Out Wall Business Incubation: Higher Education Perspective

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Abstract
Out wall business incubation (OWBI) refers to the business incubation process which provides facilities and services, but the small-business entities (SBE)-tenants- remain on their own place outside the incubator. This model is very suitable for the SBE which located nearby market area, while the business incubator has limited space to share. This article describes the perspective of higher education on OWBI and pros and cons in term of incubator business establishment in higher education. Applying a simple SWOT on Bakrie University’s business incubator (named UBpreneur) as a case study shows that, OWBI gives positive impact in providing opportunity for those SBE (prominently freshmen students). The main strength of this system is in the flexibility of the freshmen students to choose their partners and to manage their ideas independently. While the typical weakness of OWBI tenant is that they keep changes the ideas and easily change their business plan direction. For the threat aspects, OWBI system has difficulties in its monitoring process due to tenant’s movement. UBpreneur evaluates tenants every six months. The tenants will be categorized as developed tenant (ready to leave the incubator) if after three years consecutive evaluation tenants are considered ready to compete independently in the free market. UBpreneur recorded that only 2-5 % of the total tenants successfully pass the three years evaluation. However, the knowledge transfers during incubation among OWBI, tenants, experts mentors and potential customers are considered intensive.

Keywords: out wall business incubation; higher education perspective; Indonesia

1. INTRODUCTION
The concept of business incubation or business incubation program since mid-1980s has been developed becomes an important strategy for enterprise development in both developed and newly developing countries [1,2]. Business incubators are institutions which support startups in terms of physical space, capital and investment, administrative services, and networking connections to allow them to survive the critical startup phase [3,4,5,6,7]. Several interpretations have been associated with incubators, which have been identified as an innovative system designed to provide technology and management support to assist entrepreneurs in the development of new ventures [8]. Although in the past incubators provided mainly physical space, new drivers of value have recently been recognized in the offering system. Today’s incubators create an innovation-friendly environment that makes it easier for great ideas to be turned into products and services that further improve the economy.
The development of business incubator has been triggered by several entities such as investment angels, networks of expertise, innovations and potential markets. Business Incubator has been transformed based on their setting of goal beside business as usual. Some of the business incubators are focusing on limited subject like information technology or only for hi-tech, and some others focus on creative industries.

2. OUTWALL BUSINESS INCUBATION

Unlike in-wall business incubators, out-wall business incubator (OWBI) have limited service for their tenants. These kinds of incubators do not have fixed space for their tenants. Tenant gets access for information, network and consultancies from OWBI by appointment. The University Incubation rather chooses OWBI than in-wall business incubator when they have limited spaces to share. While there is no “ideal” incubator, it can be helpful to look at other start-up incubators for inspiration. Unlike typical business incubation, which are funded through tenant rental and service fees, university start-up incubators are often offered free-of-charge to university participants.

Universitas Bakrie (UB) is a private university which was founded in 2006. It is located in South Jakarta, Indonesia. The University offers ten undergraduate programs and one Graduate program. UB has techno-preneurship mission under its tag-line ‘experience the real things’. To accommodate the mission, UBpreneur established a business incubator, named UBpreneur in 2009. UBpreneur assists students, lecturers and alumni in developing their business. UBpreneur has been offering its service for tenants as OWBI.

The aims of the OWBI are assessing and finding the best way to prepare students for meaningful and rewarding careers. Besides academic degrees, students aim to launch businesses, develop new products and start social movements. In response, UB established a business incubator to remain competitive and relevant; to attract and retain entrepreneurial students, faculty and researchers; and to forge connections between industry and academia. OWBI purpose is to embrace a culture that promotes tenants in entrepreneurial characters like “take risks” and “fail fast,” while allowing students to develop hands-on entrepreneurial skills. Recently, many universities are keen to promote the startup spirit, because classroom settings often lack of it.

UBpreneur supported in average of 15 tenants per years which consists of 10 start-up/novice and 5 developed. Most of the incubation programs are in the area of developing management skill, marketing skill and the important thing is improving the business model (ideas). UBpreneur has one director and one management staff, supported by 25 consultants to allow tenants to get interactive discussions. Consultants consist of academics and professionals.

Other facility which can benefit the tenant is soft loans. UBpreneur opens for the best business plan to be funded. Every semester at least one of tenant will get a soft loan. The evaluation of the success tenant is conducted by UBpreneur team.

In the context of OWBI, UBpreneur as an academic incubators established new forums for idea exchange on campus. It is designed to spark strategic partnerships between academia and industry. The incubators connect students to startups, investors and other collaborators they might not otherwise encounter. As such, the university business incubators provide a community, resources and the physical environments essential to fostering entrepreneurial exploration. Depending on stated purpose and mission, however incubators may not offer: co-working or maker spaces, conference rooms, labs, cafes, concierge services and mentoring staff.
3. EVALUATING INCUBATOR

Over the last few decades evaluation of performance became a critical issue of incubation industry. Scholars, practitioners and policy-makers developed various frameworks for the assessment and evaluation of incubators. One of the first attempts of evaluating the general performance of incubators was developed by Mian, which suggests three key dimensions to assess university technology business incubators [6]:

1. Management and services offered: goals, structure and governance, financing and capitalization, services provided, target markets, operational policies.
2. Incubation process: the added value in the creation and growth of tenant firms.
3. Performance outcomes: program growth and sustainability, tenant firms’ survival and growth, contributions to the university mission, community-related impacts.

According to Mian’s suggested dimensions, the evaluation was made to analyze the performance of UBpreneur. SWOT analysis was covered the key dimensions to assess UBpreneur.

Table 1: SWOT analysis of OWBI UBpreneur

<table>
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<tr>
<th>Strengths</th>
<th>Weakness</th>
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<tbody>
<tr>
<td>• Flexibility</td>
<td>• Lack of control or evaluation</td>
</tr>
<tr>
<td>• Network and collaborative partners</td>
<td>• Always change the idea and business plan direction</td>
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<tr>
<td>• Information technology</td>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tr>
<td>• Collaborative atmosphere</td>
<td>• Low capturing the new ideas</td>
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<tr>
<td></td>
<td>• Difficulties in its monitoring process due to tenant’s movement</td>
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The main obstacle of this model is in the monitoring process due to tenant’s movement. Since there is no available space for tenant, OWBI evaluates tenants using online process or through appointment. Based on Mian’s evaluations, the management of UB defines the incubator quality goal as to achieve minimum number of start-up tenant under incubation. As an organization which develops businesses, evaluation of the incubators is based on how many business entities were succeeded to be developed into their next level. UBpreneur establishes its goal to create/support at least 10 start-up businesses annually.

There are three stages of business development under UBpreneur’s assistance. Firstly, the awareness stage, it is a stage where newbies starting their ideas, examine the possibility and opportunity of the business. In this stage, UBpreneur assists tenant to get in touch with coach, motivation trainers, and other stakeholder (for both start-up and developed business). UBpreneur facilitates tenant to make their business canvas and business models. Normally, this lost many of tenants as they cannot continue to next stage. Most of the tenants gave up and no longer developed their idea or business model due to many obstacles they were facing. According to UBpreneur’s data, in 2015 out of total 111 tenants who were registered as awareness stage, only 33 of tenants are eligible to go to the next stage.

Secondly, the start-up stage, in this stage, tenants is starting their business as a normal business. They establish market, develop products, and manage their newbie business. Tenant
should prove for at least a good consecutive three years financial performance, in which UBpreneur will declare them as “go-public” tenants.

Thirdly, if those tenants can prove a good financial performance and go-public, UBpreneur will assist them into “real” market place. The facilities and consultancy are providing to the expansion of tenant’s business. The Bakrie University’s business incubator recorded that only 2-5 % of tenants successfully passed the three years evaluation.

This OWBI model is focus on value-added services. The business incubator provides services not only related to facilities, and thus the physical environment, but more related to coaching, mentorship, and the sharing of heterogeneous knowledge. The main benefits which incubators provide to tenants are related to intangible assets, such as reputation, knowledge access, and knowledge sharing [9]. These aspects also differentiate the OWBI incubators from co-working space providers more effectively.

4. HIGHER EDUCATION PERSPECTIVE

University plays an important role in preparing student to be ready when entering culture [10]. The OWBI’s aims to minimize the gap between academic logic and business logic which student has to “transition” and aware of what industry expectation and what academic idealism learnt [11]. This case study of OWBI at UB revealed that more flexibility and ease in collaboration happened even though there is no sharing space for the tenants. The intangible assets, such as reputation, knowledge access, and knowledge sharing are the main objective of OWBI models. OWBI is perhaps suitable to University which just started the incubator institution. This model is very efficient and easier to manage. However, for universities which have a large number of student bodies, this model is not suggested due to hard to evaluate the development of individual tenants.

5. CONCLUSIONS

Even though there is limited time and space within the OWBI models the knowledge transfers during incubation among OWBI, tenants, expert’s mentors and potential customers are considered convenient. The model is suitable for the university which has limited space and lower number of academic staff. According to the higher education perspective OWBI is perceived as a compromise model to accommodate the gap academic and industry logic.

REFERENCES


