

# Benefits of business incubators flashcard



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### **Startup Incubators Benefits**

There are numerous positive consequences of business incubations. In particular, there have been several benefits identified around survival of firms after graduation. In particular, high survival rates often results in the increased employment rate in a country. From the empirical findings, the incubatees interacting with incubators have great learning. However, increased employment growth as a result of incubation of business ideas does not necessarily result in a positive enterprise growth. Emphasis based on job creation also contradicts investors' advice putting significant pressure on the demand for controls expenditure by the investing firms which imply a reduced recruitment process. In 2011, it was estimated that the North American Incubators helped 49, 000 start-up firms through full-time employment for approximately 200, 000 persons. Besides, these advances were also credited with increased annual revenues in the country of approximately \$15 billion (Bøllingtoft, 2012, p307).

The development of business incubators has also been a significant advance in Germany. In particular, Berlin has experienced rapid growth in internet start-up which has been in the limelight of the California and Britain investors among others. According to Alexander Ljung, the chief executive and co-founder of Sound Cloud, Berlin is perceived as a start-up city due to the high influx of startup enterprises courtesy of strong growth in business incubators. In essence, the development of the business model in this sector is ideally fast-moving but heading to a positive end. The presence of sound <https://assignbuster.com/benefits-of-business-incubators-flashcard/>

incubators centers has been luring the attentions of many investors from a global perspective to Berlin. For instance, in 2011, Eric Wahlforss and Mr Ljung met in a computer lab in Stockholm and decided to shift to Berlin, Germany to start up a business offer with a single change of about 70 employees at the time of commencement (Kulish, 2016). This is a positive injection into Berlin's economy from Swedish while at the same time implying the creation of extra job opportunities.

From the review, it is important to note that the firm enterprises developed from these undertakings are anchored on successful planning and execution of the business ideas as well as complementary business environment shaped locally and internationally. Through this analysis, I learned that increased number of business incubators does not only result in enhanced business developments but also increased numbers of conflicting business ideals for investments. In Europe, the number of businesses supported per incubator is between 25 and 40 units with about 44-91 jobs as a result per annum. However, these figures usually entail a combination of technology and other forms of incubators (Phillips, 2004, p115).

Similarly, Berlins has been credited with the immense development of business opportunities from its elaborate incubators that have attracted a huge set of investments. This scenario has been associated with enhanced ability to create jobs for its population. However, Berlin has been criticized for being unable to nurture attracted companies that other cities have embraced startup support for welcoming new investments. Although Berlin has been a center for young expatriates from other regions worldwide, this scenario has not translated into increased job creation for metropolis that

could be unable to recover from industry prowess caused by war and divisions. The growing internet startup units in Berlin have however been providing an attractive face of the potential economy in future for a historically wrecked city (Kulish, 2016). These possible improvements could be attributable to the emergence of a high number of business incubators and publication of new ideals on the web space that has attracted global investments immensely.

## **Entrepreneurship Incubators**

Finally, increased number of business incubators (incubator glut) has manipulated production of mixed business ideas that has resulted into conflicts for implementation. Increased number of incubators has resulted into crowding in the business development where individual investors have been seeking areas of investments. From the analysis, there has been an incubator glut which has reduced success rates of businesses. Business incubators have long-standing association with start-ups which have also been credited with very small proportion of success. Many start-ups are characterized with similar ideas being put into different investments by different people through competing approaches. Subsequently, the success rate for such business enterprises has been constrained. The rise in seed acceleration programs has also complicated the process of identifying competent business models from a selection of compounded approaches to investments.

## **Business Incubator Models – Practical Experience**

There is a wide range of issues that I learned through my internships. In particular, It was possible to identify some of the practical engagements in

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incubations as a result of wide demand for business engagement on a global scale. In particular, I learned that the business models like in the case of Berlins have changed over time. In particular, renowned contributors of major business ideas and capital simulation have changed immensely today compared to the past. In particular, the past was characterized by a huge set of initiatives for investments. However, there have been many changes in business engagements that have seen the world change immensely over significant changes in business engagements and customers' tastes and preferences. My main learning goals were to understand the fundamentals of business incubators as well as the elements involved in developing viable business ideas that have a practical touch for investment.

During the entire period of my internships, I was responsible for deal flow management which was a rich area of focus that enhanced my understanding of the business development. In particular, one of my ultimate focus examinations of new business models, analyzing their actual elements involved as well as interviewing potential investors for more information regarding their project works. Having been responsible for making weekly presentations regarding new ideas to the Rheingau management, I had improved my ability on determining excellent business models and start-up skills that were central to any business idea. Besides, this engagement also improved my understanding of business models and developments responsible for new and old business enterprises.

Also, during the internship period, I learned about the complex nature of the business incubation that often results in a complex business model. This was clear from an understanding of the impacts of business engagements that

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spearhead the course of generating a business idea, nurturing it to maturing and finally establishing it a physical presence in the market. This is idealelements in understanding the nature and prospects of business as well as potential hazards in the development of business engagement both locally and internationally.

In addition, I also learned about some of the fundamental considerations for a viable incubator for investments. I learnt the qualities of a good incubator for investments. In particular, I learned that other than money, there are additional benefits that an incubator should provide to investors to increase the viability of investment of a given idea. For instance, the availability of expertise in an incubator is very essential for the enhanced excellence of an investment. The development of a business idea and successful execution of the idea is mainly anchored on the potential to foresee future occurrences and increase the prospects of excellence. This explains the importance of experts in an incubator that should be present while considering the best incubator for investment. Similarly, other considerations I learned for an incubator was the stakeholders or co-founders found in incubators who are responsible for future excellence by leadership cycle that an incubator boasts of. These aspects provide critical support factors available in an incubator.

In addition, I also learned about the nature of competition between different incubation models that prospective investors can establish with. In particular, the philosophy that a given business incubation model assumes is critical to establishing the values of a model founder that would further dictate the level of excellence in the long-run. The type of contract that the <https://assignbuster.com/benefits-of-business-incubators-flashcard/>

founders provide are very important in luring potential investors as they dictate the level of excellence that a business establishes with. Business incubators provide the rules governing contracts that are very friendly to investors while at the same time ensuring the safety of the developers which is a major incentive for investors. Having learned this ideal, it was possible to determine some of the areas of elements of an incubator model that would possibly yield the highest returns for an investor. In many instances, however, many incubator developers are also potential investors. It constitutes mechanisms responsible for developing business ideas and the eventual establishment of the business units developed from the models. This was an important concept for both new and old business ventures.

Having learned about some of the elements that are responsible for the success of a business idea graduating from a business incubator, it was possible to develop key insights to the success of a business venture after graduating from a business incubation center. This was based on my understanding of factors that limits or enhances business excellence after successful incubation. Subsequently, after the internship, I could effectively evaluate the success of both start-ups and old business units, products of business incubation. For instance, I would base the success of Berlin Tech on both the present and foreseeable future issues including factors such as the Brexit which shows possible positive externality that has an impact on the business performance in future. My internship period, therefore, impacted positively on my ability to evaluate potential benefits of business performance projection in future which is an important safety precaution for business start-ups.

In addition, I also learned the impact of business incubator founders in enhancing the prospects of business excellence. In particular, while referring to Rheingau Founders, I would prescribe the establishment of new jobs by the business entity to a new generation of co-founders as opposed to the initial founders of the incubator models. In this case, I would comprehend some of the changes that occur in the business incubation overtimes while old co-founders may be so rigid to changes that may arise in the society. In essence, a new generation of co-founders is often attributable to equally new ideas that are more viable for investment. This implies that the possibility of achieving new sets of investors in such a set increases which is one of the fundamental goals of a business incubation center. This experience enabled me to compare relatively compute the benefits of a sustainable business model against the dynamic growth of a business model. This was anchored on the ability to make a cost-benefit analysis of the changes in a business model based on unforeseeable issues in the market.

While undertaking my internship, I learned the difference between university incubators and their business oriented counterparts. In particular, while the university incubators are essential, they are largely based on scientific findings and hardly potential for practical engagement. Subsequently, these findings were useful tools for evaluating the viability of an incubator based on its original structure and orientation in the global marketplace. The experiences also inform the essence of university incubators which are largely unsuccessful with no single account of a successful one. It is important to engage relevant incubation partners based on the anticipated output and potential as opposed to the physical assertion of creditworthiness



that majority of university-based incubators are. Finally, my experience was very pivotal in evaluating some of the competing ideals generated from the perspective of business incubators under different environments.

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