

1. Introduction to Incubation

Business incubation formally began in the US in the 1960s, and later developed in the UK and Europe through various related forms (eg. Innovation centres, technopoles/science parks). It is recognized as a way of meeting a variety of economic and socio-economic policy needs which can include:

- Employment and wealth creation
- Support for small firms with high growth potential
- Transfer of technology
- Promoting innovation
- Enhancing links between universities, research institutions and the business community
- Industry cluster development
- Assessment of a company's risk profile

In general, an incubator is a physical location that provides a defined set of services to individuals or small companies. This may include specific types of office space, flexible lease terms, access to technology, financing, and technical assistance (such as marketing, legal, finance, HR, and other business development services). By locating similar or complementary entities in proximity to each other, the incubator may also play a critical role in promoting knowledge transfer, both formally and informally.

Recently in developing countries, and under the guidance and promotion of *infoDev*, incubation has become an interesting approach to accelerate the development of technologies, industries and business skills. However, it should be noted that the needs of these communities can often be radically different to a more mature corporate environment where education, business training, and public institutional support may be a completely different context to Europe and the United States.

This document is aimed at the context of developing countries, and is intended to be a useful tool for anyone considering setting up an incubator. These are the key questions that should be considered and what we hope to introduce in this booklet:

- Why business incubation?
- What challenges do SMEs face?
- What are the models of incubation?
- What should I consider for my market?
- How do I determine the feasibility of such a concept?
- What are the steps required to get up and running?