

Role and impact of a Business Incubator in promoting entrepreneurship and business development in Fisheries Sector

Ravi Shankar C. N
Principal Scientist & Head
Fish Processing Division
Central Institute of Fisheries Technology, Cochin-682 029
Email.cnrs2000@gmail.com

Introduction

Business Incubation is a global paradigm aimed at the efficient use of business resources for nurturing business enterprise development. It is a well tested and essential development process for enabling innovation and entrepreneurship for start-up companies, and adding value to more established enterprises that need to change. In Indian agriculture, Fisheries sector occupies a very important place in the socio-economic development of the country and is a powerful income and employment generator, as it stimulates the growth of a number of subsidiary industries and is a source of cheap and nutritious food, besides being a foreign exchange earner. Despite its importance in industrialization and immense potential for employment generation, the entrepreneurs in this sector confront several problems in business development and management. Hence there is a great scope for a business incubator that can deliver an integrated package of business focused services under one roof and support technology based enterprises in fisheries sector.

Concept of business incubation

The concept of business incubation is exploding in popularity all over the world as a successful business model particularly in developing economies. They lower the entry barriers for young entrepreneurs to successfully start and scale their business by combining the features of technology commercialization, entrepreneurship and business facilitation. Business incubation has become a broad umbrella term referring to any organization that provides physical workspace, management and technical assistance, access to financing and other supporting services to young firms and helps them survive and grow during the start

up stage. With the increasing acceptability of business incubators, they are being widely used as a policy instrument in the process of industrialization through innovations, product development, and improvement in productivity. In the changing scenario, wherein technology is changing at a faster rate and product lifetime cycle is shrinking, technical entrepreneurship has assumed a central place for economic growth of a nation. A successful business incubator can create a good entrepreneurial environment and greatly improve a new enterprise's chance for success. In a country like India, where entrepreneurs and small scale companies contribute to industrial growth, business incubators have become an important source of help for start-up entrepreneurs.

Business Incubators are attractive and have grown in numbers because of the start up business growth rate through the direct support structure for fragile enterprises. Their attraction is based on jobs creation with low public cost and the array of services offered by the incubation management to support the incubatee. This assistance can take the form of flexible lease terms for space, shared services in office support, on-site business assistance, opportunities for tenant networking, and resource matching. The incubators flexibility in terms of the types of benefits and services offered to entrepreneurs accommodates several types of growth of economic development. A business incubator provides the transformation of their ideas into start up business or viable business ventures. In addition, the Entrepreneur companies receive support and guidance to market their business concepts, work effectively to reduce the failures and ability of free standing in the market after graduation from the incubation program.

Advantages of business incubation facility

Small and medium scale enterprises are always attracted by the concept of business incubation due to its various advantages. Incubators incubate your early pre-product idea, help you make a prototype, and further make a product out of it through a longer period of engagement. For starters it helps to promote newbie ventures of young entrepreneurs, provides a wide range of entrepreneurship development initiatives such as training, nursery incubator space during the initial gestation period, central common machining facilities, systems and networking support, catalogue library, funding schemes among others. As a result of these facilities there is considerable reduction in the initial investment commitments of the entrepreneurs thereby reducing his risk quotient to a large extent. Other usual but useful facilities such as workshops, computer networks with internet facilities etc., have proven to be a boon for upcoming enterprises. The instant availability of common facilities for new ventures motivate the entrepreneurs to confidently set-up their own ventures and relieves them of start-up tensions thereby enabling them to focus their full attention on core competency development.

One of the many benefits from business incubators is that they speed up business development and quickly reduce uncertainty from the start. Business incubation provides a nurturing, instructive and supportive environment for entrepreneurs during the critical stages of starting up and growing a new business. The goal of business incubators is to increase the chance that a start-up will succeed and achieve growth and shorten the time and reduce the cost of establishing and growing its business. If successful, business

incubators can help to nurture the companies that will form the true creators of a region's or nation's future wealth and employment.

Entrepreneurship development through incubation

The need for entrepreneurship development

For many developing countries, micro and small scale enterprises account for the majority of the firms which fuels economic growth. Starting any business is fraught with uncertainty, financial burdens and resource issues, but more so with innovative and entrepreneurial businesses due to the complexity of the products and services being developed and, often, the length of time it takes to fully develop the product. Incubators are ideally placed to help innovators and entrepreneurs to overcome some of the hurdles and to negotiate a path to the all important finance and mentoring all entrepreneurs need. In supporting entrepreneurs with a one stop-style service, and reducing their over head costs by sharing facilities, business incubators are able to significantly improve the survival and growth prospects of new start-up companies.

Role of Incubators within the entrepreneurship ecosystem

Inventions with potentially high social and economic value can be found in numerous sources, including the grassroots, academia, small and large enterprises, R&D centres and government agencies. In today's global knowledge economy people and institutions also have immediate access to inventions that have already been introduced in other countries and settings. However the environment often discourages entrepreneurs from bringing inventions to market, regardless of the source. Many are not utilised because they are not adequately tailored to local needs. Thus, countries are faced with the challenge not only of spurring invention domestically or identifying existing inventions abroad that can be adapted to the local environment, but also of creating the conditions that allow the invention to be coupled with entrepreneurship, so that the economic and social wealth creation potential of the invention can be realised.

Business incubators have a unique position in the entrepreneurship ecosystem. They interact with all the actors in this ecosystem, either directly or indirectly, through the enterprises they serve, and feel first-hand the challenges that their clients face when seeking to set up and grow their enterprises whether the difficulties have to do with regulations, finance, labour or infrastructure. If these challenges are effectively communicated to the relevant actors in the ecosystem, a valuable feedback loop can be established which benefits not only the incubated enterprises, but innovative entrepreneurs across the economy.

Developing enterprises through business incubation

While an inexpensive building to house a new company's first business is a plus, it is not the main reason why new companies choose to enter a business incubator. The reasoning behind entering is mainly because of the services that are offered to these new companies by the business incubator. In any business incubator the ideal situation is that they are capable of providing client companies with business support services and resources that are tailored specifically to the individual firms. These services are generally developed by the management of the incubator. They can either be offered within the business

incubator's walls or outside the incubator through contact networks. Internally, there are two types of services that are offered: facilities and business services. When it comes to facility services, business incubators tend to offer rental space, flexible leases, shared equipment, shared basic business services, and technology support services.

A business incubator's offer of service tends to include management guidance, technical assistance, consulting that is geared towards the individual company, and aid in obtaining the finances needed for company growth. External services tend to depend on what types of internal services the particular business incubator offers. For example, if an incubator does not have a person on staff who is knowledgeable about filling out government grant forms, most incubators will know someone within their contact network to whom they can send a tenant company. As a result the tenant company can receive help even though the service is not offered internally. The costs for these services can vary depending on the agreement the particular business incubator has with that person/company. The majority of the time fees are reduced, but not free.

For a business incubator it is important and necessary to have the appropriate infrastructure in order to succeed. However, being able to offer services is just as, if not more important for the business incubator to be able to offer to their tenant companies than infrastructure. The reason for this is that entrepreneurs coming into the business incubator have a high chance of not having experience in the business world. As a result, they need to be able to have access to the tools and advice that is needed in order for them to succeed. Incubators have, as one of their common ingredients, the opportunity for new ventures to take shelter for, say, two years, from fierce competitive market forces that might otherwise destroy the infant enterprise before it gained size and strength sufficient to compete. This is inherent in the term 'incubator' itself, which is vividly metaphorical. The fundamental assumption here is one of market failure. Open competitive markets fail to provide conditions that allow many new start-ups to reach a viable size; hence there is need for intervention, in the form of an incubator. The very metaphor, "incubator" implies protecting prematurely born 'infants' from the harsh world, during the initial period.

Importance of ICT infrastructure for successful business incubation

For business incubators to function effectively, the governments within developing nations must overcome the numerous obstacles that can jeopardize the positive effectiveness within the incubation program. For developing countries to flourish in the global market, it is important that they invest their resources within its own population. Furthermore, education can also contribute in developing a country's Information and Communications Technology (ICT) infrastructure which successful business incubators are dependent on. However, many developing nations lack within this area thus creating a digital divide. The digital divide is the gap between those who have access to ICT and those who do not. Consequently, the digital divide harms developing nations from obtaining knowledge-based information that can benefit development and help them compete within the global markets. To close the digital divide gap, basic education is the imperative solution for poor countries to develop. Hence, technology itself will not solve the social discrepancies within these societies.

There requires highly-developed skills to access and interpret information, and without adequate education, it would be hard for an individual to fully understand the dual capabilities of a computer and the use of the internet. With a highly skilled population, nations can venture into research and development (R&D) to create new innovations and to improve the living conditions within their environment. Through R&D activities, it creates a demand for local engineers and scientists who better understand the issues affecting the region. As a result, developing countries such as India have built strong technological capabilities within the IT sector.

Business incubation initiative by ICAR

The Indian Council of Agricultural Research (ICAR) with the help of World Bank funded National Agricultural Innovation Project (NAIP), has started a business incubation drive designed for the Indian agricultural sector to promote agribusiness by utilizing the vast research and development facilities and knowledge available with its research institutions. This initiative is directed to facilitate innovative involvement of all the players and stakeholders in the production and distribution of its goods and services for attaining sustainable food and livelihoods security as well as for global competitiveness of Indian agriculture. With the aim of translating the research results arising from the field of fisheries and other agricultural sectors, ICAR has set up a unique Business Incubation Centre (BIC) under the project Zonal Technology Management – Business Planning and Development (ZTM-BPD) Unit at Central Institute of Fisheries Technology, Cochin, Kerala.

Role of business incubation centre at CIFT, Cochin

Fisheries sector with its important role played in the socio-economic development of the country has become a powerful income and employment generator, and stimulates the growth of a number of subsidiary small, medium and large scale industries. BIC at CIFT, managed by ZTM-BPD Unit, aims at establishment of fisheries enterprises through IPR enabled ICAR technologies. BIC supports operations on business projects as a measure of enhancing the foundation for new technology based industries and establishing a knowledge-based economy. It focuses on finding new ways of doing business in fisheries and allied agricultural fields by finding doors to unexplored markets. The Centre helps prospective entrepreneurs, by providing pro-active and value-added business support in terms of technical consultancy, infrastructure facility, experts' guidance and training to develop technology based business ideas and establish sustainable enterprises. It acts as a platform for the speedy commercialization of the ICAR technologies, through an interfacing and networking mechanism between research institutions, industries and financial institutions.

The Incubator at CIFT differs from traditional Business Incubators as it is tailored specifically for technology based industries and is operational at an area with a high concentration of fish production. This industry-specific incubator also allows new firms to tap into local knowledge and business networks that are already in place. BIC offers their services to industries not only in Cochin, but also all over India through virtual incubation. Beyond promoting business growth, the Centre is also trying to bring its benefits to all the fisheries communities in India. With the aim of transforming the incubator into a symbol of entrepreneurship and innovation, the ZTM-BPD Unit has created an environment for providing timely scientific and technical assistance and support required for establishment

of technology based business ventures. The activities of the ZTM-BPD Unit focuses on finding creative and innovative ways for linking public sector resources and private sector initiatives within and across regional and national boundaries for promoting economic growth. The Centre uses the right expertise in relevant fields to identify and analyze the constraints and barriers hindering the growth of a business and devise appropriate strategies. It explores various structures and strategies to help small enterprises to grow and ensure a promising future in the global market. It fosters corporate and community collaborative efforts, while nurturing positive government-research-business relationships. Business Incubation programme at CIFT is selective. It is aimed at assisting growth oriented entrepreneurs in their quest to grow and to become more competitive. Only a subset of entrepreneurs is growth oriented and pursuing an innovative venture. A critical mass of potential business incubation applicants is therefore necessary for business incubation to be an efficient tool for fostering innovative entrepreneurship.

Catering to the needs of entrepreneurs

The Centre regularly conducts industry interface and technology promotional programmes for sensitization of entrepreneurs and to identify interested potential candidates for physical and virtual incubation. The Clients at BIC gets the privilege of meeting Scientists, Business Manager and Business Associates directly, to discuss and finalise the strategies to be adopted to take the business forward. It is also the peer-to-peer relationships that develop within the incubator, that ensures the delivery of basic services such as how to actually incorporate a business; what are the legal issues; how to take intellectual property protection; how to do basic accounting and cash flow; how to do business presentations etc. Those kinds of skills are what are transmitted as part of the incubation process.

The business oriented services offered by BIC include assistance in complying with business regulations, licensing procedures, financing, information services, marketing and tailor-made services designed for the various tenant enterprises. Incubator clients can also gain special advantage in terms of tax savings through special regulations for Business Incubators. BIC also offers a wide variety of services, with the help of strong associations throughout the Business Incubation Network.

The ZTM-BPD Unit facilitates the availability of loans with the aid of State Bank of India (SBI), Agri-Commercial Wing and provides direct access to financial schemes offered by Micro Small and Medium Enterprises (MSME) for gathering capital investment, company expansion and new product development. It also helps entrepreneurs in developing linkages with various venture funding agencies. BIC being a registered member of Indian STEP and Business Incubators Association (ISBA), the privileged tenants of incubator are entitled for getting tax exemption benefits as well as opportunity to attend the ISBA Annual conference, workshops, training programs etc.

The ZTM-BPD Units conducts Workshops, Meetings and Seminars for awareness creation, faster adoption and implementation of the new scheme of Intellectual Property Management and Technology Transfer/Commercialization within ICAR. This has helped in chalking out the best-fit strategies and work plan for IP management by inculcating business ethos in transfer of both proprietary and public domain technologies. The scientific community was trained in handling technical information, finding solutions to technical

problems, acquiring rights in public domain, identifying patentability potential of technologies at early stages of development, avoiding risk of R&D duplication and solving potential disputes involving patents. The incubatees were given clear guidelines to convert their innovative ideas into business activities, to evaluate the commercial and economic viability of an invention, to formulate business plans and R&D contracts, to market and commercialize the invention, and to find potential business partners. Disputable areas regarding ownership of patents, acquiring trademarks in the name of the institutes, acknowledging the parent institution while selling the technologies etc. were sorted out during such meetings.

Human resource development for the fisheries industry has been in the mandate of

CIFT since its inception. Fish processing industry is a fast growing industry in our country as well as abroad, where there are immense opportunities for rightly trained professionals. CIFT has the right expertise and facilities to provide hands-on, application-based training courses such as HACCP concepts, HACCP Audit, Seafood Quality Assurance, Basic Food Hygiene, Food Processing and Preservation, Energy Efficient Harvesting Techniques, Boat Construction etc. Successful trainees have high potential for employment in India and various foreign countries including Middle East and South Africa. The ZTM-BPD Unit organises several awareness workshops, seminars, training programmes etc. for human resource development in the fisheries sector. The Unit also conducts capacity building programmes to help the incubatees build their competence in the areas of business practices, technology up scaling, networking and financing strategies.

Conclusion

It is evident that business incubator programs can have a significant effect in bringing economic growth to the developing world. Amidst the changing paradigms and demanding global structure, India, in order to remain a frontrunner among developing nations, has primarily focused on the fisheries sector. In this context, business incubators which can help entrepreneurs turn their ideas into viable businesses and promote innovation, by providing business support services and resources have great scope and significance. From the experience of BIC at CIFT, by assisting small businesses to mature, they were able to create jobs and generate fresh capital. With a combination of effective policies, ethical governments, and business incentives, many developing countries can compete within the global economy and receive foreign private investments rather than foreign aid. As a result, the business population can experience an improvement in their quality of life due to the opportunities created by business incubators.
