the development of projects of new forms of visual arts, design and architecture and occasionally other branches of contemporary creative industries that arise form creative use of IT. [website]

Valnalón
Valnalón Technological City, or simply Valnalón, is established in 1987 in Langreo (Oviedo), in the one-century old buildings of the large steelwork Felguera. Valnalón aims at the promotion of entrepreneurship and business development, and at the promotion of an 'entrepreneurial spirit' at the different levels of the education system. It offers a mix of buildings for business development and education, including a business centre where all start-up companies are located, an occupational training centre and a teacher training centre, a telecom and ICT centre, and even a museum. [website]

Study visit 7: London and Medway

United Kingdom
February 2014

coFWD/Project 161
CoFWD (co Forward) is a co-working community and workplace, founded in 2009 in Rochester, Medway. In November 2011 coFWD moved to an old bank building at 161 High Street. CoFWD/Project 161 provides support to starting creative entrepreneurs, particularly in programming, web-design, writing, blogging and music. Project 161 basically is a co-work space and a community. The emphasis is on cooperation and building a network and an ecosystem, rather than on high-end facilities such as studios or business hubs. There is no specific support programme, but tenants have access to the support programme provided by Medway Council. [website]

Camden Collective
The Collective forms part of a £3.3 million funded project for the south of Camden Town. The Collective is funded by the Mayor of London's Regeneration Fund, Camden Council and Camden Town Unlimited, the Business Improvement District (BID) for Camden Town. The Collective draws on three distinct but integrated elements: hubs provide co-working space for creative start-ups supporting business growth in Camden, fellowships bring together top creative talent to work with established local businesses, and pop-up shops improve the quality of retail on the high street by investing in vacant units, turning them into temporary shops before returning them to the market for sale. [website]

Cockpit Arts
Cockpit Arts is located in an old furniture factory at Cockpit Yard. Cockpit Arts started as a co-work space but was transformed into an incubator between 2000 and 2005. In the building at Cockpit Yard there are 100 businesses, most of them self-employed. There are relatively many designers. In a second location of Cockpit Arts Deptford (South London) there are another 65 businesses. Cockpit Arts has an agreement with the Prince's Trust, a charity founded by Prince Charles to support creative/crafts start-ups to make a living. [website]

Trinity Buoy Wharf
Located near Canary Wharf and the O2 dome, Trinity Buoy Wharf is a mixture of modern and historic buildings. The latter are part of the Buoy factory, the newer ones are especially designed for the growth of creative industries. Trinity Buoy Wharf is a thriving centre for the arts and creative industries with a community of over 350 like-minded people enjoying the unique location. It offers a large variety of work

spaces and spaces for events (e.g. corporate hospitality, weddings, conferences, exhibitions, filming) as well as amenities such as studio and gallery space, a pier, boat club, school, rehearsal rooms and two dining options, but no entrepreneurial support or advice for start-ups. [website]

Cultural Industries Development Agency (CIDA)
Creative Industries Development Agency (CIDA) is a leading support agency for the creative industries in London. It supports the creative sector through business development, marketing support, skills development, networking events, arts commissioning and fundraising guidance. The main focus during the study visit was on CIDA's incubator, Neoponic. Money for Neoponic comes from the reserves of CIDA, which means this is not a sustainable model for the future. Hence, there is an external pressure for Neoponic to become more commercial, and various ways to achieve this are being considered. [website]

London Met Accelerator
The Accelerator is a specialist business incubator in Shoreditch. It is part of London Metropolitan University. The Accelerator specialises in the incubation of, and delivery of business development programs for high value, innovative, growing businesses. It provides support for individuals and small companies over flexible timescales, with a virtual incubation option. The Accelerator consists of an incubator and a pre-incubation programme, the Hatchery. [website]

Centre for Creative Collaboration (C4CC)
The Centre for Creative Collaboration (C4CC) started early 2010. It is part of the University of London. It brings together leading and innovative researchers from London's universities and colleges, creative industry practitioners and freelancers, SMEs, and students by creating an environment, based on the principles of open innovation, where new collaborative projects can be conceived, developed and delivered. Demand for C4CC is huge, but the funding in the longer term is uncertain, as it is based on a temporary European grant. [C4CC website] [University of London website]

Selection and aggregation of observed practices

From 'good practices' to 'best practices'

The 29 case studies resulted in a vast array of approximately 170 observed 'good practices'. Some of these were unique to a single incubator, bound to the specific circumstances of one particular case, while others were observed in a more or less similar form in many cases.

A process of aggregation and selection was applied, which resulted in 16 best practices. Together, these are based on about 100 out of the 170 good practices.

Criteria

Five criteria guided the selection of best practices:

1) practices are transferable from one case to another;
2) practices have the potential of long-term income generating;
3) the risk involved with the implementation of a practice is clear and manageable;
4) practices contribute to the initiation or development of a regional incubation system;
5) practices can be influenced by local and regional public policy-makers.

Method

The qualitative nature of the observed practices made the assessment and selection also a largely qualitative process. Accordingly, the above criteria have been applied as a guideline rather than as a quantitative ranking framework. In reality only very few practices meet all five criteria. Furthermore, no particular weight has been attached to the criteria. Nevertheless, the emphasis is on the first three criteria. In Theory, the transferability of practices from one case to another may be considered a precondition for a useful practice, given the essence of InCompass. It is unlikely, however, that a practice can be transferred to all other cases, since its implementation often depends on certain other conditions regarding e.g. the incubator's building or the local institutional context. The potential for income generating and a manageable risk are important as well, as a practice should contribute to self-sustainability of incubators. The latter two criteria are relevant mainly from the perspective of INTERREG IVC and its specific focus on regional policy-makers.

Fabbrica del Vapore

Best practices

Introduction

The current chapter constitutes the core of the toolkit. It consists of two main parts. First, the next section presents an overview of selected best practices, based on the practices observed at the cases studied. Second, the remainder sections present concise descriptions of the practices distinguished in the overview, as well as a number of illustrations of their application in the cases studied.

The overview and the subsequent descriptions can be assessed in two ways. First, they can be read as a summary of the numerous practices observed at the 29 incubators visited.

However, they can also be used in an interactive way. Clicking on one of the best practices in the overview table provides access to a description of the practices as well as its observed applications.

It should repeated that unless mentioned otherwise, the information presented in the next sections reflects the situation at the time each incubator was visited, between May 2012 and February 2014.

Overview of best practices

The assessment and aggregation process, as described in the previous section, resulted in 16 'best practices'. The below table presents an overview of these best practices, structured according to the three domains of incubators' activities:

1) commercial contextualization;
2) social contextualization;
3) tiers of support, networks and partnerships.

Most of the selected best practices are in the domains of commercial contextualization and tiers of support, networks and partnerships. It was found that practices with regard of social contextualization, such as the networking event or the construction of common 'third spaces', while considered of great importance to start-up companies, in general have little potential to improve the financial sustainability of the incubator itself.

The descriptions of best practices in the next sections are structured as follows:

- brief introduction of the practices;
- assessment according to the five selection criteria;
- one or more examples as observed during the study visits.

Finally an assessment table presents the indicative score of selected best practices on the five selection criteria.

Domain of incubators' activities	Best practice (click on practice for more information)
Commercial contextualization	Rent out workspaces to non-start-up tenants to establish cross-subsidy
	Rent out other spaces than workspaces to third parties and for events
	Apply for EU grants
	Apply for financial benefits from public authorities, other than subsidy
	Introduce equity sharing
	Market consulting services on the basis of incubatees' knowledge
	Sell the incubation programme
Social contextualization	Valorise the incubator's relation to the neighbourhood
Tiers of support, networks and partnerships	Build an alliance with a higher or vocational education institution
	Involve alumni
	Make an agreement with a trust that financially supports start-ups
	Focus on the provision of workspaces and 'outsource' the support programme
	Focus on pre-incubation and raising awareness
	Invest in long-term partnerships
	Apply a mix of start-ups and more mature firms
	Focus on the development or reinforcement of clusters

Creative Factory

Commercial contextualization

Rent out workspaces to non-start-up tenants to establish cross-subsidy

Many incubators rent out workspaces not only to start-up companies but also to others, varying from SMEs in the sector the incubator focuses at to larger regular firms or managers from large firms having a sabbatical. In some cases renting out is limited to the incubator's partners or a specific group meeting the incubator's principles, such as non-profit companies. Many incubator that focus on start-ups and more mature firms charge the latter a higher rent to allow for a form of cross-subsidy. Thus, they are able to offer start-ups a reduced rent.

Renting out workspaces to non-incubates may also help to improve the occupation rate of incubators when insufficient demand from start-ups exists, e.g. in the starting phase of an incubator.

Transferable
Yes. However, the extent to which this can be transferred to incubators in other regions partly depends on the availability of suitable spaces in their buildings.

Long-term income-generating potential
Yes, dependent on the local real estate market, especially the availability of competing affordable workspaces.

Clear and manageable risk
Low.

Contributes to regional incubation system
Not as such.

Possible influence of local and regional policy-makers
Little. Too much interference of public authorities may induce claims of market disturbance.

Examples
LIB - Next to start-ups, Laboratorio Innovazione Breda (LIB) also hosts spin-offs by former managers and professionals of established companies, existing companies that are currently downsizing and need less or less expensive space than before, and branches of larger commercial enterprises. In general, these more mature activities can afford higher rents (even if some are severely hit by the economic crisis) and have a lower risk factor. For the last five years before the study visit LIB could cover its expenses by income from rents only. This means that the financial performance of LIB depends on the amount of rented space and, indirectly, the number of tenants. Currently there is a critical mass of potential entrepreneurs in the Breda region as well as sufficient space in the incubator to rent out to reach a break-even point. However, the size of the incubator is at a critical minimum for achieving financial sustainability in the longer term .

MINC - MINC pays rent to Malmö City Council for the space. This is covered by the rents MINC received from its tenants. Companies engaged in the incubation programme pay subsidised rents; the other companies in MINC pay rents in line with market rates. Rents differ by the type of work space, and for incubatees rent differ by the time they have been in the incubator. Total rents account for over 40 percent of MINC's revenues.

Valnalón - The premises of Valnalón consist of a variety of different buildings and spaces, both for small firms and start-ups and for large firms (e.g. Cap Gemini). This mix of tenants reduces risks of default and provides a more stable income from rents and fees.

London Met Hatchery - Start-ups in the London Met Hatchery (a pre-incubator) pay only little. Start-ups in the regular incubator pay a fee on par with the local market prices, which is used to cross-subsidize the Hatchery.

Cockpit Arts - Rents account for two thirds of the income of Cockpit Arts. The rent level is not too high, based on what tenants can afford. There is a standard fee for the first five years. Some firms stay in Cockpit Arts for quite some time and can afford higher rents. Hence, after five years the fee is being increased yearly, until the maximum is reached after ten years. Thus, more mature firms cross-subsidy start-ups. [back to table]

Rent out other spaces than workspaces to third parties and for events

Many incubators rent out non-workspaces to third parties. This includes for instance meeting rooms, studios or rooms with particular equipment such as 3D-printer. In many cases it also involves spaces for events such as workshops, art exhibitions, theatre performances or social events like weddings. Many incubators are located in former industrial buildings or schools that include large spaces and are considered attractive locations for events.

Transferable
Yes; partly depending on the type of spaces available in the incubator building and the possible nuisance of events for the surrounding urban area (such as noise).

Long-term income-generating potential
Yes. The income-generating potential of this practice depends to a large extent of the opportunities provided by the incubator building, as well as on the availability of competing locations in the city or region.

Clear and manageable risk
Low.

Contributes to regional incubation system
No.

Possible influence of local and regional policy-makers
Where appropriate public authorities may allow for flexible regulation concerning e.g. noise to enable the organisation of events. In the case of for instance former industrial buildings building and safety regulation may be applied in a flexible (but responsible) way.

Examples
Trinity Buoy Wharf - Trinity Buoy Wharf offers spaces and support entrepreneurs who want to grow their business. Because of the location outside the centre of London the rent level is relatively low. The buzz and liveliness of a typical neighbourhood are missing, however, and it requires some effort to attract the general public to the area. This is the more important as most of the income of Trinity Buoy Wharf is generated from renting out spaces. The historic wharf is transformed in a venue of artists with spaces that are suitable for weddings, media centres, conferences, filming, photo shoots. Further amenities include studio and gallery space, a pier, boat club, school, rehearsal rooms and two dining options. On concert days there is a ferry to the O2 dome on the opposite banks of the River Thames. Several larger organisations are also located in the area, such as the English National Opera, the Faraday School, the Prince's Drawing School and the University of East London.

C4CC - The large space at C4CC is rented out for events such as workshops or meetings. It is free for non-commercial organisations, while commercial organisations pay a fee. There are ample free venues in London if you want to organize an event. The advantage of the current C4CC space is its atmosphere, the people, the energy. The combination of the building and the people in it is important. However, only one space is available and income from this covers only a few percent of the total costs of the project.

Creative Factory - The large open space for joint activities of the incubatees is also used to host groups of external visitors for events like workshops. To host these groups, the Factory supplies a variety of services and facilities, including conducted tours through the building, ICT use and catering. This space has its own bar, and for catering the Creative Factory has a partnership with a social enterprise from the neighbourhood, although other catering services are used as well. [back to table]

Apply for EU grants

Several incubators successfully applied for projects funded by e.g. the European Regional Development Fund, the European Social Fund or the EU's Life Long Learning programme. In most cases European funding is additional to other sources of income, but occasionally a single EU grant is by far the largest source of income of the incubator. Although EU-funding still involves public funding, it is not at the expense of local or regional authorities.

Transferable
Yes, to incubators that are eligible for EU grants.

Long-term income-generating potential
Yes, especially if EU-finding is supplementary to other sources of income. Often EU grants must be matched by other sources of income.

Clear and manageable risk
The risk involved is low when EU-funding is only one of several sources of income. However, a considerable risk for the continuity of the incubator may exist when a EU grant constitutes the main income of an incubator, due to the temporary nature of these grants (typically about three years).

Contributes to regional incubation system
No, unless a project application is submitted by a regional partnership rather than an individual incubator.

Possible influence of local and regional policy-makers
Incubator managers complain about the complicated and time-consuming administrative procedures required by many EU funding schemes. Assistance could be provided for this at a regional level.

Examples
Patras Science Park - Patras Science Park (PSP) generates a varying but significant share (in 2012 over half) of its income from EU-funded projects. On the one hand these projects increase the financial security of the PSP. On the other hand, they improve the competencies of the internal staff of the PSP, as the funds usually are received to implement various business, innovation or technology development projects. Generally speaking, the project funded add value to the PSP itself as well as to incubatee companies via workshops, trainings, consultancy etc.

C4CC - C4CC is funded for three years on the basis of a EU grant. All costs are shared fifty-fifty by the European Regional Development Fund (ERDF) project 'London Fusion' on the one hand and the three participating universities on the other hand. ERDF rules do not allow C4CC to charge the clients, so there are hardly other revenues. For the funders it was a high-risk experiment. In 2008 the approach of C4CC was unique, but now it is less so, which makes applying for a new EU grant on the same basis harder.

Media Evolution City - There is a legal separation between the non-profit organization Media Evolution and for-profit organization Media Evolution City (MEC). The advantage of this practice is that Media Evolution as a non-profit organization is eligible for types of funding for which a for-profit organization is less eligible or not eligible at all (including EU projects), while MEC is authorized and capable to operate on the market (e.g. as a consulting company). Between 2008 and 2012 Media Evolution received several millions from EU structural funds, before it made the switch to operate without EU funding.

Corallia Clusters - Corallia is funded by the Greek government and EU structural funds. EU funding so far has been over 30 million euros. [back to table]

Apply for financial benefits from public authorities, other than subsidy

A few incubators receive financial benefits from local public authorities. This involves for instance property tax exemptions. In other cases incubators located in publicly owned buildings benefit from reduced rents. Obviously this costs public authorities money, just as direct subsidies would, but this indirect funding is likely to be more acceptable if support of incubators is an issue of debate. Policy-makers may also relate indirect funding to the incubators' use of vacant buildings or its contribution to neighbourhood improvement (see below).

Transferable
Yes.

Long-term income-generating potential
Yes.

Clear and manageable risk
Little for public authorities; none for the incubator.

Contributes to regional incubation system
No.

Possible influence of local and regional policy-makers
Large. This may be a more acceptable form of support than direct subsidies, especially if it would be linked to objectives of neighbourhood improvement, such as the use of vacant buildings.

Examples
coFWD/Project 161 - coFWD receives a 100 percent exemption from property tax from Medway Council for the Project 161 building, but otherwise it does not receive any public funding.

Cockpit Arts - Cockpit Arts is located in an old furniture factory at Cockpit Yard, dating from the 1920s. It has rented these premises from local authorities since 1993 for a relatively low rent of £135,000 per year. [back to table]

Introduce equity sharing

In the case of equity sharing the incubator buys a share in the ownership of the start-up company, in return for a share of future profits. (Equity sharing in which external investors take a share in the start-up companies is not considered here, as it does little or nothing for the financial sustainability of the incubator.) Equity sharing is a standing and successful practice particularly in the US (for instance the Y-Combinator) and seems more common in tech-based than content-based industries.

Transferable
Yes, but this may depend on regulation and legislation and on the status (e.g. public or private ownership) of the incubator.

Long-term income-generating potential
Yes. However, income is only generated after a certain starting period, when the first start-up companies evolve and begin to generate profits.

Clear and manageable risk
Equity sharing is not riskless for the incubator, as its future income depends on the success of the start-up companies in which it invests. There is an imminent danger that this influences the selection of incubates, at the cost of the start-up companies that are considered more risky investments.

Contributes to regional incubation system
No.

Possible influence of local and regional policy-makers
Little; regulation and legislation may be involved, but mainly on the national level.

Examples
Equity sharing by the incubator was not observed in any of the cases studied here, but was being considered or discussed in several cases. In all incubators considering equity sharing 'fairness' towards start-up companies is an important point of attention, and arrangements are thought of to combine this with the potential to generate income, for instance by taking a share for a limited period only.

MINC - About 90 percent of the incubatees in MINC are shareholder companies. Although MINC considers equity sharing a good funding model, it does not itself take shares in start-up companies. Being owned by the city of Malmö, MINC is a public company which under Swedish law is not allowed to take a share in other companies. However, the incubator supports incubatees in attracting venture capital from external investors and advices them about the benefits and drawbacks. MINC is also increasingly looking for new external investors, and is developing a crowd funding model.

Hub Milano - The Hub wants to move to a next stage of business development, and start an investment fund inside the Hub - not investing in the Hub, but 'to invest in the members of the HUB'. It is recognized that equity sharing by the incubator may prevent incubates from turning to private equity firms.

C4CC - Looking for a new business model C4CC has been looking at an equity sharing model. Such as system can be sustainable in the long term, but requires a long period to establish. One option considered is taking a small share in start-ups only for a limited period, making it rather like a loan. [back to table]

Market consulting services on the basis of incubatees' knowledge

Incubators may market the knowledge of incubatee firms in the form of consultancy services. They do so with the approval and cooperation of these incubatee firms, acting de facto as an overarching entity that can take on commissions. This model may generate income for the incubator. However, some caution is required, as implementing this model should not go at the expense of the incubatee firms. This might occur for instance if the incubator would compete with individual start-up companies, or start-ups are getting the feeling that they are an 'employee' of the incubator. On the other hand, several start-ups acting under the label of the incubator may be able to take on larger commissions than they could individually.

Transferable
Yes.

Long-term income-generating potential
The income-generating potential partly depends on the sectors and markets on which the incubator and the incubatees focus. This model seems most promising, and the easiest to implement, for service industries.

Clear and manageable risk
There is the explicit need to establish an unambiguous relation with incubatees' activities.

Contributes to regional incubation system
No.

Possible influence of local and regional policy-makers
No.

Examples
Media Evolution City - There is a legal separation between the non-profit organization Media Evolution and for-profit organization Media Evolution City (MEC). This allows MEC to operate as a consulting company, making use of the specific expertise of member businesses 'in the house' to acquire and carry out commissions. In practice MEC functions as a contractor for commercial consulting assignments for external parties, which are carried out by incubatees. This generates about 25 percent of the income of MEC and allows incubatees to work on large assignments which they could have accepted as individual start-ups.

Hub Milano - The HUB raises income from consultancy for third parties, based on members' expertise. Clients include large corporate firms such as Fiat. Nevertheless, in accordance to its principles, the HUB does not do 'green washing', i.e. does not provide a green image for activities that are in fact not sustainable. [back to table]

Sell the incubation programme

In a few of the cases studied incubators market their knowledge as an incubator or think about doing this. This may take several forms. Incubators may sell their support programme to incubators, possibly in other regions. If their activities include pre-incubation and raising awareness among potential start-ups, they may also contribute to modules in higher and vocational education.

Transferable
Yes, regarding the marketing of incubation activities to other incubators or regions. Active involvement of a private incubator in the educational curriculum may not be allowed in all cases.

Long-term income-generating potential
There is certainly some income-generating potential in this, provided that there is a market: the incubator is able to offer a distinct quality method or programme, and other incubators or higher education institutions are willing and able to pay for this.

Clear and manageable risk
Some, depending on the investments involved. Market analysis would be required.

Contributes to regional incubation system
Potentially, particularly if the marketed activities focus on a limited number of sectors that align to the regional economic strengths.

Possible influence of local and regional policy-makers
Public authorities may purchase the incubator's knowledge. e.g. to establish a regional support system for start-ups.

Examples
Valnalón - Valnalón has developed curricula on entrepreneurship for formal education programmes aimed at teaching young people the entrepreneurial attitudes and skills that are demanded in the contemporary economy. These programmes are widely promoted and have stirred interest in other regions of Spain and abroad. The transfer of these curricula to these other areas is a source of revenue for Valnalón.

C4CC - Looking for a new business model C4CC is considering the development of an educational module for master courses. This would focus on practical entrepreneurship, strategy and financial evaluation. The aim would be to sell the module to higher education institutes. [back to table]

Social contextualization

Valorise the incubator's relation to the neighbourhood

In some cases incubators are supported because of the assumed positive influence they have on their local urban environment. If an incubator can rightly claim that it contributes to unemployment reduction, strengthens social cohesion within the local community, or contributes to the improvement and maintenance of public space, this may provide an added value that the incubator may valorise. For publicly-subsidized incubators it may be a justification for public funding, while in other cases it may be a basis for support from the local community itself.

Transferable
Yes, depending on the local context. A relevant factor seems the need for neighbourhood improvement, and the existence of a neighbourhood improvement programme the incubator can connect to.

Long-term income-generating potential
Possibly. Rather than generating direct income, this practice may increase support for public subsidy, making the incubator less vulnerable to budget cuts.

Clear and manageable risk
Low.

Contributes to regional incubation system
No.

Possible influence of local and regional policy-makers

The involvement of public policy-makers may take many forms, depending on the type of neighbourhood improvement and the role of the incubator in this. Remarkably, of the cases studied in InCompass the incubators that most emphasised their relation to the local community tended to be privately funded. This suggest that public authorities that stress the role of incubators in neighbourhood improvement should link public funding to clear targets.

Examples

Camden Collective - Camden Collective is partly funded from a public neighbourhood improvement programme, and partly by the Camden Town Unlimited Business Improvement District (BID). Hence, it is funded, indirectly, from a voluntary levy of 1 percent of companies' rateable value paid by 300 businesses in Camden Town. Thus, the incubator management must provide a reasonable value proposition to businesses in the BID in order to get their approval to designate the support to the incubator. It must be plausibly contribute to enhance the reputation of the area, to fight drugs and crime, and to support business development.

The Collective originated with the success of pop-up stores. Camden Collective invests in vacant and under-used shops, turning them into vibrant, temporary spaces by curating an exciting programme of cultural and retail events. Thus, it provides young creative people with free individual or shared merchant space for a period of six months. Camden Collective refurbishes the shops to create a brand new retail unit with white walls and new lighting systems that is suitable for all types of creative industries, from fashion and art, to music, media and live performances. The spaces are in demand and local designers operate in the shops to showcase and sell their production.

Carnival Lab - The Carnival Lab in Patras is all about social contextualisation, in the sense that interaction with the local and regional environment is essential for its functioning. Participation of citizens, from young students to carnival artists and specialized technicians, is massive in all phases of the Carnival of Patras, resulting in a highly multicultural event that lasts for at least two months every year. The Carnival is an inseparable part of the local community; it is mainly a huge social network all over the city, and the Carnival Lab is its core. The financial means generated from the Carnival are enormous and vital for the city and the region, being estimated at 20 million Euros for the carnival period, but these means do not trickle down into the funding of the Lab. Accordingly, the Lab plans to raise funding on the basis of its goodwill and social capital in the local community, by means of for instance sponsorship programmes and a Carnival Card offering certain benefits.

Cockpit Arts - For the future, Cockpit Arts strives to a more secure lease of the premises and the construction of a new building. One problem is that as a charity Cockpit Arts cannot pay a market price. To the local authorities that own the premises Cockpit Arts argues that the local community benefits from the activities of Cockpit Arts, and that this social contribution could be considered as part of the rent. This would create an undervalue (effectively a discount) on the agreed rental level. So far local authorities agree with this line of reasoning. Although this is not yet put in practice, the lobbying of the concept - and the acceptance of it so far by the local authorities - make it an interesting case. [back to table]

Tiers of support, networks and partnerships

Build an alliance with a higher or vocational education institution

Several incubators are related to, or even part of, an institution for higher or vocational education. Often this relation is not limited to one institution. Universities consider incubators a way to market their research and patents in the form of spin-off firms, or to improve the employability of their graduates. The latter is increasingly used as an assessment and funding criterion for universities in for instance the UK. Educational institutes may also partly fund incubators, but this is not always the case. If publicly-funded universities or colleges fund incubators, this implies public funding is still involved, but by other (often national) sources than local and regional authorities.

Transferable
Hard to transfer from one incubator to other existing incubators. However, the practice to found or support an incubator is transferable between educational institutes

Long-term income-generating potential
Public funding may still be involved, but not by local or regional authorities.

Clear and manageable risk
A considerable investment is required, particularly of the educational institution involved, but this can be estimated reasonably well.

Contributes to regional incubation system
Potentially; may stimulate graduates to start their own company.

Possible influence of local and regional policy-makers
Policy-makers can facilitate and support the implementation of this practice, for instance by providing a vacant building.

Examples
London Met Accelerator - Strictly spoken London Metropolitan University is not a partner, as the Accelerator itself is part of the university. Nevertheless, the relation is important and mutually beneficial. Universities are struggling and have to undertake efforts to attract students. Student satisfaction and employability are critical, and it has been proven that entrepreneurial training increases employability. Accordingly, the Hatchery (a pre-incubator) is a means for the university to improve the employability of its graduates. Meanwhile, students themselves are increasingly aware of the possibility to start their own business. The Accelerator offers them work space and support services.

Creative Factory - The Creative Factory has built up a strong partnership with the Rotterdam University of Applied Sciences. The University contributes financially to the Creative Factory by renting its own unit in the building. It uses this space for internships and projects for students to increase their practical capacities and knowledge and to become acquainted with creative entrepreneurship in practice. In reverse, students and professors support these entrepreneurs by advisory regarding operational management of their businesses.

Tagus Park/Incubadora - Higher education and academic research are important components of the innovative ecosystem in Tagus Park. R&D is being carried out first and foremost by the main knowledge institute, the School of Engineering of Lisbon University of Technology. There is also a location of the Open University, an institute of e-learning for B.A., M.A. and Ph.D. degrees. Furthermore, near Tagus

Park the Catholic University of Portugal and the Atlantic University are located. [back to table]

Involve alumni

Start-up companies that have become successful and leave the incubators can be a valuable resource for the incubator. They may be involved as mentors or coaches, in networking activities, or even, possibly, as sponsors. Many incubators recognize the potential of having a community of alumni, but hardy any of those studied keeps track of start-ups after they leave the incubator. Some incubators also apply a related model based on membership, in which alumni are stimulated to remain a paying member after leaving the incubator. This proves to be a viable model to let former incubatees pay a fee in return for the use of certain facilities and services.

Transferable
Yes, provided that the incubator keeps track of its incubatees.

Long-term income-generating potential
Yes, for instance if alumni stay paying members of the incubator. Alumni may also contribute in kind to the support programme. If alumni of the incubator are not known, some time may be required to build up a sufficient pool of ex-incubatees.

Clear and manageable risk
Low.

Contributes to regional incubation system
No.

Possible influence of local and regional policy-makers
No.

Examples
MINC and Camden Collective are among the few incubators that actively stay in touch with former incubatees. This is also true for incubators based on a membership model, such as Company Care and CIDA.

Company Care - The only expenses of the incubatees of Company Care is the yearly membership fee of 1,000 DKK (€134). However, membership does not stop at the end of the 24-month programme: firms can continue this after having left the incubator. Continuing the membership has certain advantages, such as free access to the networks of incubatees and partners of Company Care, and to the worldwide video conferencing system. Company Care therefore expects that most members will continue contributing to revenues by fees years after leaving the incubator. This means that the only success factor of Company Care is the success of its actual and former incubatees: “only if these are successful, Company Care is successful”. [back to table]

Make an agreement with a trust that financially supports start-ups

A particular practice was observed in which an external charity funds start-ups in various incubators (comparable to a scholarship), also taking care in the scouting and selection of start-ups and their location in a suitable incubator. The arrangement may give the incubators involved a competitive advantage over others, while incubatee companies have easier access to start-up funding programme.

Transferable
Questionable, as this practice strongly depends on the existence of a funding charity organisation.
Long-term income-generating potential
This model provides the incubator not with additional income, but with more stable and secure funding, and may increase the incubator's financial continuity.

Clear and manageable risk
Low.

Contributes to regional incubation system
No.

Possible influence of local and regional policy-makers
Little, if public authorities support possible founding of a trust or similar organisation.

Example
Cockpit Arts - Four years ago, Cockpit Arts signed an agreement with the Prince's Trust foundation through which it became an official service provider for incubation. The Enterprise programme of the Prince's Trust foundation helps about 100,000 unemployed young people, who are interested in self-employment, to explore and test their ideas, write business plans and start their own businesses. The focus is on crafts: designers and other creatives that produce their products themselves rather than outsource production.

The majority of the start-ups in Cockpit Arts that are supported by the Prince's Trust are graduates. The programme provides a seamless progression route from education to a professional incubator. The Prince's Trust has an enterprise manager who scouts candidates. The Trust also refers candidates from other programmes to Cockpit Arts if they are considered ready for it.

The beneficiaries of the programme can use facilities and spaces in Cockpit Arts. The Prince's Trust involves ex-incubatees with experience in business and crafts skills as mentors, for a small fee. This mentoring is mostly initiated by the start-ups themselves.

The Prince's Trust pays its contribution directly to the incubator, covering the costs of the supported start-ups. Most candidates of the Prince's Trust already obtained a loan from another source (e.g. a bank), but thanks to the support they can spend their loan money in a later stage.

On the whole the agreement with the Prince's Trust is both a strategic partnership and an important element of business support: incubatee companies have easier access to start-up funding programme and the agreement gives Cockpit Arts a competitive advantage against other business centres in the area, as well as a source of financial stability. [back to table]

Focus on the provision of workspaces and 'outsource' the support programme

In some cases the provision of workplaces and business support may be effectively separated. This allows the incubator to focus on the provision of workspaces ad on networking, while start-ups may make use of an externally provided support programme. Moreover, the use of separate business models for these two activities provides a large degree of flexibility.

Transferable
Yes, depending on the existence of some critical mass of start-ups and the focus of start-up population

Long-term income-generating potential
For local and regional policy-makers there may be little potential for direct cost reduction if they have to invest in a separate support programme for start-ups, but opportunities may occur for increasing the efficiency of the regional business support system by gaining economies of scale. For the incubator itself, depending on how support is provided substantial costs reductions may be possible.

Clear and manageable risk
Some risks are involved, as the practice requires limited investments in the support programme.

Contributes to regional incubation system
Yes, by way of possible economies of scale or increase of quality of start-up support.

Possible influence of local and regional policy-makers
Public authorities could provide or organize a start-up support programme on a regional scale.

Example
coFWD/Project 161 - The coFWD organisation focuses on fostering networking and cooperation between starting creative entrepreneurs, and provides workspaces in the Project 161 building. Business support is not a core part of the coFWD itself. However, everyone in Project 161 has access to the support services delivered by Medway Council. These services, such as coaching or training, can be delivered in the Project 161 building, on a one-to-one basis, or through other facilities in the area. Likewise, mentoring is on demand, and mentors are provided by the Council programme. This means that effectively the provision of work spaces and business support are separated. For coFWD this is a way to operate on a low-cost basis while still offering its members a complete package. [back to table]

Focus on pre-incubation and raising awareness

Several incubators are involved in pre-incubation and activities to raise the awareness among potential start-ups of the opportunities to start an own business. In most cases this happens at the level of graduates or near-graduates of higher education institutes, for example by offering workshops or lobbying to include entrepreneurial skills in the curriculum. All these activities aim to fill the perceived gap between education and entrepreneurship.

Transferable
Yes.

Long-term income-generating potential
Hardly.

Clear and manageable risk
Low, especially if the practice can build upon existing activities of the incubator.

Contributes to regional incubation system
The activities aim to fill the perceived gap between education and entrepreneurship, and as such they may have a clear contribution to the regional incubation system. This is especially likely if they are established on a regional level, involving triple helix partners.

Possible influence of local and regional policy-makers
Facilitating, for instance by providing a vacant building or by coordinating the start-up of a business by graduates with social benefits.

Examples
Valnalón - Valnalón has built up, and maintains, a strong engagement in education, aiming at introducing the broad field of entrepreneurship in curricula at all three levels of formal education. Its ties to schools, universities, regional education boards across Spain and abroad, and the national Ministry of Education are quite solid. Furthermore, in 2012 it started the programme Enterprising Network that narrows the gap between educational institutes and employers (businesses) by engaging students in practical projects with local companies in order to establish mutually beneficial partnerships: ”There is much more that can be done in this respect than apprenticeships.”

Corallia Clusters - In accordance to the focus of Corallia on cluster development, its support programme is formulated partly on the basis of feedback from the cluster managers of the business clusters involved rather than of individual start-ups. A particular element of the support programme is the Youth Entrepreneurship Acceleration Programme (YEAP). This aims at young entrepreneurs and potential start-ups and consist of the organisation of educational trips for students to universities in the US, boot camps and networking events. Moreover, Corallia is active in the field of education, trying to match the curriculums of school and universities to the needs of business clusters, and to include modules about entrepreneurship. [back to table]

Invest in long-term partnerships

Virtually all of the studied incubators engage in partnerships. Partners may be e.g. schools, universities, banks, former incubatees or any other firm. They may sponsor the incubator, but more common is a contribution in kind: by renting a space in the incubator, by providing cheap services to the incubator or by contributing in the support of start-ups by providing affordable loans, legal or fiscal services, or mentoring. Particularly when partnerships involve reciprocal and stable relations, they may be a source of income, either directly or by expenses saved by in-kind contribution.

Transferable
Yes.

Long-term income-generating potential
Particularly if the partnership is structural and reciprocal. Partnership may often generate income indirectly, by means of in-kind support.

Clear and manageable risk
Low.

Contributes to regional incubation system
Yes, if partnerships are not limited to one incubator but focus for instance on a regional cluster.

Possible influence of local and regional policy-makers
Little.

Examples
Creative Factory - The Creative Factory has entered into partnership agreements with local government and 13 companies and institutions in education, finance, advisory, audit, communication, estate

management and housing. The partnership model of the Creative Factory relies on careful selection by the managing director of partners from government, educational institutes and business. Together, they contribute in cash and offer a range of in-kind services that are tailored to both the needs of individual start-up companies and collective incubation programs in the Creative Factory. The negotiations between the managing director and potential partners encompass both the specific and complementary services they can provide and what they can expect in return.

The Creative Factory has a particular partnership with the Rabobank. The bank contributes financially to the Creative Factory, provides financial consultancy to incubatee businesses and acts as an intermediary in seeking venture capital and informing potential investors of business opportunities with start-ups companies. In return, the bank disposes of the 'Rabobank Room' for business and board meetings with a nice view on the port area next to the factory building. Also, it has its name exposed on the exterior wall of the Creative Factory building amid those of other partners. This identifies the bank with the development of young talent, start-ups companies and social projects in a deprived area, contributing to the image of corporate social responsibility. More important however, the bank considers these contributions an investment in future applications by new enterprises by its services. In the course of time, other commercial enterprises, like KPMG, have also shown interest to become a partner for similar reasons. The market share of the Rabobank within the Creative factory is twice as high as outside.

DNAMO - DNAMO has a board of founders from government, educational institutes and business. It currently works from the explicit mission to build up an 'ecosystem' of stakeholders in regional industries producing innovative sustainable solutions, including young start-ups, large companies and foundations. This ecosystem contains a pool of successful entrepreneurs who put in their knowledge and expertise in a one-year course of coaching its start-ups. Furthermore, DNAMO has partnership agreements with various types of consultancy companies (IP, legal issues, accountancy, subsidies) that offer services at reduced rates to start-ups.

LABoral - Not in the last place due to the presence of fabLab Asturias, LABoral has succeeded in entering into partnerships with international private companies and knowledge institutions, some quite celebrated. The latter include MIT and the Centre Pompidou.

Company Care - Company Care is a special case as it hosts a web portal offering partners' products and services as discounted price for members.

CoWork Lisboa - The nationally operating telecom company ZON that is responsible for providing and maintaining stable internet is a sponsor of CoWork, supplying its services for a discount price. [back to table]

Apply a mix of start-ups and more mature firms

Many incubators deliberately aim at a mix of early and more mature start-ups, or start-ups and regular SMEs. One of the reasons for this can be the cross-subsidy between companies that can afford higher or lower rents (as discussed before). A second reason is the possibility that mature start-ups or SMEs can be involved in the support of beginning start-ups, by mentoring or providing advice. Beside mature firms, start-ups in different stages of incubation also help each other. Against that background, a practice of strictly sticking to cut-off moments ending with kicking out incubatees - out of the incubation programme and out the building - at the scheduled end of the

programme after 3 or 4 years, irrespective of their progress and state of affairs, may not be the best option.

Transferable
Yes.

Long-term income-generating potential
Little, as far as direct income is involved. A income-generation potential is to be found if mutual support is considered as an in-kind contribution to the incubator.

Clear and manageable risk
Low. If mature firms are involved in support and mentoring, some kind of quality monitoring may be needed.

Contributes to regional incubation system
No.

Possible influence of local and regional policy-makers
No.

Examples
Hub Milano - The Hub has no formal support program like a more traditional incubator has. Instead, the Hub functions as a 'flexible ecosystem', which provides support in many ways. The Hub believes that "peer-to-peer learning is the most effective method to advance our collective wisdom". This is stimulated by the organisation of various networking events, as well as by the mixture of start-ups and more experiences entrepreneurs in the Hub. The centre encompasses different type of individuals, such as entrepreneurs and operators of non-profit organizations, professionals and young students, designers and computer experts from a wide range of professional backgrounds, cultures, nationalities, approaches and contexts.

Creative Factory - A mix of start-ups with more experienced firms - either more advanced start-ups or other firms - is deliberately applied in the Creative Factory. It greatly contributes to informal learning.

London Met Accelerator - This practice is also the basis of the collaborative approach to learning advocated at the London Met Accelerator. Here, start-ups in different stages of incubation help each other. A potential start-up's contribution to the incubator community is taken into account in the selection; it is stressed, for example, that an incubator must have at least one IT company to assist other start-ups. [back to table]

Focus on the development or reinforcement of clusters

An incubator may focus on the development of clusters, rather than individual companies. Occasionally, this involves the active development of a new cluster in a promising sector. More often, however, the incubator focuses on the reinforcement of an existing cluster.

Transferable
The development of new clusters is not easily transferred to other cases, as it depends on e.g. the focus and mass of SMEs and start-ups, the identification of a promising but not yet developed cluster, and the legal status of the incubator. The practice to support existing clusters is more easily transferred, depending on the existence and the needs of such clusters.

Long-term income-generating potential
Hardly.

Clear and manageable risk
The active development of a new cluster brings about considerable risks when carried out without the necessary care and expertise, and is likely to involve large investments. The risk involved in supporting an existing cluster is smaller.

Contributes to regional incubation system
The potential contribution to the regional incubation and innovation system is large, either by the development of a new cluster or the support of existing clusters.

Possible influence of local and regional policy-makers
Facilitating.

Examples
Corallia Clusters - Corallia focuses on the development of clusters, rather than individual companies. Once a promising sector is identified, Corallia establishes a network of start-ups and mature companies, knowledge institutions and other relevant parties. This approach has successfully been applied to develop nano technology, games development and space technology clusters. These clusters are developed in stages, based on regular go/no-go decisions, corresponding to increasing investments: 1) study and mapping of the thematic area; 2) implementation of a pilot programme; 3) wide-scale deployment for the attainment of a viable competitive advantage and critical mass in the selected thematic area.

The gaming technologies cluster is most successful. The cluster displays a state-of-the-art technology edge coupled with an extrovert, global-reaching entrepreneurial spirit. It has achieved a critical mass, including large businesses, SMEs and academic and research institutions. Moreover, the in-depth sector mapping that has been performed indicates a substantial pool of talent and activities in industry, academia and research in this field, indicating significant future growth potential and development prospects.

Media Evolution City - Media Evolution focuses on business development in all kinds of digital media branches. This involves support of existing businesses but also the creation of new businesses. Media Evolution works with regional triple helix partners in order to build a leading innovation platform for media industry in the south of Sweden. Founded on knowledge of global consumer behaviours and of new cross-media technologies, it explores what happens in the world and recommends how to implement these trends in further development of the media sector at home, supporting the identification of new business opportunities and business models, and making new contacts with businesses. [back to table]

Tagus Park

Indicative score of selected best practices on the five selection criteria. [back]

Best practise	Transferable	Long-term income-generating potential	Clear and manageable risk	Contributes to regional incubation system	Possible influence of local and regional policy-makers
Rent out workspaces to non-start-up tenants to establish cross-subsidy	++	++	++		
Rent out other spaces than workspaces to third parties and for events	++	++	++		+
Apply for EU grants	++	++	+	+	++
Apply for financial benefits from public authorities, other than subsidy	++	++	++	++	
Introduce equity sharing	++	++	+		+
Market consulting services on the basis of incubatees' knowledge	++	++	+		
Sell the incubation programme	++	+	+	++	++
Valorise the incubator's relation to the neighbourhood	++	+	++		++
Build an alliance with a higher or vocational education institute	+	+	++	+	+
Involve alumni	++	++	++		
Make an agreement with a trust that financially supports start-ups	+	+	++		+
Focus on the provision of workspaces and 'outsource' the support programme	++	++	+	++	++
Focus on pre-incubation and raising awareness	++		++	++	+
Invest in long-term partnerships	++	++	++	++	
Apply a mix of start-ups and more mature firms	++	++	++		
Focus on the development or reinforcement of clusters	+			++	+

++: best score +: moderate score blanc: no effect

Carnival Lab

Implementation

Introduction

Projects such as InCompass are not just about the identification of best practices; this is probably 'the easy part'. The transfer of these practices, and their adoption and implementation in other incubators and regions, poses challenges that are equally important, and more difficult to tackle. This chapter therefore reflects on some of the pitfalls involved. As will become clear in the next sections, it can by definition not provide policy-makers with clear-cut answers. Instead, it aims to provide some insight in the process of identification, transfer and implementation of best practices.

Transnational learning: transfer and implementation of best practices

Why is learning by cities important?

To strengthen their innovative capacity and improve their economic performance, it is important that cities learn from other cities, even from their competitors. Learning, defined straightforwardly as acquiring new knowledge (Campbell, 2012:4), therefore is of great importance for cities: "A smart city is a learning city" (Schouw, 2009). However, learning is a necessary but not a sufficient condition for cities to improve their innovative capacity; the acquired knowledge also has to be implemented in policies of urban and regional governments as well as of other stakeholders like businesses, knowledge institutions or NGOs. Implementation of new knowledge with the aim to enhance financial sustainability of incubators for creative industries, the objective of InCompass, fits in this picture: these incubators not only 'produce' new firms in these industries but may also contribute to strengthen the regional innovation system.

How can cities acquire new knowledge?

Campbell (2012:6-8) appoints three main ways in which cities can acquire new knowledge. First, cities can buy knowledge from commercial sources. This knowledge is usually developed by for instance consultancy firms, on the basis of international practices. These practices are complemented with local data, adapted to local conditions and packaged for local customers, for instance local governments or Chambers of Commerce. Second, cities can generate new knowledge at home by applying already known, locally developed or invented techniques. Last but not least, knowledge can be obtained by direct foreign exchange, i.e. by bringing home practices from elsewhere, without the intervention of consultancy firms. Study missions or study visits are a common method to do this. Fact finding in InCompass is based on study visits, making it a textbook case of this third type of knowledge acquirement.

Forms of learning through transnational cooperation

The third type of learning often results from some kind of transnational cooperation between cities or regions. Within the European Union, the various INTERREG programmes have been a vehicle for this. Nevertheless, even within these programmes different types of transnational cooperation exist.

Romein, Trip and Zonneveld (2012:70-1) refer to the INTERREG IIIB North-West Europe programme, which distinguishes two different meanings of the concept of transnational cooperation that have emerged over time. The first addresses issues or problems that are faced by various cities and regions in Europe by means of the exchange of good (presumably more innovative and efficient) practices, knowledge and expertise, and by common pilot projects and activities. Local knowledge can be built up by critical assessment of practices from elsewhere. The second meaning of transnational cooperation is about issues that affect crossing-border areas and therefore require transnational cooperation to be tackled. The emphasis in this meaning is less on learning than on finding joint solutions, addressing the transnational project area as a whole (Romein *et al.*, op.cit.:71). The transnational cooperation (foreign exchange) as it is practiced by the partners in InCompass fits in with the first of these meanings.

Inspired by an overview of forms of learning related to transnational cooperation by Colomb (2007) (in: Romein *et al.*, op.cit.:72), it can be observed that InCompass involves different forms of learning. By participating in the study visits, partners in InCompass learn "how to work at new scales and in new types of networks" in order to better address the issue of financial sustainability of creative incubators. Next, by means of preparing study visit reports and organizing thematic seminars, partners "are learning from one another towards the production of something jointly shared" in order to tackle the issue of financing incubators. And finally, preparation of the Regional Implementation Plan by each partner means learning that involves reflections about the local context: "why did things happen there and how could they work here?"

Intensity and extension of transfer and learning

Both transfer of practices and learning are processes that take place with varying intensities. The higher the intensity, the more solid and shared the pool of knowledge of cities for implementation in policies. Campbell (2012:56) distinguish five categories of learning by cities that together form a gradient of intensities (see below table), ranging "from active learners to passive recipients".

Categories of transnational learning.

	Who is involved	Commonly applied methods
1	Individual cities, one on many	Organization of deliberate and sizeable learning missions to consecutive cities
2	Individual cities, one on one	City-to-city exchange in binary form, often by means of 'twinning' in which cities engage in episodic visits or exchange practices with their twin
3	City clusters on clusters	Learning through mediation of international thematic NGOs
4	City in active networks	As member of international (global) association, cities visit or participate in meetings or plenaries organized by these associations
5	Cities in passive networks	Cities engage casually in meetings (conferences etc.) or digital bulletins of the network

Source: Campbell, 2012:56.

Two extreme categories compared

The above five categories differ from one another in quite a few aspects. For our understanding it is most effective to compare the two extremes - the active learners and passive recipients - and to keep in mind that there are various intermediate categories.

The extreme category of 'individual cities, one on many' explicitly aims at learning. Investments of money, time and manpower to prepare and carry out the visits are substantial. As to manpower, the group on study visit is a mixed one, including civil servants but also representatives of, for instance, business and business associations, universities, civil society and the cultural sector. All four elements that compose the 'machinery of city learning' as pictured by Campbell (2012:11) are involved and matter in this category. Besides knowledge gathering by the study missions, two other components are an supportive institutional process (documentation, deliberation and discussion of gathered knowledge) and an agency (a central unit or bureau responsible for managing, recording and unlocking that knowledge). The final component that is required is a soft infrastructure of trust that binds the key actors and stakeholders; if this is missing the platform to convert gathered knowledge to innovations will be rather weak and ineffective.

The opposite category of 'passive recipient' has only one, or at best a very few representatives at meetings of city networks. Furthermore, investments in preparation of these visits are limited or nil; knowledge that will be evaluated, stored and made more broadly available is hardly acquired.

Campbell (2012:71-2) distinguishes between a first and second 'orders' of learning: the first order is about the effectiveness and costs of the transferred practices and the second order that encompasses the building of relationships internally - in the city - and to getting to know better what the city really is and who the respective stakeholders are. In the longer term, this is more important than the first order learning. Of the two categories contrasted here, only the first ('individual cities, one on many') achieves both orders of learning. The second category ('passive recipient') not explicitly aims at learning, and, as far as learning is involved, remains limited to the first order.

The learning process as applied in InCompass

The method of how cities transfer and learn from practices in InCompass does not fit in one of the above five categories. Instead, it might be labelled an example of another category, i.e. individual cities, many on many. With regard to the features presented above, each partner is unique and has developed its own way of preparing study visits abroad, its own rationales for the size and composition of the visiting group of representatives, and how it has organized its machinery of learning at home. Apart from the size and composition of the groups of participants to the study visits - which are indeed rather different between the InCompass partners - and the basic framework of Regional Implementation Groups, these are unknown features for other partners. It is beyond doubt however, that these are all somewhere in-between the way they are in the respective categories of active learners and passive recipients.

Considering the line-up of best practices, the question remains how these can be transferred and implemented to the benefit of incubators in other regions. The below schedule shows the process of transnational learning based on case studies, as it is applied in InCompass. To the left it is shown how 29 case studies resulted in a shortlist of 16 best practices, by way of a processes of analysis, assessment and aggregation. The second part of the process shows the

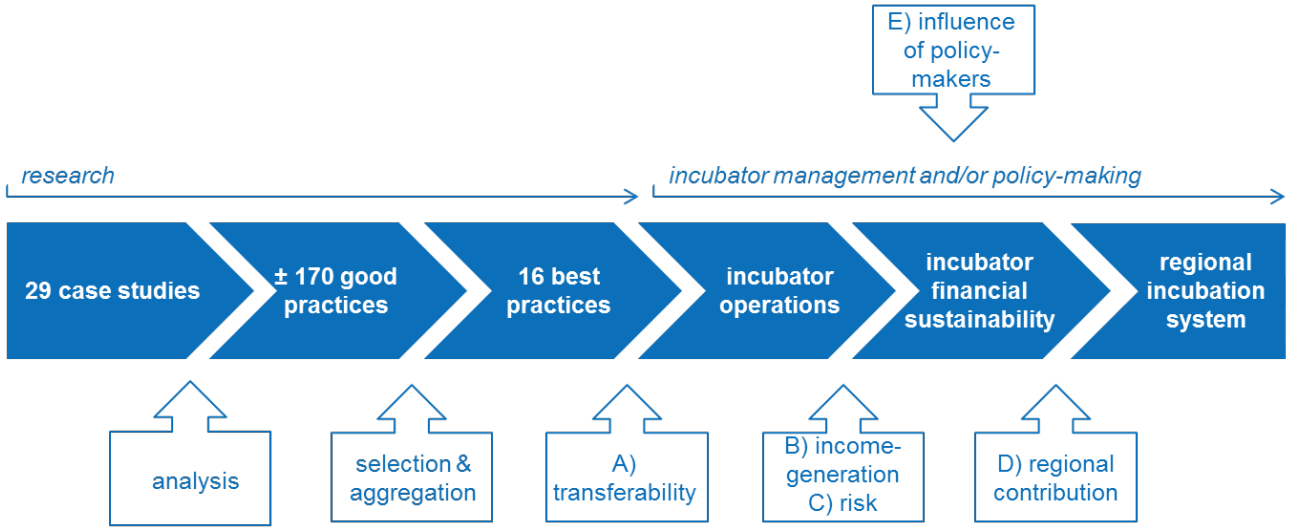
possible implementation of practices in another region. This involves the selection criteria defined before: can the practice be transferred to another city or region (A), does it have the potential to generate income for the incubator (B) and is the risk involved clear and manageable (C)?

Another question is whether a practice may somehow contribute to the regional incubation system, or is confined to the operations of the individual incubator (D). An increase in the sustainability or efficiency of incubators may be considered to contribute to the regional incubation system, if it means that more start-ups can be incubated for a similar amount of funding. However, the implementation of a practice may also have a more distinct regional impact, for instance by contributing to the development of regional business clusters, or to the build-up of regional partnerships. This impact is often hard to assess, however, if only because the performance of the innovation and incubation system itself is hard to assess due to 'time lag' effects and its complex, multi-dimensional nature (Gkypali *et al.*, 2014:9).

Related to the possible contribution of an implanted practice to the regional incubation system is the question whether it induces, or requires, public policy. Depending on this, implementation of a practice may involve not just local or regional policy-makers, but also the incubator management. A crucial issue here is whether the practice involved can be influenced by local or regional policy makers (E).

Regional policy-makers, implicitly understood to be mainly public regional policy-makers, are the main target group of the INTERREG IVC programme. In contrast, however, many practices, even some that

Transnational learning based on case studies, as applied in InCompass.



potentially have a distinct impact on the regional incubation system, are primarily a matter of incubator operations, and therefore of the policy of the incubator management. The role of public policy makers in such cases, if there is any, is confined to facilitating. In the best practices described before this may vary from, for instance, providing administrative support for European project applications, enabling the use of vacant buildings, or allowing incubates to start their own company without immediately losing the right of social benefits.

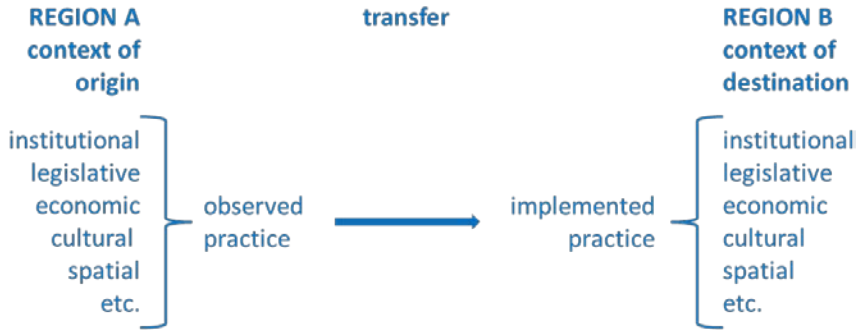
The above means that with regard to the range of observed good and best practices, not only the question arises which ones can successfully be transferred to and implemented in other regions, but also what could be the role of regional policy-makers in this. This is the more so as their role as funders of incubators is - actually the objective of InCompass - likely to be strongly reduced, if not ended.

Dual contextualization

The transfer of practices between incubators and regions resists the application of models that are based on a simple quantification or codification of practices. Not only is the available quantitative information often insufficient, for instance because few incubators keep track of their ex-incubatees. More importantly, the transfer of a practice from one case to another involves not just a transfer between incubators. In the transnational context described here it also involves a transfer between cities, regions, and countries. This means that not just aspects such as the focus and the business model of the incubator are different, but the institutional, legislative, spatial and cultural context is likely to differ as well. Moreover, these differences are substantial, considering both the variety of incubators that was observed in InCompass, and the diversity of regions all over Europe that are involved.

The above means that the successful transfer and implementation of practices depends on particular and contextual information that can reflect the nuanced differences between practices and cases, cities and regions (Fischer, 2003:150-1). However, even if this suffices to understand and interpret the practices observed at the incubators visited during the study visits, a similar array of specific contexts exists at the destination side: the incubators and regions that adopt and implement observed good and best practices. Transnational learning, if it is to result in the successful transfer and implementation of practices, therefore requires what may be called 'dual contextualization': in-depth knowledge of both the origin and destination regions and, accordingly, of the context of origin and the context of destination. This is shown schematically in the below figure.

Dual contextualization in the transfer and implementation of an observed practice.



Knowing the context of observed and implemented practices is important to assess the possibility or impossibility of implementing a practice in a given situation (for instance whether legislation allows an incubator to take a share in start-up companies). Moreover, it is also important to be able to assess the roles and positions of various

stakeholders involved. Start-ups, incubator managers and policy-makers all have different objectives, which are likely to align to a large extent, but not completely. This is particularly clear with regard to the research discussed here, which focuses on the financial sustainability of incubators, rather than of incubatees. Incubator managers and policy-makers that aim to transfer and implement an observed practice need to respond to this complex, and dynamic, context.

Rather than only formal, codified knowledge, much of this involves implicit, tacit knowledge from the case study incubators that needs to be interpreted at the destination side in order to be practically useable. Tacit knowledge is best transferred by face-to-face contact: direct contact between practitioners in both the origin and the destination incubators and regions (Stone et al., 2014:9; cf. Scott, 1998:313). However, this requires, ideally, that it is known beforehand which incubators and regions will adopt practices, and from where these practices originate. This is rarely the case. For that reason also best practice guides, toolkits and most other outcomes of such project can only to a limited extent include the necessary information on the context of origin and, particularly, the context of destination. Tools such as SWOT (Strengths, Weaknesses, Opportunities, Threats) or PESTEL (Political, Economic, Social, Technological, Environmental, Legal) analyses may be useful for this. Nonetheless, it is often not clear to which extent the results of many projects based on transnational learning generate actual transfer and implementation of policies, in particular after the project period and beyond the project consortium.

All this is true for InCompass as well. Within the project consortium, and for the duration of the project, the adoption of practices has been coordinated primarily by the Regional Implementation Groups installed in all partner cities and regions. These include the project partner, who knows the context of origin of observed practices, at least as far as the level of in-depth analysis in InCompass allows. In majority, however, the Regional Implementation Group consists of local experts from business, government and knowledge institutions, that are able to assess how a practice can fit in the regional context of destination. This means knowledge on the context of origin and the context of destination is combined in the Regional Implementation Group, which provide the best possible conditions for successful transfer and implementation of observed practices. However, the actual implementation of practices is likely to take place, for a large part, after the actual project period.


Valnalón

Acknowledgements

InCompass was funded by the European Union via the INTERREG IVC programme. The INTERREG IV programme helps Europe's regions form partnerships to work together on common projects. These projects enable regions to share knowledge and experience that will help them develop new policy solutions to economic, environmental and social challenges.

We would like to thank the management and tenants of the visited incubators for the valuable information and hospitality they provided.

We would like to thank in particular Veronica Lynch, Michele Coletti and María Goy for their valuable comments on an earlier version of this toolkit.


DNAMO/RDM Campus

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CoWork Lisboa

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Ideon Innovation

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LABoral

Partners

Dundee and Angus College (Scotland)

Dundee & Angus College (D&A) is the lead partner in InCompass and was formed in 2013 from the merger of two Scottish further education colleges (Dundee College and Angus College). The College provides industry focussed qualifications to over 16,500 learners in vocational and higher education and annually supports around 1,000 businesses' workforce development needs. Innovation, Enterprise and Employability are key priorities for the College across key industry sectors including the creative, digital and cultural industries. National, European and International strategic partnerships support the College to significantly contribute towards economic growth for Scotland. Dundee & Angus College leads Component 1 of InCompass: Management and coordination. [website] [back]

Avilés City Council (Spain)

The Cultural Municipal Foundation of Avilés Municipality (Spain) is an independent public body responsible for developing local cultural policy, belonging to Avilés City Council. The opening of the Oscar Niemeyer International Cultural Centre was the highlight and a driver of the cultural and creative economic activities in the city, followed by other initiatives, such as the Cultural Factory, a cultural infrastructure to foster cultural productions, training and the exchange and residencies of artists and creators. Avilés City Council leads Component 2: Communication and dissemination. [website] [back]

Delft University of Technology (the Netherlands)

Delft University of Technology is a public university which has about 4,600 employees and 19 thousand students, making it the largest university of technology in the Netherlands. Among the largest faculties are the Faculty of Architecture and the Built Environment and the Faculty of Industrial Design, teaching and investigating a range of disciplines nowadays considered part of creative industries. Within the Faculty of Architecture, the department of OTB Research for the Built Environment leads component 3 of InCompass: Exchange of experiences dedicated to the identification and analysis of good practices. [website] [back]

KTU Regional Science Park (Lithuania)

KTU Regional Science Park (KTURSP) is the largest partner of science and business cooperation in Lithuania. Today it integrates more than 65 companies from the IT sector, high-tech sector, consultancies, advertisement and publishing, and associated members. More than 250 companies have been incubated here with a success rate exceeding 90 percent. We have performed such roles as Assistant in E-Learning to innovative SMEs, mediator of 500 business partnerships, development of regional innovation strategy of Lithuania, facilitation of newly established businesses, connection of different generation activities in innovative and creative space development, as well as coordination of the EU-scale spatial data project and many more. [website] [back]

Municipality of Bratislava (Slovakia)

Bratislava is situated in the extreme southwest of Slovakia. As a central European city, it has a strategic geographical location along the river Danube, connecting Baltic and Black See. Bratislava disposes with significant intellectual capacities; it is the first university, scientific and educational pole of Slovakia. In 2010, one third of the total of 33 academic institutions and almost 41 percent of the students in Slovakia were located in Bratislava municipality. Bratislava has also a dominant position in Slovakia in the field of science and research. In 2009, Bratislava municipality concentrated 48 percent of employees in research and development and 51 percent of science and research costs in Slovakia. [website] [back]

Western Greece Region (Greece)

The Western Greece Region (RWG) is the local representation of the Central Government in Western Greece which consists of three regional entities: Achaia, Ileia and Aitoloakarnania. The Western Greece Region has the responsibility for the administration (design, implementation and monitoring of regional policies) of its local jurisdiction as it pertains to the social, financial, cultural and spiritual interests of its citizens. Among the strongest points of the region are its higher education and research organizations, which have shown important research and technology development activities. [website] [back]

University of Patras (Greece)

The University of Patras (Πάτρα) is the third largest University in Greece regarding the size of student population, faculty members, administrative personnel, and number of departments. It includes 24 departments, with 112 laboratories and 14 fully equipped clinics. Besides its distinguished path in education, the University has excelled in the fields of basic and applied research. It has a reputation for quality and innovative research and participates in a plethora of research projects, scientific organizations, and research groups. [website] [back]

Dundee City Council (Scotland)

Dundee City Council's City Development Department delivers a range of economic development activities which support the city's goal of building a strong and sustainable city economy and improving employment outcomes for the people of Dundee, often whilst working in partnership with other city stakeholders. This includes the provision of commercial property, employability services, business support, city marketing and support for key sectors such as life sciences and the creative industries. [website] [back]

Province of Milan (Italy)

The Province of Milan is a local Government Authority which represents 134 Councils and governs the largest metropolitan area in Italy. It's situated in the middle of one of the most highly populated regions of Europe. The main interventions of its Economic Development Department fall into three distinct areas: stimulation of local economic development, promotion of innovation and the dissemination of new technologies and development of initiatives which favour the creation of new entrepreneurial businesses. [website] [back]

BIC La Fucina (Italy)

La Fucina was a non-profit Business and Innovation Centre (BIC) that promoted and supported the entrepreneurial development in Lombardy, with a particular focus on the Milan metropolitan area. Its mission was to respond to the real needs of the local entrepreneurial system, with services directed to enterprises and public administrations. La Fucina promotes some strategic sectors for the Milan area, as biotech, audio-visual, information and communication technologies, creative industries, fashion and design. BIC La Funica was a project partner until December 2013. [back]

Medway Council (England)

Medway Council is a unitary authority, providing all local government services for a quarter of a million people. Medway Council looks after education, environment, social care, housing, planning, business and much more. Medway is also home to several festivals and summer concerts. Medway is situated in Kent in the south-east of England. It is made up of the towns of Strood, Rochester, Chatham, Gillingham and Rainham and more rural areas, including the Hoo Peninsula. [website] [back]

CIMBAL (Portugal)

The town of Beja is the capital of the district of Beja, the region Alentejo and the sub-region Baixo Alentejo. Further, it is the largest town and administrative seat of CIMBAL (Comunidade Intermunicipal do Baixo Alentejo), the association of the 13 municipalities of Baixo Alentejo that is in full operation since 1 April 2011. Together, these municipalities count, in round figures, 126,000 inhabitants of which 36,000 (2001) live in the municipality of Beja. The town of Beja is first and foremost a service centre for the wider area of the municipality and beyond. In the field of culture it provide services that cover the various areas of creation, training and dissemination of culture, including the municipal library, theatre, historic and arts museums, and the Culture House, a multipurpose space where different artistic disciplines are practiced. [website] [back]

Tillväxtverket (Sweden)

The Swedish Agency for economic and regional growth is a governmental agency under the Ministry of Enterprise. The Agency has nine offices in all parts of Sweden, from Arjeplog in the far north to Malmö in the south. The head office is situated in Stockholm. The agency has 370 employees and is working with enterprises in all phases from start-ups to the developing phase until closure. Specific attention has been given to the creative sector, tourism, care, and health and environment. The Agency is the managing authority for the European Regional Development fund programmes in Sweden and responsible for a number of interventions to do with regional development including cluster development. [website] [back]

PBN Győr (Hungary)

PBN (Pannon Business Network Association) is a regional business development organization that aims at strengthening the economic performance of SMEs businesses in the western Hungarian region. It intends to be the dedicated partner for foreign direct investors in this region. PBN is further assisting the economic development of Western Hungary by strengthening international relations and analysis of international practices. In order to realize its objectives, PBN is actively participating in 16 international projects with research and business development organizations. [website] [back]

Sofia Municipality (Bulgaria)

Sofia is the capital of Bulgaria and the biggest political, administrative and cultural centre in the country with a current population of 1.8 million inhabitants. The local authority is represented by the Sofia Municipal Council, a body of local self-government, and by the Mayor who performs executive functions supported by the municipal administration. Sofia Municipal Council adopts strategies, programmes and plans concerning the sustainable development of the city. The Municipal Administration is divided into nine sectors with different spheres of activities. Sofia Municipality holds social, educational and cultural events and initiatives in order to boost innovations, proper delivering of services and sustainability. [website] [back]


Carnival Lab

Colophon

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7 November 2014

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