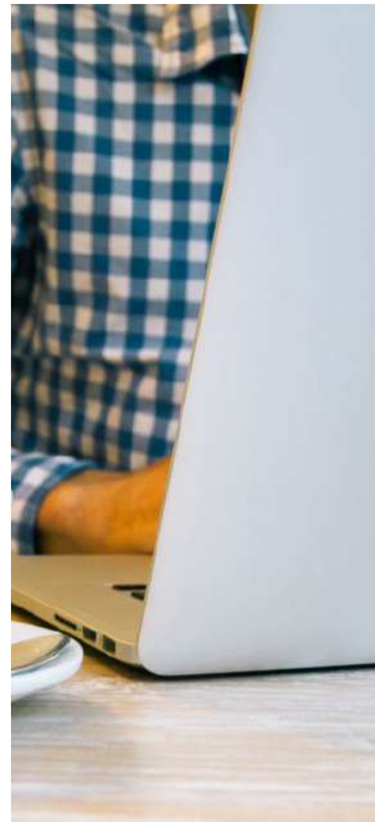

Handbook for Non-Profit Incubator Managers

About this Handbook

An incubator undergoes multiple phases during its journey from inception to growth and sustainability. This Handbook for Non-Profit Incubator Managers highlights various aspects of the preparatory and development phases of the incubator's journey. Rather than being a theoretical discourse on incubation, this Handbook intends to be a hands-on guide for current and future incubator managers. Certain aspects of incubation like defining and measuring impact that necessitates a deeper research-oriented discussion have intentionally been toned down. Instead, a practical framework that might help incubator managers to plan their immediate actions has been put forward.

By combining high level strategy and on-ground implementation tools, this Handbook hopes to encourage incubator managers to think actively about various topics and develop stronger incubation models. While the Handbook has been chronologically arranged, day to day decision-making seldom follows this path. It is, therefore, important to get familiarised with all aspects of incubation presented here and utilise the strategies and tools as required. This Handbook also encourages new and existing incubators to share their experience, suggest newer approaches and ultimately build upon this Handbook.

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CIIE is a Technology Business Incubator set up under the aegis of IIM-Ahmedabad. It is a Sec. 25 company focused on incubating startups that create scalable and innovative solutions in India.

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Foreword

सत्यमेव जयते

NITI Aayog

India's start-up ecosystem has grown exponentially in recent years to become among the largest in the world, leapfrogging many other competitive countries. India's start-ups have created and explored many new markets and categories, instilled an innovative mind-set, provided cheaper and better services, and made entrepreneurship an attractive career option. This recent growth has become a source of inspiration to many other countries as well.

The rapidly-growing Indian ecosystem has its roots in the foundations laid by home-grown entrepreneurs such as Mr. Narayana Murthy, Mr. Azim Premji, Ms. Kiran Mazumdar Shaw and many others, all of whose efforts put India into the global orbit over the last few decades.

The Government of India has also been supporting entrepreneurship through various Ministries, such as Department of Industrial Policy and Promotion, Department of Science and Technology, Department of Biotechnology, Ministry of Skill Development and Entrepreneurship, etc. I am happy to see that the ecosystem continues to grow, fuelled by the young demography, global exposure, and zeal of the new economic players who want to put a dent in the universe through their disruptive innovations. These start-ups are now beginning deployment of technologies into core areas such as healthcare, food and agriculture, waste management, etc. that are critical to India's growth. This spurt in entrepreneurship is remodeling India into a destination for innovation and digital transformation.

In the present complex and competitive landscape, India's budding start-ups need structural and fundamental support to initiate, survive, grow, sustain, and attain their highest potential. Recognizing the need and potential of the start-ups, the Government of India has been instrumental in encouraging entrepreneurship, in the form of supportive policies, collaborative platforms, and institutions, looking at the ecosystem in a holistic manner. 'Startup India', the ambitious programme launched by Hon'ble Prime Minister Shri Narendra Modi, has brought in a lot of positivity amongst the Indian entrepreneurs. As part of this program, the Government of India approved the Rs. 10,000 crore 'Fund of Funds' to support the startups.

However, startups require more than just funds to scale up to become enterprises. They need training, connections, and capacity building, usually provided by business incubators. India still lacks adequate incubation facilities that can catalyse the growth of the start-ups at the scale that the country requires. Atal innovation Mission (AIM) at the NITI Aayog observes that incubators would play an instrumental role in helping startups, and is thus implementing programs to establish Atal Incubation Centres (AICs), and provide scale up support to the existing incubation centres across the country in various sectors.

AIM is proud to partner with CIIE to provide this handbook for incubator managers, which I hope will be a critical guide for the managers of non-profit incubators in India and further spur Indian entrepreneurship.

Best regards,

Amitabh Kant
Chief Executive Officer
National Institution for Transforming India
Government of India

ATAL INNOVATION MISSION

Message

Start-up and entrepreneurship promotion is a clear priority for the Indian government to fuel economic growth and provide much needed jobs. However, as a recent study by the Planning Commission highlights, gaps remain in the Indian start-up eco-system: Apart from challenges in access to capital, the current support and incubation system is not sufficient to strengthen entrepreneurship in the country. Currently, there are around 220 incubators in India. Looking at the demand, incubation capacities need to increase to 1,000 incubators by the year 2020.

Good incubation support can be crucial for aspiring entrepreneurs starting out. New incubators are being established across the country, but support for new incubator managers remains limited. Additional challenges arise for incubators outside of India's metros.

In order to close this gap and support incubators in establishing their operations, GIZ has joined hands with CIIE within the framework of the SIDBI - GIZ Responsible Enterprise Finance Programme, and worked with incubators across India over the last three years. This included workshops and trainings, on-site support as well as assistance with new partnerships and the setting up of structured programmes like business plan competitions and accelerators. A special focus has been on incubators which support social enterprises that aim to develop essential products and services for the underserved population in areas such as healthcare, agriculture, water, sanitation, affordable housing and energy.

Over the course of this work, and adding from CIIE's own experiences, a number of resources and learnings have been compiled which we would like to pass on to all interested incubators with this handbook. This handbook is very much a living document and work in progress, and will be refined as we learn and add the experiences from our ongoing efforts.

GIZ remains committed to supporting good incubation in India. We are currently working on a capacity building programme for incubators interested in applying for funding with the Department of Science and Technology together with the Indian Science and Technology Entrepreneurs Parks and Business Incubator Association (ISBA) within the framework of the MoMSME - GIZ Innovation Promotion in MSME project. In addition, we are working in public-private partnership mode with Bosch and Intellecap on corporate engagement in start-up incubation which includes support to incubators interested in strengthening their capacities for partnering with corporates.

We hope this handbook is helpful for you, and are of course very happy to receive additional feedback or suggestions.

Happy reading!

Wolfgang Leidig
Director - Private Sector Development
GIZ India

Message

India is amidst a significant entrepreneurial revolution – started by India's young minds and fuelled by growing investor community. The base of this entrepreneurial value chain is comprised of fledgling ideas and aspiring entrepreneurs – very often exposed to enormous amount of risks, be it financing, execution, team, product development, go-to-market or many other kinds of risks that any new idea faces. Incubators – which often mean different things to different people – can play a critical role in de-risking these ideas through their support. Unfortunately, people very often confuse incubation with just providing a physical space for entrepreneurs to work out of.

Incubation should be seen as the process of de-risking an idea or a start-up and helping them improve the odds of success. Hence, incubation process itself can take different forms or shape – including providing office infrastructure, prototyping lab, seed-funding, market-access or business mentoring, amongst others. Each of these activities is critical to de-risk the venture in its early days – and should be seen as a critical component of "incubation".

As Indian incubation ecosystem leapfrogs into the next orbit, we felt that some of our thoughts and learnings from the past could be beneficial for new and upcoming incubator. While there have been innumerable books and publications on how to start a start-up, there hasn't been much written about "how to start an incubator". This Handbook for Non-Profit Incubator Managers is an attempt to provide a do-it-yourself framework for aspiring incubation managers to better design, run, monitor and scale-up their incubation activities. As the Government of India and corporate sector commits significant resources towards incubation, we hope that this Handbook will help these incubators develop a strong core offering, and prioritize the deployment of resources at their disposal for the most impactful activity.

Just like there is no one secret recipe for creating a successful start-up, there is no one recipe for setting up a successful incubator. Nonetheless, we believe that thinking through some critical aspects upfront and designing the initiatives appropriately could significantly improve the probability of success, and thus the impact of the incubator.

While we would discourage the incubators to blindly follow this Handbook, we sincerely hope this will provide a useful framework for future incubation activities in the country and together we will produce not just many more unicorns but also more start-ups that create disruptive solutions for India's masses.

Best regards,

Kunal Upadhyay
Chief Executive Officer
Centre for Innovation Incubation and Entrepreneurship

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Contents

Introduction

1. Introduction

a. Introduction

Over the past decade, India's start-up ecosystem has experienced rapid growth. With the launch of the Start-up India Policy in January 2016, the Indian Government is gearing up to boost innovation, entrepreneurship and create employment opportunities. This adds a new lease of life to the multi-lateral initiatives that various ecosystem stakeholders have undertaken over the years. These stakeholders comprise academic institutions, governments, industrial bodies, corporate and business incubators. The initiatives are often collaborative efforts that leverage the stakeholders' mutual strengths to promote, nurture and support entrepreneurs. Such initiatives include framing policies, establishing new Technology Business Incubators and Centres of Excellence, creating newer programmes, platforms, and networks that can support entrepreneurship.

Amongst the different ecosystem stakeholders, business incubators have played a critical and instrumental role towards the growth of start-ups. NESTA's publication *Good Incubation in India* shows that:

- Incubators usually provide some combination of office space, business services, coaching and mentoring, funding and access to networks.
- Incubators have diverse goals, business models, host institutions and target enterprises, and they use a wide range of methods to support enterprises.
- There is no single recipe for effective incubation - incubators with the same aims can achieve these through different methods and combinations of support.[1]

The combination of support services provided by incubators varies according to their models and aims. Such support includes providing incubation or co-working spaces, lab spaces, new technological facilities, utilities, growth funds, mentoring and advisory support, and network and linkages. Incubators typically support start-ups by mitigating various risks that start-ups face and provide both generic as well as specific incubation services.

This Handbook aims to provide non-profit incubator managers and other interested stakeholders a practical and deeper understanding of the strategies and operational tools required for setting up and running an incubation centre.

b. Incubator Classification

Even though all business incubators focus on nurturing, promoting and developing start-ups, their classifications vary. The following classifications highlight the fundamental features of the incubators and also help anticipate the possible strategy and operational models of the incubators.

1. Host Organisation:

An incubator can be differentiated on the basis of its parent body. The parent body, also called the host organisation, can be an academic institution or university, industrial body, government, corporate as well as a non-government organisation. The advantages that an incubator can derive from having an academic institution or university as a host organisation will be different from that of having an industrial body or a corporate or a government agency as parent body. For example, an incubator under the aegis of the academic institution or university can tap into the pool of distinguished faculty and alumni who can be mentors to a start-up. Similarly, an incubator under a corporate will benefit from technical experts and fund support through CSR. An incubator with government support will find it easier to gain visibility in the rural areas of the region.

2. Sector Focus:

Some incubators are sector agnostic, thus, nurturing and promoting start-ups of all kinds. These incubators focus on all types of start-ups that come their way, irrespective of the stage of the start-up. It is more of a top down approach where

[1] Good Incubation In India, 2016, NESTA, DfID http://isba.in/wp-content/uploads/2016/01/NESTA-DFiD-good-incubation-in-india.pdf

the incubator is trying to cater to most of the entrepreneurs of a particular region. Also, it often makes physical incubation possible as the start-ups use the physical infrastructure of the incubation centre. The disadvantage is that the incubator is flooded with a huge number of queries and applications. Therefore, the incubator would need manpower to sort and evaluate the applications and then revert to the entrepreneurs. However, this approach contributes to the overall development of the regional ecosystem.

There are other incubators that focus on specific sectors such as technology, agriculture, renewable energy, healthcare, design, cultural aspects such as arts and handicrafts, etc. These incubators generally have at least one or two team members who are experienced in that specific sector, who undertake the job of evaluating the start-up applications. However, these incubators do not restrict themselves to any particular region but cater to all start-ups of a specific sector from across the country. Whether they look into early stage start-ups or mature start-ups depends on their objective. However, such incubator cater through the virtual incubation model as the start-ups usually find it difficult to relocate.

3. Location:

Incubators can also be categorised on the basis of their location or regional approach. Some cater to specific start-ups in the urban areas where the ecosystem is more developed. Others help start-ups with less access to different facilities to emerge in the suburban or rural regions. Over the years, a large number of incubator have emerged in the metro or Tier – I cities such as Bengaluru, Mumbai, Hyderabad, etc. This has led to development of the regional entrepreneurial ecosystem in such cities. Consequently, the concentration of start-ups in these cities is much more than in the smaller cities owing to the facilities that the start-ups receive. Rural areas or smaller or Tier-II and Tier- III cities are catching up with this phenomenon with the setting up of more incubators. Presently, incubation centres can be found in smaller cities such as Jaipur, Nagpur, Coimbatore, Madurai and others. Their presence encourages and helps the entrepreneurs to follow their passion and intuition of starting their own ventures.

4. Commercial Purpose:

Here, commercial purpose refers to the nature of the incubator, i.e., 'for-profit' and 'not-for-profit'. The 'for-profit' incubators look at start-ups from the point of view of creating a source of revenue for themselves. This may be through commercialisation and licensing of technologies emerging out of their start-ups. Some also cater to the office space requirement of the start-ups and offer them working space in lieu of rent.

However, the 'not-for-profit incubators' aim at nurturing and promoting innovative start-ups to scale. Such incubators generally help entrepreneurs to move forward through the various level of venture development. The incubators with 'no-profit' motive are usually Section 8 companies registered under The Companies Act, 2013 (previously Section 25 company registered under The Companies Act, 1956) or are sometimes set up as a Society. The advantage of being registered as a Section 8 (formerly Section 25 company), Society or a Trust, as the case may be, are multiple. The incubator finds it easier to attract start-ups as they know that the aim of the incubator is to support start-ups. Further, the incubator can avail exemptions under Section 12AA of the Income Tax Act and can raise CSR funds from corporates as corporates benefit from the 80G certificate provided by the incubator for the funds received. Non-profit incubators are generally seen as developmental agencies; hence, it is easier to seek grants from both government as well as multilateral donors to run various entrepreneurship development programmes.

c. Incubator Development Phase

The various phases of an incubator's developmental journey are projected in a whitepaper by the National Science and Technology Entrepreneurship Development Board (NSTEDB) '*Developing Ecosystem for Knowledge to Wealth Creation: Technology Business Incubator (TBI)*'. These phases are preparatory, development and mature phase[2].

[2] Developing Ecosystem for Knowledge to Wealth Creation: TBI, NSTEDB http://www.nstedb.com/Developing-Eco.pdf

Preparatory | 6 - 12 months before formal launch

- Appointing a nodal person from the Host Institute
- Enhancing preparedness to host the TBI
- Preparing a good TBI proposal with focus, vision and mission
- Milestones and viable business plans

Development | 5 - 7 yrs after formal launch

- Flow of funds from funding agencies
- Creation of infrastructure and facilities
- Good governance and management system
- Core incubator team
- Incubation process and value added incubation services
- Flow of incubatee entrepreneurs
- Network and linkages
- Sustenance of incubator operations

Mature | This phase comes after the development phase and should continue for long

- Good incubation environment
- Consistent flow of incubatee entrepreneurs
- Visibility in region
- Financially sustainable incubator
- Expansion and scaling up
- Hand holding of new incubators

Incubator Development Phase

Planning the Incubator

2. Planning the Incubator

Like any other project, setting up an incubator begins with planning. This Handbook focuses on 'non-profit' incubators that aim to nurture, promote, encourage and scale up their start-ups. The incubator may have an academic institution/university/corporate/government as a host organisation. The incubator may even be a private-public partnership (example, Startup Village in Kerala) or a joint venture (example, Startup Oasis in Jaipur). Irrespective of the type of host organisation, sector focus and location, the incubator would have to go through the 'incubator development phases' highlighted in the previous section. An incubator will need to identify multiple aspects parallely, for example, vision and objectives, team, target start-ups, start-up support to offer. However, the following are the most important aspects that need to be determined before starting detailed planning:

a. Host organisation's perspectives
b. Appointing an incubator manager
c. Availability of funds
d. Identifying the legal structure
e. Building a work culture
f. Identifying revenue streams

a. Host Organisation's Perspectives

Host organisations set up incubators for several reasons. A corporate, for example, might sponsor an incubator to manage innovation by searching for and supporting disruptive innovations. A foundation might sponsor creation of an incubator to address developmental goals that are aligned to its mission. Irrespective of their origin, whether sponsored or for-profit, setting up incubators requires a lot of basic background work. To set up an incubator, the host organisation has to broadly decide the following factors:

1. Vision and Focus of the Incubator:

The host organisation sets up an Advisory Board or Council that is enthusiastic about setting up the incubator. The members of this Board decide the vision of the incubator. Usually, the vision of the incubator is aligned to the objective of the host organisation. For example, an academic institution would want its incubation centre to encourage student and regional initiatives. A corporate would want to promote entrepreneurs that are creating solutions in their field of focus.

2. Appointing a Representative Officer:

The host organisation appoints a representative officer who is usually an employee of the organisation. In an academic organisation, the representative might be a member of Faculty or the In-charge of the Entrepreneurship Development Cell. In a corporate, it might be an employee in the research, marketing or business development division. The representative officer is held responsible for taking up the initiative, exploring the feasibility of setting up the incubator with respect to the location and the sector and thereafter creating a basic approach plan. The Board or Council guides the actions and decisions of the representative officer. The representative officer has to address the following things:

- **Vision:** Ensure that the Board or Council has carved out a broad vision for the incubator. The incubator manager can then later detail out the objectives and goals without having to re-align the vision of the incubator.
- **Location:** Check whether setting up the incubator in the chosen location is feasible. This is often checked by conducting a basic study on the entrepreneurship trend in the region.
- **Infrastructure:** Find the need and availability of infrastructure for the incubator. An incubator may decide on whether it wants to provide physical or virtual incubation at a later stage. However, it will still need an office space to begin with. It can then try to find the space required. The best option is if the host organisation can provide incubation space at the outset. Space often becomes a constraint when the incubator tries to apply to some of the Government schemes for funds to set up operations.

- **Funding:** Estimate the basic fund requirement for the next two years and ensure that the incubator has initial funding to start with. Generally, the host organisation will have to provide the initial funding for registration of the incubator, hiring the incubation manager, infrastructural facilities, starting operations and maintaining a minimum capital in hand.
- **Governance:** Get clarity from the Board or Council that the Governance Board and Execution / Implementation team would be separate and the incubator will be registered as a separate legal entity. While the Board performs the advisory role and will help the incubator manager to build strategies; the executive functions will be performed by the incubator manager and the team hired for running the operations of the incubator.

b. Appointing an Incubator Manager

As the plans for the incubator become more concrete, the immediate requirement of an incubator manager emerges. It should be noted that the representative officer cannot and should not be the incubator manager. The position of the representative officer is usually a temporary one and the person generally lacks entrepreneurial spirit. It is observed that for the member of Faculty (where the host organisation is academic institution), it is another additional assignment that does not have any incentive. While they would be willing to help or mentor the students, the work of the incubator adds to their long list of work and often clashes with their teaching and research.

For the in-charge of the Entrepreneurship Development Cell (where the host organisation is academic institution), the vision is often very myopic and does not cater to the incubator's objectives. The employees of the corporate find the work of the incubator as another additional assignment that needs to be achieved as a target. Hence, the essence is that the Board or Council needs to recruit an incubator manager. Further, the incubator manager needs to be an independent person working full-time exclusively for the incubator. The representative officer may help the Board or Council in recruiting the incubator manager.

It is a daunting task to recruit an incubator manager who has innate passion for entrepreneurship and willingness to help start-ups without becoming its founder. However, this time-consuming activity is one of the most significant factors in the long-term success of the incubator. The success, failure, accomplishments and growth of the incubator largely depend on the vision and the abilities of the incubator manager. Therefore, it is apt to recruit a zealous and innovative person with leadership qualities, the aggressiveness to pursue and the confidence to convince. The most prized quality of the incubator manager would be his or her entrepreneurial experience and network connections. This is important because the incubator manager should be able to empathise with the problems of the start-ups and should be able to create a path for both the incubator and its start-ups.

Recruiting such a person with varied experiences and qualities through job portals and recruitment agencies will be difficult. Diving deeper into networks where people know one another provides a better chance of finding such a person. Sometimes, business-oriented social networking sites such as LinkedIn can also be of help. The academic institution can also look into its network of alumni to find such a person. Also, the host organisation should consider offering the incubator manager a salary that is on par with the salary of the senior staff in an established corporate. Hence, the salary amount would be substantially higher than that of the staff in an academic institution or a foundation. NIDHI-TBI, Guidelines and Proforma for submission of proposal lays down that "Host Institution shall be free to decide on the remuneration of CEO. The DST grant for the salary for the CEO will be limited to Rs. 1.75 lakhs p.m. or actual, whichever is lower. This limit of Rs. 1.75 lakhs p.m. is fixed in the year 2016-17 and would get revised every year with a hike in salary of 10%."[3]

Upon recruitment, the incubator manager has to concentrate on a wide range of activities. Some of these would be as below:

1. Take over the charge from the representative officer
2. Understand the vision of the host organisation
3. Survey the ecosystem to understand the activities that are taking place
4. Identify the ecosystem stakeholders who can help the incubator
5. Decide the focus of the incubator

[3] NIDHI-TBI, Guidelines and Proforma for submission of proposal http://www.nstedb.com/New_Programmes/NIDHI-TBI.pdf

6. Crystallise the objectives and goals of the incubator
7. Check the fund commitment available from the host organisation
8. Find other sources of funds for setting up the incubator
9. Submit proposals to different agencies, primarily government, to raise funds for initial activities
10. Form a separate legal entity for the incubator
11. Create an agreement between the host organisation and the incubator stating the objectives, commitments and the deliverables
12. Decide whether to register the incubator as a Technology Business Incubator (TBI)
13. Ensure that the governing and execution bodies of the incubator are separate
14. Decide on the business model that the incubator needs to follow
15. Create an approach document or plan to begin work
16. Visit other business incubators to understand various processes and activities
17. Connect with the other ecosystem stakeholders working within the same space

c. Availability of Funds

The host organisation usually provides the initial funds required to set up and start the incubator operations. The expenses would include conducting surveys, travelling to meet other incubator managers and stakeholders, paying service providers for establishing a separate legal entity, registration fees, charges for infrastructural and utility facilities, etc. The fund available may or may not be adequate for a long time. Therefore, the incubator manager has to look out for different avenues of availing the fund. One of the modes to access the funds is to register as an incubator under the Department of Central Government or as a nodal institution under State Governments. The other mode would be raising funds through CSR. While the schemes and funds from the Government provide funds for capital expenditure such as infrastructural development and scaling up, programmes, mentoring as well as investments, the CSR funds are usually restricted funds meant specifically for a project, programme, investment or start-up from a specific sector.

The following paragraphs provide a glimpse into the various funding agencies that support incubator depending on its objectives.

1. National Science & Technology Entrepreneurship Development Board (NSTEDB):

NSTEDB, established in 1982 by the Government of India under the aegis of Department of Science & Technology (DST), is an institutional mechanism to help promote knowledge driven and technology intensive enterprises. It has a broad objective of promoting gainful self-employment amongst the Science and Technology (S&T) manpower in the country and to set up knowledge-based and innovation driven enterprises. The programmes conducted by NSTEDB have credited awareness among S&T persons to take up entrepreneurship as a career. The academicians and researchers have started taking a keen interest in such socially relevant roles and have engaged themselves in several programmes initiated by NSTEDB. [4]

NSTEDB provides support through its institutional mechanisms, namely, National Initiative for Developing and Harnessing Innovations (NIDHI), NewGen Innovation and Entrepreneurship Development Centre (NewGen IEDC), Science & Technology Entrepreneurship Development (STED) Project, Innovation – Science and Technology based Entrepreneurship Development (i-STED), Science & Technology Entrepreneurs Park (STEP), and Technology Business Incubator (TBI). It has also supported Entrepreneurship Development Cells.[5]

Under its NIDHI initiative, NSTEDB has multiple programmes, such as Grand Challenges and Competition for Scouting Innovations (GCC), PRomoting and Accelerating Young and ASpiring technology entrepreneurs (PRAYAS), Entrepreneur-In-Residence (EIR), Seed Support System (SSS), Accelerator, Centers of Excellence (COE), and others.[6] The objectives of each of these programmes are specific addressing the various requirements in the entrepreneurship ecosystem. For example, the objective of NIDHI-GCC is to find and nurture new and innovative solutions for major challenges being faced by the society that are viable and

[4] NSTEDB http://www.nstedb.com/
[5] Institutional Mechanism, NSTEDB http://www.nstedb.com/institutional/
[6] NSTEDB new programmes http://www.nstedb.com/new-programmes.htm

sustainable, whereas NIDHI-PRAYAS focuses on addressing the idea to prototype funding gap and NIDHI-EIR programme provides tremendous opportunities for innovative entrepreneurs to expand their networks and get critical feedback on their ventures in order to promote their entrepreneurial career goals and aspirations. Each of these programmes has its own objective, model, expected outcomes, quantum of funding, funding mechanism and guidelines. Any incubator willing to avail the benefits of these programmes has to go through the programme details before deciding the programme most appropriate for it.

While there are different variants of incubators like Technology Business Incubator (TBIs), Innovation Hubs, Centres of Innovation & Entrepreneurship, Virtual Incubators and Seed Accelerators, TBIs are preferred as powerful economic development tool. Ideally for TBI, a host organisation needs to be an academic, technical or research & development institution or any other institution with a proven track record in promotion of technology-based entrepreneurship. The host organisation should have been in existence for at least three years and is supposed to have adequate expertise and infrastructure to support incubation activity. In case the host organisation does not fall under any of the above-mentioned categories, then it should be a legal entity registered in India with the clear purpose and objective of promoting research, innovation and entrepreneurial ecosystem. DST does not support for-profit incubators.[7]

2. Atal Innovation Mission (AIM):

Atal Innovation Mission was set up under NITI Aayog, the premier policy 'Think Tank' of the Government of India. While designing strategic and long term policies and programmes for the Government of India, NITI Aayog also provides relevant technical advice to the Centre and the States.[9] AIM will be an innovation promotion platform involving academics, entrepreneurs, and researchers drawing upon national and international experience to foster a culture of innovation, R&D in India.[10] The platform promotes a network of world class innovation hubs and grand challenges for India such as Atal Grand Challenge Awards, Atal Tinkering Laboratories, Atal Incubation Centres and Scale-up Support to Established Incubation Centres.

The incubators need to go through the different schemes to understand the specific objectives. For example, the objective of the Atal Incubation Centre (AIC) scheme is to promote and establish incubation centres in India which would support and encourage start-ups in specific subjects or sectors such as manufacturing, transport, energy, health, education, agriculture, water, sanitation, etc and would provide them with necessary infrastructural facilities and other value added services. AIM will provide a grant-in-aid of INR 10 crore to each AIC for a maximum of five years to cover capital and operational expenditure cost.[11] Similarly, the scheme of 'Scale-up Support to Established Incubation Centres' envisages to augment capacity of the established incubation centres in the country. It requires the legal entity to be registered in India as public, private or public-private partnership and must be in operation for a minimum of three years. AIM will provide grant-in-aid support of INR 10 crore in two annual instalments of INR 5 crore to the incubation centres selected under this scheme. An established incubation centre will be eligible for the grant-in-aid under this scheme for a maximum of three years. [12]

3. Biotechnology Industry Research Assistance Council (BIRAC):

BIRAC set up under the Department of Bio-Technology, Government of India is a not-for-profit Section 8, Schedule B, Public Sector Enterprise. It is an interface agency to strengthen and empower emerging biotech enterprises to undertake strategic research and innovation, addressing nationally relevant product development needs.[13] Under Entrepreneurship Development, BIRAC has six programmes, namely, Biotechnology Ignition Grant Scheme (BIG), BIRAC – SRISTI, BIRAC Regional Innovation Centre (BRIC), BIRAC University Innovation Cluster (UIC), BioIncubators Nurturing Entrepreneurship for Scaling Technologies (BioNEST), and AcE Fund. Apart from these, BIRAC also supports early and late stage innovations. Each of these programmes has its separate guidelines, process and funding support mechanisms. BIRAC has partnered with different organisations for these programmes, for example, its current BIG partners are IKP Knowledge Park - Hyderabad, C-CAMP – Bangalore, Foundation for Innovation and Technology Transfer – New Delhi, KIIT Technology Business Incubator – Bhubaneswar, and Venture Centre (Entrepreneurship Development Centre) – Pune. [14]

[7] NSTEDB Revised guidelines of TBI http://www.nstedb.com/institutional/Approved%20Revised_guidelines_of_TBI.pdf
[8] NSTEDB TBI http://www.nstedb.com/institutional/tbi.htm [9] NITI Aayog about us http://niti.gov.in/content/overview
[10] Atal innovation Mission http://niti.gov.in/content/atal-innovation-mission [11] AIM: Atal Incubation Centres http://niti.gov.in/content/atal-incubation-centres-aics
[12] AIM: Scale-up Support to Established Incubation Centres http://niti.gov.in/content/scale-support-established-incubation-centres
[13] BIRAC website http://www.birac.nic.in/ [14] BIRAC BIG description http://www.birac.nic.in/desc_new.php?id=83#

4. Minsitry of Electronics and Information Technology (MeitY):

MeitY promotes e-Governance for empowering citizens, promoting inclusive and sustainable growth of the Electronics, IT & ITeS industries, enhancing India's role in Internet Governance, adopting a multi-pronged approach that includes development of human resources, promoting R&D and innovation, enhancing efficiency through digital services and ensuring a secure cyber space. MeitY has multiple divisions and organisations. [15]

Under its Research and Development (R&D), the Ministry has R&D in Information Technology, R&D in Electronics, Innovation IPR and Centre of Excellence (CoE), R&D in Convergence Communications & Broadband Technologies (CCBT) and Schemes & Policies. Through its Technology Incubation and Development of Entrepreneurs (TIDE) scheme, MeitY aims to assist institutions of higher learning to strengthen their Technology Incubation Centres and thus enable young entrepreneurs to initiate technology start-up companies for commercial exploitation of technologies developed by them. The host organisation plays an important role in establishment, smooth and efficient functioning and nurturing of the TIDE centre. Under the scheme, each TIDE centre receives financial support as grant-in-aid of upto INR 155 Lakhs, payable in instalments. Out of these funds, up to INR 30 lakhs can be used for improvement in infrastructure and operations whereas INR 125 lakhs can be used for financially supporting incubating companies (upto INR 25 lakhs per company). [16]

4. Ministry of Micro, Small & Medium Enterprises (MSME):

MSME, under the Government of India, is an apex body for the formulation and administration of rules, regulations and laws relating to micro, small and medium enterprises in India. MSME has various schemes and programmes under its SME division, ARI division and DC MSME scheme to help and assist entrepreneurs, especially small businesses.[17] Some of the schemes related to innovation and entrepreneurship are A Scheme for Promotion of Innovation, Rural Industry & Entrepreneurship (ASPIRE), Scheme for 'Support for entrepreneurial and managerial development of SMEs through incubators' an NMCP Scheme, Scheme for 'Strengthening of training infrastructure of existing and new Entrepreneurship Development Institutions', Scheme for 'Supporting 5 selected universities / colleges to run 1200 entrepreneurship clubs per annum', Scheme for 'Trade Related Entrepreneurship Assistance and Development (TREAD) for women', and Scheme for 'Entrepreneurship Skill Development Programmes (ESDP)'. [18]

Amongst these, ASPIRE Scheme is for the Livelihood Business Incubators (LBIs) or Technology Business Incubators (TBIs). Through this Scheme, MSME provides INR 30 lakhs for incubator capex to existing TBIs and INR 100 lakhs to set up new TBI. It also provides INR 3 lakhs per idea for incubation of ideas. For the creation of enterprise out of innovative idea, MSME provides a seed capital Fund of INR 1 crore per incubator, 50% of project cost or INR 20 lakhs per successful idea, whichever is less. All these funding support will be based on the achievement of the milestones mentioned in the guidelines of the Scheme.[19]

6. State Governments:

A number of State Governments such as Kerala, Andhra Pradesh, Karnataka, and Telangana have also been active in supporting the incubators in their respective states. Other states such as Madhya Pradesh, Rajasthan, Gujarat, West Bengal and Bihar are speeding up to support incubators and start-ups through their start-up policies, start-up funds and venture capital funds (VCFs).[20]

The State Governments under various policies and schemes provide support to institutions that assist the start-ups and innovation. For example, the 'Scheme for Assistance for Start-ups/Innovation' announced by the Industries Commissionerate of Government of Gujarat supports nodal institutions that can assist start-ups and innovation. Nodal Institutions means institutions that would like to undertake start-ups. These institutions include Universities/educational institutions, incubation centres, PSUs, R&D institutions, private and other establishments.

7. CSR (Corporate Social Responsibility) Funds:

The CSR provisions of The Companies Act 2013 are applicable to every company registered under The Companies Act 2013 and any other previous Companies Law having: net worth of INR 500 crores or more, or turnover of INR 1000 crores or more, or a net profit of INR 5 crores or more during any financial year. The funds provided to incubators

[15] About MeitY http://meity.gov.in/content/about-dit [16] MeitY, TIDE http://meity.gov.in/content/technology-incubation-and-development-entrepreneurs
[17] MSME website http://msme.gov.in/mob/home.aspx [18] MSME Schemes http://msme.gov.in/mob/SchemeNew.aspx
[19] ASPIRE Guidelines http://msme.gov.in/WriteReadData/Whatsnew/ASPIRE-Guidelines-Final-03Jun15.pdf
[20] Article 'Start-up India – how do the States fare', Your Story, January 12, 2016 http://yourstory.com/2016/01/start-up-india-state-policies/

and incubation-related activities can be treated as CSR funds subject to the rules of The Companies Act, 2013. In this regard, General Circular No. 21/2014 of MCA dated June 18, 2014 clarifies that contribution to the corpus of a Trust/ Society/Section 8 companies etc. will qualify as CSR expenditure as long as: (a) the Trust/ Society/ Section 8 company etc. is created exclusively for undertaking CSR activities or (b) where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act[21]

d. Identifying Legal Structure

Before deciding upon a particular legal structure, the incubator manager should talk to other incubator managers and similar organisations to understand their perspective. The 'non-profit' incubator can choose any of the following legal structures for itself:

1. Society under Society Registration Act, 1860 or equivalent State Law
2. Section 8 Company under The Companies Act, 2013 (formarly Section 25 company under The Indian Companies Act, 1956)
3. Public Charitable Trust

While all the above-mentioned legal structures allow the incubator to avail the following benefits, yet the choice has its own discretion.

- Exemption under Section 12AA under the Income Tax Act 1961; subject to permission from the Income Tax Authority
- Ability to provide its donors the benefit of availing exemption on donations given under Section 80G of the Income Tax Act, 1961; subject to permission from the Income Tax authority for grant of approval under 80G"
- Allowing FCRA registration that allows accepting receipt of fund from foreign entity

The subsequent paragraphs provide a glimpse on issues that guide the choice of legal structure:

- **Control:** The Section 8 company has much more transparency than the Society or Trust form. For example, the Companies Act, 2013 requires the Section 8 company to hold a minimum of four Board Meetings where the business of the organisation is discussed. This ensures that the activities of the organisation are aligned with its objectives. The minutes of the meetings are also to be maintained. In case of a Society or a Trust, there is no regulation that binds such organisations to convene any meeting. Hence, the members of the organisation can carry on activities on their own accord. However, one can ensure proper governance structure by specifying it in bye laws for Society and in trust deed for Trust.
- **Transparency:** The Section 8 company is required to adhere to the regulations under The Companies Act, 2013 and hence needs to submit statutory and other filings to the Ministry of Corporate Affairs (MCA) and other statutory authorities. This facilitates more transparency as the external agencies can also access the documents through the MCA and other portals as required. In case of the Society and Trust, the statutory filings are made at regional level, thus, making it difficult for the external agencies to access any documents for review.
- **Compliances:** Since the Section 8 company is governed by The Companies Act, 2013 it is required to adhere to multiple compliances. While more compliance implies more documentation, it also ensures that the company is abiding by rules and the business is being conducted legally. For example, in case of a Section 8 company, the resignation of a Director needs to be immediately reported to the MCA, whereas, in case of the Society and Trust, it can be reported at the time of annual filing of reports. The quantum of compliances and documentation including filings is much higher in a Section 8 company than in the Society or Trust.
- **Holding of Equity**: The incubator, as part of supporting start-ups, provides seed fund in the form of equity investment. While a Section 8 company and Society can hold shares in an incubated company, the Trust shall have to appoint an individual or a corporate body to hold the shares in the incubated company on its behalf.

[21] FAQ on CSR Cell MCA website http://www.mca.gov.in/MinistryV2/faq_CSRcell.html

Therefore, the essence is that an incubator registered as a Section 8 company in comparison to an incubator registered as a Society or Trust will require adhering to more compliance and having more documentation but will be more transparent. The incubator manager can find a comparison of the three legal structures in the following table:

Particulars	Society	Section 8 company	Trust
Formation & Ownership	Minimum 7 persons should subscribe their names to Memorandum of Association (MoA), file the same and certified copies of the same with the Registrar of Society along with the fees	Minimum 2 persons should subscribe their name to the MoA and apply to the Regional Director for registration under Section 8 of The Companies Act, 2013	The Act remains silent on the number of trustees required. Hence, a single trustee can also govern the Trust. However Income Tax Authorities ask for atleast two trustees to govern the trust
Timeline for Formation	1 Month	1 - 3 Months	10 - 15 days
Formation Cost	INR 3,000 - 10,000	INR 30,000 - 50,000	INR 10,000 - 15,000
Liability	Limited to their subscription amount	Limited to their subscription amount	Limited liability to make good the loss which the trust property has sustained
Compliance Requirement	List of the names, addresses and occupations of the governors, council, directors, committee, or other governing bodies must be filed annually with the registrar	Annual accounts and annual return of the company to be filed annually with RoC. Maintenance of various secretarial records including inter-alia minutes books for the board meeting, general meeting and various other statutory registers is required to be maintained	Statement of accounts of the trust to be submitted to Assistant Charity Commissioner. If the Trust is creating a Corpus, then the provision of creating the Corpus should be mentioned in the Trust Deed
Alteration of Objects	Objects can be modified with the approval of 3/5th of the members	Objects can be modified anytime subject to approval of Central Govt.	Objects can be modified subject to approval of the Charity Commissioner.
Management Control	Governing Council as elected by the society members	Directors are appointed by the shareholders	Trustees / Board of Trustees are appointed
Members Participation	As per the MOA of the society	All the rights of the shareholders as per The Companies Act and MOA, ordinary resolution, special resolution etc.	As per the Trust Deed

Table 1: Comparison between Society, Section 8 Company and Trust

Particulars	Society	Section 8 company	Trust
Termination	Can be dissolved by 3/5th of the members	Winding up is a cumbersome and time- consuming process which can take anywhere between 10-12 months	Trust is generally irrevocable and cannot be wound up. However, it extinguishes when its purpose is completely fulfilled or becomes impossible or by the testator/ author of the Trust and by the consent of all the beneficiaries competent to contract
Transfer of Ownership	Permissible with appointment of new members and resigning of old members and approved by 3/5th members resolution	By transfer of shares	A new trustee can be appointed in place of the existing trustee subject to approval from the Charity Commissioner
Area of operations	Usually restricted to state boundaries	All of India	As per the Trust Deed
Public Transparency	Low	High	Low

Table 1: Comparison between Society, Section 8 company and Trust

Apart from the aspects highlighted in the table above, few of the issues for each legal structure have been highlighted in the respective paragraphs:

1. Formation of Society under Society Registration Act, 1860

- **Member & Governing Board:** A society is formed when about seven persons come together for a common purpose in a general body. Each general body member has one vote. The general body then elects a governing board (usually 5 - 7 persons) from among the members. The governing board manages the organisation directly or through executive employees.

- **Applicable Law:** Societies in many states are governed by the Societies Registration Act, 1860 in its original or amended form. However, a number of states have passed their own laws for regulating societies - these laws have replaced the original Societies Registration Act, 1860.

- **Operations:** A society formed in one state can usually operate in other states if its Memorandum says so. However, in many states, the registrars may refuse to register such a society or they may impose additional conditions. However, finding and corralling seven members can sometimes be difficult.

- **Reporting to the Registrar:** Governance and public filing requirements vary from one state to another. In general, every society has to file a list of governing body members annually. Many states ask for the filing of audited accounts as well. However, there are many which do not. The main Act, i.e., The Societies Registration Act, 1860 itself does not have any provision for filing of audited accounts.

2. Formation of Section 8 company under the Indian Companies Act, 2013

- **Pre-conditions for incorporation of Section 8 Company:** There are three conditions for this:
  - The Company must be formed for charitable objects.
  - Income and profits should be applied towards these objects.
  - It should not pay any dividend to its members.

- **Member & Directors:** It can be formed with just two persons. It should have at least two directors, who need not be members. The company can be formed with shares or can be formed, limited by guarantee. If the company is formed with shares, then each member gets votes in proportion to their shares. If the company is formed with a limited by guarantee, then each member gets one vote.
- **Operations:** Such a company can operate in any state without additional formalities. There are number of compliances under the provisions of The Companies Act 2013, and it is easy to make a costly mistake. However, there are severe penalties for the violation of any provisions of the Act. Even so, a Section 8 company is more robust, transparent and accountable than a society. This is the best form to choose for publicly supported development work. In general, the incubator struggles to decide the type of entity it wants to create for itself because the mandate of the host organisation often limits it.

3. Formation of Public Charitable Trust

- **Applicable Law:** The trusts are under the jurisdiction of Deputy Registrar/Charity Commissioner of the relevant area.
- **Registration:** In the case of Public Charitable Trust, whether in relation to movable property or an immovable property and whether created under a will or inter vivo, registration is optional but desirable..
- **Governing Body**: The Trust is controlled by the Settler or the Trustor; however, the Trustee or the Board of Trustees is the governing body that takes care of the execution of the functions and the activities for the achievement of the objectives of the Trust.

e. Building the Work Culture

Culture is an important determinant of the incubator's success. The majority of the incubators in India are set up in academic institutions - entities with cultures that are diametrically opposite to that of a start-up. Their longer feedback loops leading to longer cycles of decision-making do not align with the needs of a start-up. Start-ups are agile organisations and deal with a huge amount of uncertainty. They need incubators that understand their challenges. Incubators, therefore, need to mimic a start-up's culture to be able to empathise with them. Owing to the cultural differences between an academic institution and a start-up, the incubator manager should take conscious steps to define, build and nurture a culture in the incubator. This also leads to the imperative solution that the culture including the work process and decision-making should be different from that of the academic institution. Therefore, establishing the incubator as an independent entity with its own executive machinery makes more sense. According to Gorman, "*The world's best workplaces face the daunting task of creating 'one workplace culture' from a myriad of local cultures in which they operate.*"[22] Stephen Wunker and George Pohle in their Forbes article, *Built for Innovation*, highlight that the same task is more difficult for a business incubator perhaps as it tries to cater to start-ups of different characteristics. Innovation is the key to an incubator's setting up, existence and growth. While there is no set formula for creating an innovative enterprise, the four models, namely, marketplace of ideas, visionary leader, systematic innovation, collaborative innovation account for the majority of the most successful companies today.[23]

While the business incubator may choose any of the models that the companies follow; more often it is the multi and cross cultural aspects intermingled with openness of the environment that defines the incubator or the incubator's culture. Culture also defines how the organisation organises itself, its relations with customers (internal and external) and how the organisation treats staff.[24]

Like other organisations, the culture of the incubator is also established by its leaders, i.e. the incubator manager. It is his or her beliefs, values and vision that shapes the culture of the organisation. This results in behaviours that guide the employees of the incubator about what is appropriate or inappropriate. When organisations develop positive, virtuous cultures they achieve significantly higher levels of organisational effectiveness including financial performance, customer satisfaction, productivity, and employee engagement.[25]

[22] What makes a workplace a 'Great Place'?, Brandon Southward, Forbes Article, Nov 2013 http://fortune.com/2013/11/29/what-makes-a-workplace-a-great-place/

[23] Built for Innovation, Stephen Wunker and George Pohle, Forbes Articles, Oct 2007 http://www.forbes.com/forbes/2007/1112/137.html

[24] Organizational Culture and Its Themes, Shini Sun, International Journal of Business and Management, Dec 2008 www.ccsenet.org/journal/index.php/ijbm/article/download/760/726/

[25] Proof that Positive Work Cultures Are More Productive, Emma Seppala and Kim Cameron, Harvard Business Review, December 2015 https://hbr.org/2015/12/proof-that-positive-work-cultures-are-more-productive

Archtype	Leadership	Staff	Process	Environment	Examples
Marketplace of Ideas	Executives content with 'leading from behind'	Staff recruited for their creativity and passion	Well-stated goals and boundaries; ability to trail quickly; clear metrics for success	Should allow for and encourage experimentation	Google, 3M, Best Buy, television companies
Visionary Leader	An executive with insight and creativity who motivates employees to pursue a vision	Staff who are adept at team-work and can execute leader's plan	Well- understood mechanisms that link executive vision to daily activities	Few interdepen-dencies with outside parties; a business model that supports pursuing just a handful of big initiatives	Steve Jobs (Apple), Akio Morita (Sony), Henry Ford
Systematic Innovation	Strong executive leadership that sets priorities, raises urgency and allocates resources appropriately	Staffing policies that dedicate small numbers to discrete tasks and do not penalise failure	Cross-functional approaches and a high tolerance for dissent and experimentation	Diffuse product lines that are impossible for a small set of individuals to dictate and control	Samsung, Procter & Gamble, Goldman Sachs
Collaborative Innovation	Recognises when to outsource, has expertise in forming strategic alliances and navigating conflicts with partners	Staff empowered to make deals with outside vendors without the onus of approved policies	Competency in finding external partners; technology or infrastructure that enables dynamic reconfiguration	Excellent understanding of customer needs, a strategic advantage (economic, brand channel) that maintains differentiation	Vodafone, Facebook

Table 2: Mapping your Innovation DNA: Built for Innovation, Forbes Article (2007)

As per Kahler Slater & Granite's '*Insights from a Think Tank: The Future of the Workplace*', the five themes that have emerged for the Future of the Workplace are:[26]

1. A stronger focus on well-being in the workplace
2. The ability to change and customise the workplace quickly
3. The expanded role of the workplace in inspiring employees
4. A focus on the workplace as a 'Connector' for people
5. An increase in personalisation in the workplace

An incubator's culture is no different. It focuses on its workplace that constitutes the incubator's team, the start-ups and its staff members. It is the combination of flexible work timings, nature of the work, openness in infrastructure, passionate team members who are always ready to help and the openness of mind to accept ideas and experiment that defines an incubator's work culture. These elements make the incubator a home away from home for both the incubator's team as well as the entrepreneurs who spend countless hours debating, deliberating, discussing, and working.

The key points that the incubator manager should perhaps look into are:

[26] Insights From a Think Tank: The Future of the Workplace, Kahler Slater & Granite, 2015 http://www.kahlerslater.com/content/pdf/Whitepaper_ThinkTank.pdf

- Recruiting team members who are passionate about start-ups and understand how a start-up works. It works best if the team members have entrepreneurial experience or exposure to start-ups.
- Creating the same level of motivation and commitment as his/hers, amongst the team members, for the welfare of start-ups.
- Good infrastructure with spacious meeting rooms, open areas for discussions and interactions, with internet and other facilities.
- Rooms with brightly coloured walls and furnishing to give the environment a good feel that attracts both, the team members as well the start-ups.
- Facilitating open discussions amongst team members to design various activities and programmes.
- Having flexible work timings that help the team members to work at their own convenience and interact with start-ups without any restrictions.
- Organising small events on a monthly or bi-monthly basis to facilitate gathering of 10 – 15 start-ups that can discuss their experiences and challenges. These events may also have established entrepreneurs as speakers.
- Having a co-working space that can accommodate entrepreneurs working in different domains. This also helps to build a network within the incubator as they help each other with services.

f. Identifying Revenue Streams

Across the globe, there are multiple models of revenue that an incubator can follow. Infodev's *Global Practice in Incubation Policy Development and Implementation*[27] highlights four business models as below:

- **Rent Model:** Rental charges to clients can be a source of funds though incubators need to achieve a significant size before this becomes a major income source.
- **Equity Model:** Incubators can take minority stakes (2-6 %) in incubated businesses, often in return for free and low rent periods, enabling future income from dividend payments. An additional equity (e.g 1-2%) may be further added for additional periods spent in the incubators.
- **Royalty Model:** According to this model, revenues earned by the client will legitimate a royalty payment for the incubator. Usually the royalty is at around 5% of the revenue and is limited in time (on an average, five years).
- **Deferred Debt Model:** In this model the services provided to the client are valued, along with incubator's overheads, and then charged in the incubation fee. The client has up to 10 years to pay back the debt to the incubator. Once the client has left the incubator and/or when the client has reached an agreed financial target, the total debt due to the incubator is fixed and the repayment can start. Repayment can be in a lump sum or partial payments.

The revenue model of the incubator largely depends on its vision and activities. A 'non-profit' incubator necessarily needs to use combination revenue models listed below to create enough funds to run its operations and provide support to the start-ups. However, attaining sustenance for an incubator is a difficult task.

1. **Programme Funding:** Programme funding accounts for a majority of the cash flow into the incubator. For different programmes, an incubator may choose to partner with several stakeholders. Such programmes include start-up support programmes, ecosystem development programmes, or, branding/marketing programmes. Programme funds received by the incubator are either restricted or unrestricted grants, i.e., the utilisation of such grants is mandated by the donor. Restricted grants have fund utilisation guidelines that the incubator needs to follow and usually these are for operational expenses. On the other hand, unrestricted grants allow an incubator to utilise the funds as they deem fit in order to realise the end outcome from the grant. Of late, several donors expect grantees to raise matching funding from the private

[27] Global Practice in Incubation Policy Development and Implementation, Infodev, https://www.infodev.org/infodev-files/resource/InfodevDocuments_982.pdf

In conversation with Mr. Chintan Bakshi, COO, Startup Oasis

On Workplace Culture

How can an incubator manager build a favourable work culture at an incubation centre for encouraging innovation?

Team members play a vital role in developing the work culture at any incubation centre. They should be professional team players, and should be enthusiastic about their work. They should be excited and passionate about start-ups. Ideally, it is better if the team members have start-up experience.

How are the roles of the team members decided?

Based on the prior experience of the team members, they are given different responsibilities. For example, if someone has worked in the investment sector they will be given the task of fund-raising. However, team members should have some sense of the critical functions of the incubator. As they work in a rapidly changing environment they need to have a high level of adaptability towards change.

> As [team members] work in a rapidly changing environment they need to have a high level of adaptability towards change

What are the other elements of work culture?

The ambience of the incubation centre is very important for creating a conducive working culture. The incubation centre should have a vibrant environment, state-of-art infrastructure, large open space for brainstorming sessions, and walls imprinted with creative art. Existing culture or norms are very important for innovation.

What are other ways to create an innovation-friendly work culture?

The incubation centre can organise workshops for start-ups. There can be an open discussion between start-ups and team members. This will help both groups in gaining knowledge that will further help them. One thing that the incubation centre should do is documentation of the start-ups, detailing their journey. That will act as a rulebook for similar start-ups. Team members of the incubation centre should be encouraged to participate in all discussions. Another initiative that the incubation centre can take up is community building. 10-15 start-ups can be brought together, perhaps once in a month or two to share their experiences with the group so that it enhances learning.

sector. An incubator that leverages donor funds to raise additional funding support for the programme is able to demonstrate a higher utilization of the donor's funds and thereby, greater value for money and the subsequent impact.

2. **Professional Fees:** Incubators offer knowledge support to various stakeholders. This may take the form of consulting assignments, fees for capacity building or training, mentoring, etc. Professional fees are usually ancillary sources of revenue. Since several incubators are registered as 'non-profits' (and therefore, exempted from taxes), high revenues from professional fees may risk the incubator losing out on its non-profit status and therefore attract taxes on all its activities.

3. **Management Fees:** Incubators that actively invest in start-ups against equity, or manage seed funds, can charge a 'management fee' to manage the investment funds. While the fee structure varies depending on the fund type, typically, the management fees are between 2% & 3% p.a. of the total investment fund. The Government of India has several schemes - Seed Support Schemes (SSS) - to get investment funds. While investing, incubators also syndicate additional funds from private individuals (angels) or corporates and increase the mileage of the seed funds received through such schemes.

4. **Exits:** Incubators that hold equity in start-ups are poised to receive cash flow from successful 'exits' – liquidity events where start-ups raise additional funds and return the incubators' investment. Usually, monies received from exits are ploughed back into the funding corpus, thus increasing the size of the investable funds of an incubator.

5. **CSR Funds:** With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of INR 500 crores or a turnover of INR 1,000 crores or net profit of INR 5 crores, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. Academic incubators are valid recipients of such CSR funds and this has opened up a new revenue stream for academic incubators. Such incubators can receive CSR funds to help the start-ups in the sectors that fall under the mandate of the company. CSR support for incubators is still in its infancy and several incubators are experimenting different models of engaging with corporate CSR departments.

6. **Sponsorships:** Incubators' programmes are supported by several "sponsors". Most corporate sponsorships are routed to the incubator from the marketing budgets of the corporate. In return for the sponsorship, a sponsor may want to have logo presence, access to future clients, brand visibility and association with "innovation", etc. An incubator may also co-create a brand with a long-term partner and convert sponsorships into a longer term brand association.

7. **Rent:** Incubators that lease either working space or lab space to start-ups charge a rent for the facilities provided. Over the last few years, several incubators and private entities have set up 'co-working spaces', and 'maker labs' to help start-ups gain access to high quality working and lab spaces. In addition to space, such incubators also host several start-up events and programs that allow start-ups to network and meet like-minded entrepreneurs, mentors and investors.

8. **Support from Host Organisation:** Financial support from host organisation, though not technically a revenue stream, is an important determinant of the success of an incubator. It takes any where from three to six years for an incubator to achieve reasonable amount of reputation in the ecosystem and build a model for sustenance. Until then, the incubator's operations are funded by the support from host organisation. An incubator can also secure funding support from several government departments like DST, MNRE, MSME, DIPP, etc.

In conversation with Mr. Amber Maheshwari, Vice President – INFUSE Ventures

On Supporting Start-ups

Why do start-ups fail?

Start-ups more often fail rather than succeed. They encounter multiple risks, both internally as well as externally. Some of the reasons that contribute to their failures are:

1. **Lack of Market Research:** Start-ups are often reluctant in conducting detailed market research. They ignore the importance of meeting the customer, understanding their pain points and creating a product that meets the existing gap or the pain point of the customer. Thus, they often end up creating products that the customers neither need nor care for.

2. **Team:** A start-up is as strong as its team. Team essentially means the founders and the core members who put endless hours of time, energy and efforts to turn their idea into reality. A balanced team is essential for success. A team should typically comprise of a technical and a business person. Too many technical or too many business-oriented people may not do justice to the start-up's growth. Hence, start-ups that do not have a strong team in place may find it difficult to go forward.

Apart from providing the start-ups with funds and access to networks it is important to help the start-ups think through. The Incubator team should ask the right questions

3. **Clientele:** When the start-up has done their homework, they launch products that have no market or customers. Hence, the start-up has spent significant amount of resources but to no avail, leading to their downfall.

4. **High competition:** The start-ups also face high competition. The start-ups, that fail to understand the market strategy and the trends, do not pivot as quickly as required. This combined with the high competition ends up making them outcompeted.

5. **Inefficient fund management:** The start-up raise a lot of money. However, the funds end up being utilised to pay the salaries and travel. The rest goes into the product development. The start-ups often do not keep track of the cash outflow including operational expenses. This inefficient working capital management leaves them with shortage of funds. While the start-ups do get funded, it is difficult for them to raise the next series of funds, particularly in absence of a healthy financial statement and milestones achieved.

How can incubators help the start-ups to grow?

Incubators can help in multiple ways. Apart from providing the start-ups with the funds, and access to networks, it is important to help the start-ups to think through. During the mentoring, the incubator team should ask right questions to the start-ups to help them think from different dimensions. This can be about customers, unit economics, marketing and pricing of products, etc. It is to help them think about aspects that usually remain ignored.

Another thing that helps the start-ups is to monitor them continuously. This is aimed at helping them clear the hurdles while staying focussed on the milestones and objectives. Often, monitoring is frowned upon as the start-ups think that their decision making capacity is being encroached upon which is never the case. Furthermore, connecting the start-ups to the right people whether mentor, advisor, technical expert, or service provider is the key to help them grow.

Developing Incubator's Strategy

3. Developing Incubator's Strategy

a. Understanding Start-ups & Identifying Start-up Support

Supporting start-ups is the reason why incubators exist. Based on its mandate and vision, incubator chooses to work with a specific segment of start-ups. The incubator plays the significant role of mitigating the risks of the start-ups, hence, it is essential for the incubator to understand the start-up in depth that includes its market, features, team, product or services, challenges potential, etc.

In *"Into the Valley of Death"* Andrew Hargadon discusses the risks faced by start-ups as they struggle to grow from small teams to viable ventures.[28] These risks can be at different phases viz. Search – when the start-ups are searching for a business model, Build – when start-ups are building products and trying to achieve a product market fit; or Grow – where start-ups scale up once they achieve a product market fit. Incubators play the important role of mitigating some or all of these risks at different stages of the start-ups' development.

During their journey across the Valley of Death (Search, Build and Grow) start-ups need different types of support.

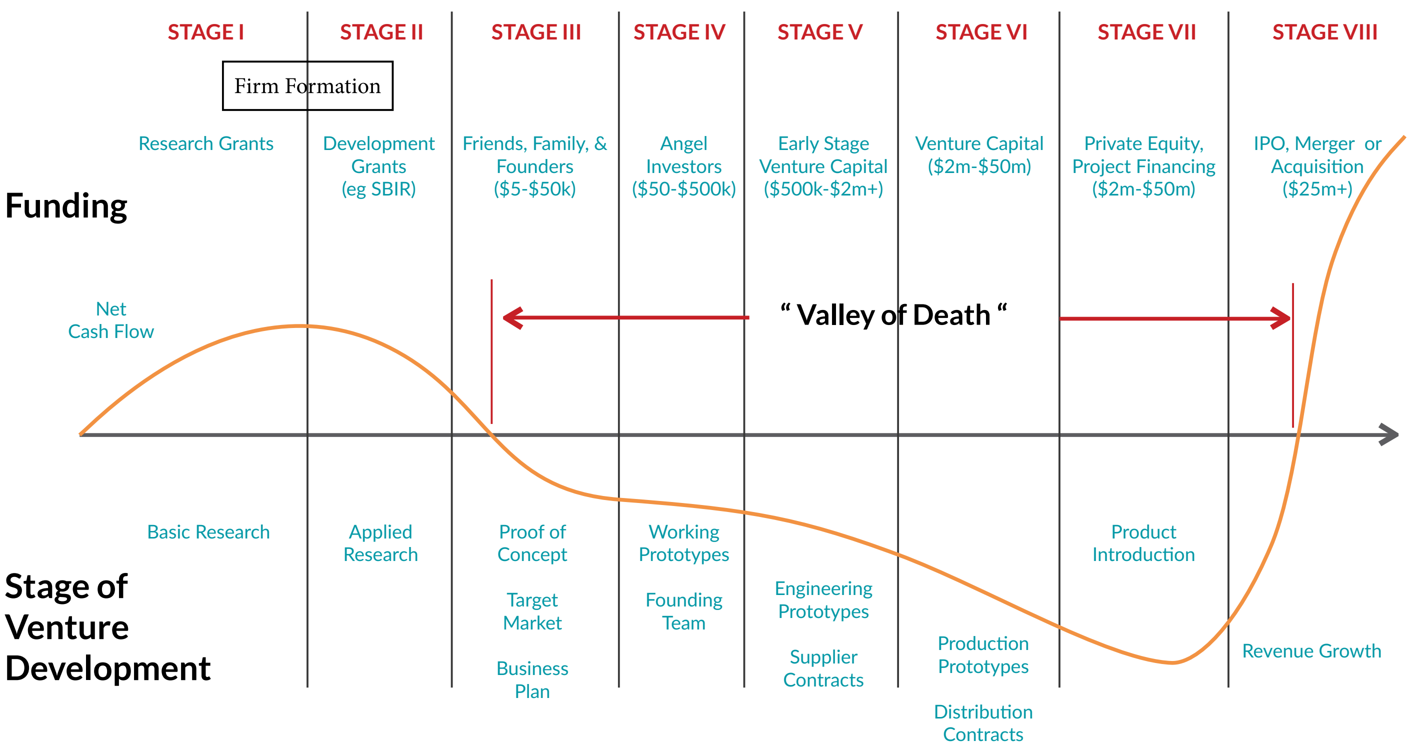


Figure 1: Stages of Venture Development, Into the Valley of Death

[28] Into the Valley of Death, Andrew Hargadon, gtm, April 2010 http://www.greentechmedia.com/articles/read/into-the-valley-of-death

For Stages III and IV under the 'Search' phase, start-ups require support such as prototyping labs, tooling rooms, co-working spaces, technical assistance, business advisory, prototyping grants, seed support, angel investments, piloting grants, etc. The key milestones that the start-up at this stage tries to achieve are validated customers, sales channels, understanding of customer activation and a team size of approximately 20 members.

Similarly, at the 'Build' phase (Stage V to VIII); the start-ups need support of channels to reach out to target customers, mainstream customers, value added or advisory support, process or operations optimisation, growth funds, and institutional funding. The major milestones of the start-ups at this stage are customer growth, positive cash flow, well defined processes and a team size of approximately 50 members or more. Beyond this phase, the start-ups at 'Grow' phase are fully operational and are generally revenue positive.

By aligning its vision to the venture development phases of a start-up, an incubator can take a decisive choice about the support it wishes to provide. Once the incubator identifies the specific stage of start-ups it wishes to support, it is critical for the incubator manager to talk to at least 10 start-ups that are in a similar venture development phase. This can be done by asking for references from other incubators or investors. The importance of having face-to-face conversations with start-ups cannot be emphasised more. It helps an incubator to empathise with start-ups and understand their specific needs. These can be local start-ups or sector focussed start-ups, depending upon the focus of the incubator. The incubator should engage in open-ended discussions with these start-ups to better understand their challenges. This helps the incubator to take the first steps towards designing its start-up support programmes.

A good way to record these conversations would be to create a 'Start-up Map' as outlined in the figure below. Once the information is recorded, it is easier for the incubator to analyze the key pains and key resource requirements of the start-ups. For instance, several start-ups that identify 'lack of capital' as a pain might need a way to access early stage capital. Such strategic discussions provide hints to the incubator to design a start-up support programme that is customer or beneficiary focused.

Parameters	Details
Key problems that the start-up wishes to solve	Gaps that the start-up is trying to address, Criticality of the gap today and in future
Key features of the product/service designed by the start-up	Goals, Target, Product or solution, Stage of product, Start-up age, Region of operations, Team size, Skills and experience of team members, Base location, Investments or funds raised,Revenue generation, Future plans
Key pains in pursuing their business	Current and expected problems or risks faced by the start-ups
Key resources required by the start-ups	Resources required by the enterprise to address its current pain points

Figure 2: Start-up Map

An incubator can provide an array of support services to start-ups. By following the following check-list, an incubator manager can better prioritize the starting point.

Pre-requisites:

1. Clarity of the vision and objectives of the incubator.
2. Understanding the strengths of the host organisation
3. Clarity regarding the extent of support that the incubator has from its host organisation
4. Understanding the stages and phases of venture development

Action Items:

1. Identify one phase of venture development to focus on.
2. Identify ten or more different types of start-ups from this phase.
3. Use 'Start-up Map' to study each of the start-ups in detail.
4. Analyze the insights in order to decide the resources required by the start-ups.
5. Identify the support that the incubator has to and wants to provide to the start-ups.

What should your goals be:

1. Understanding the start-ups and their requirements at a particular phase and stage.
2. Clarity on the type of start-ups that the incubator is interested in helping.
3. Identify the support structure that the incubator needs to provide.

What to watch-out for:

1. Whether the expectations from the start-ups match that of the incubator.
2. Whether the incubator has adequate resources to support the identified pain points.

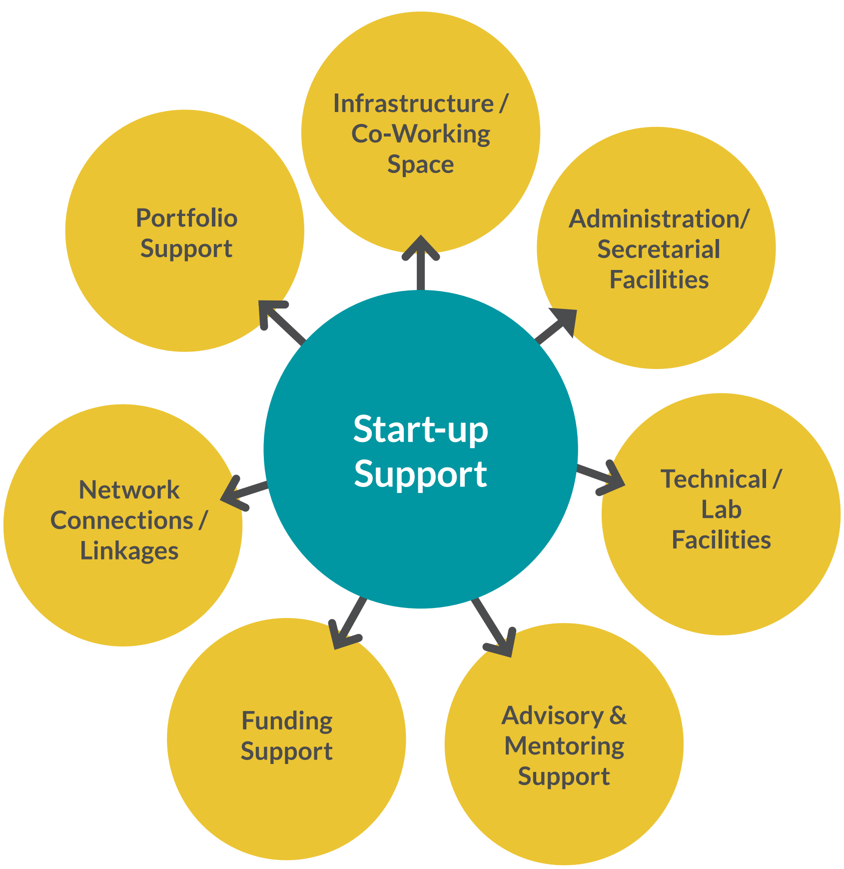


Figure 3: Start-up Support

b. Assessing Critical Success Factors (CSF)

Once an incubator identifies and articulates the services that it will offer, it is critical to assess factors that will determine its efficacy to execute this vision. Certain common factors determine the efficacy of the incubator as stated in the table below. This, however, is not an exhaustive list and incubator managers can develop their own success factors based on their business models. For example, for a network-based incubator, 'Office Space' may not be a factor critical to its success. Conversely, an incubator with a co-working space model will need substantial infrastructure and associated facilities.

At this juncture, the incubator manager knows the start-up support it wants to provide. With its vision and start-up support as the base, the incubator manager needs to identify the following things:

- Which factors are to be focused on for the attainment of the incubator's vision and to provide start-up support?
- What is the ideal position that the incubator wants to achieve for each of the factors?
- What is the current position that the incubator presently holds for each of the factors?

While answering the first question, the incubator manager may find that the incubator needs to focus on fewer than the seventeen mentioned factors. Once the incubator manager has identified the focus factors that are important for its success, the incubator manager has to map the incubator's ideal and current position for each of the focus factors.

The incubator may use the 'Critical Success Factor' - Kiviat Chart for the mapping. For the purpose of mapping, the incubator manager will need to rank the focus factors on a scale of 5 (5 being the highest and 1 being the lowest). Upon mapping, the incubator will have to list down the factors on the basis of the difference in ranking scale (the difference between the highest and the lowest rank). The factors that will have a higher difference will have a higher priority.

Incubators should map their critical success factors periodically, preferably on an annual basis, to understand the current gaps and build stronger operating models

For example, an agri-focussed incubator decided to find out its 'Critical Success Factors'. The incubator had a mission of nurturing and scaling up the agri-focussed start-ups. The incubator manager wished to assist start-ups with a) Co-working space, b) Investment, c) Portfolio support, and d) Mentoring and advisory support.

Using her vision as a starting point, the incubator manager analysed the factors and found that the agri-focussed incubator needed to attain a high score on all the factors barring one – technical facilities. Thereafter, she mapped the current and desired states of the incubator for each of the sixteen factors, as given in Table 03 on a Kiviat Chart (See Figure 4). The kiviat chart provided the incubator manager with visual snapshot of her current strengths and gaps.

Very large differences between the current state and the desired state were seen in factors including Team (Entrepreneurship Experience), Network (with Start-ups, with Investors) and Growth & Sustainability (access to funding sources). On the other hand differences between the current state and desired state of the other factors were not so pronounced. Factors with the largest difference were marked as 'High Priority' while others were marked as 'Medium Priority'.

The incubator manager now had an actionable list at her disposal. As a priority, she could perhaps recruit a team member with experience or exposure in entrepreneurship, begin interacting with local investors and other ecosystem players who could provide access to start-ups. In addition, the incubator manager could explore funding schemes under government and corporate CSR funds.

Category	Factors	Details
Governance	Governance Structure	Does the incubator require a governance structure that includes Directors/a Governing Council?
	Incubator Autonomy	How much freedom does the incubator need to function and execute its decisions without interference from its host organisation?
Team	Experience in Investment	Does the incubator need a team member who has experience in investing in start-ups or in investment-related activities?
	Entrepreneurship Experience	Does the incubator need a team member who has work experience in a start-up or exposure to a similar environment?
	Established Networks	Does the incubator need team members with strong linkages within the ecosystem?
	Cross-sector Experience	Does the incubator need team members who have worked in multiple sectors or who have sector-specific knowledge or technical expertise?
Network	With Start-ups	Does the incubator have a good network with the start-ups of a region or within a specified sector?
	With Investors	Does the incubator have a good reputation with investors?
	Within Local Ecosystem	Does the incubator have visibility within the local ecosystem?
	With Donors/Sponsors	Does the incubator have a connection with funding agencies such as corporate, multi-laterals, government(s), etc?
Infrastructure	Office Space	Does the incubator need a co-working space or a big infrastructure to function?
	Secretarial Facilities	Does the incubator need to provide secretarial facilities to its start-ups, as support?
	Technical Facilities	Does the incubator need to have technical facilities such as lab, design stations, etc. to help start-ups?
Growth & Sustainability	Access to Funding Sources	Does the incubator have access to continuous sources of funding?
	Revenue Model	Does the incubator have a specific revenue model to fall back on?
	Brand Recognition	Does the incubator have a plan to create its brand within the country, region, network and the entrepreneurial space?

Table 3: Success Factors for an Incubator

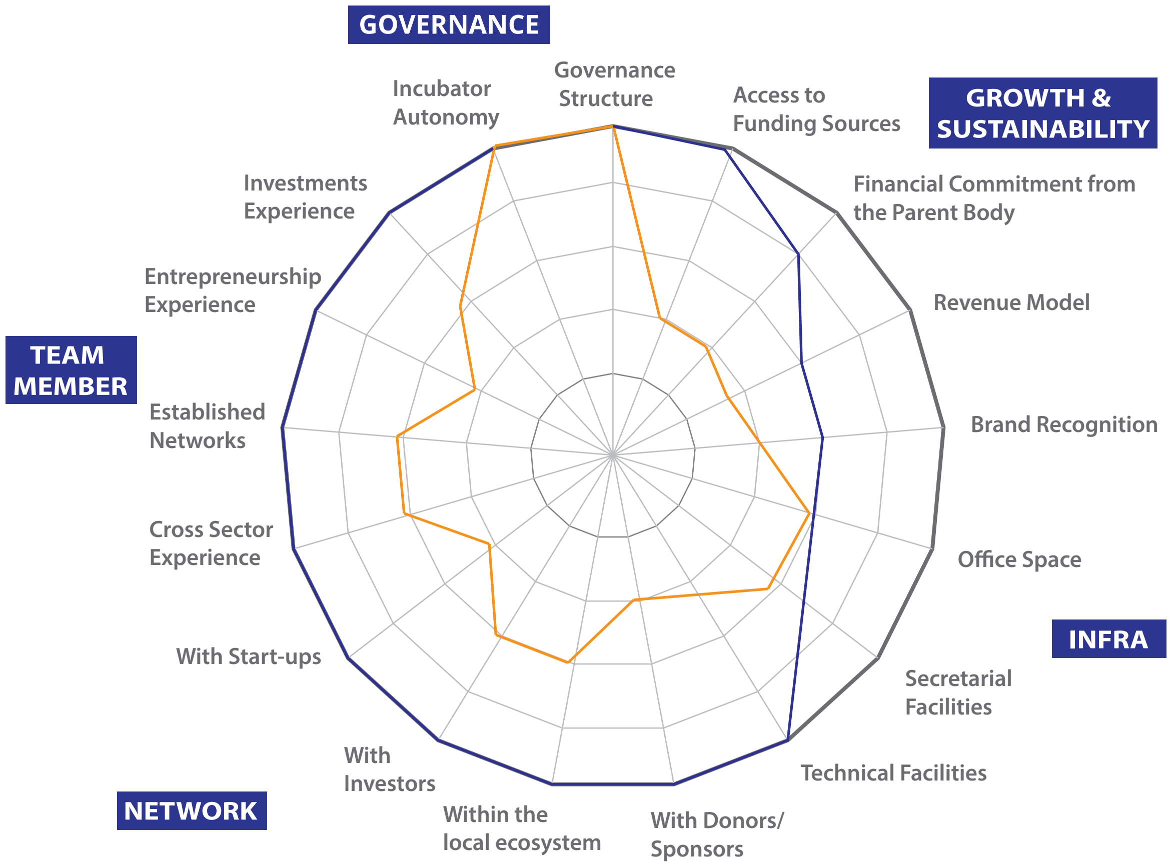


Figure 4: Critical Success Factors Framework - Mapped for an agri incubator

Priority	Factors
High	Having a team member with entrepreneurship experience Having a good network with start-ups Having investor connections Getting access to Funding Sources
Medium	Having a team member with experience in investment Having a team member with established networks Having a team member with cross-sector experience Having good connections within the local ecosystem Having a good business relationship with donors and sponsors Receiving a financial commitment from the parent body Creating a brand recognition for the incubator's growth and sustainability

Table 4: Prioritizing Success Factors

A systematic approach towards understanding the gaps of an incubator allows the manager to build a strategy that is both insightful and actionable.

Pre-requisites:

1. Clarity of the vision of the incubator
2. Knowing the type of support that the incubator wants to provide to the start-ups

Action Items:

1. Map each of the 17 factors against all the support services that the incubator wants to provide
2. Find the factors required to attain the vision and facilitate support services
3. Map to rank the required success factors and find the factors that hold priority

What should your goals be:

1. Identify factors that help in facilitating the support in a better manner
2. Find the crucial aspects that the incubator needs to improve on
3. Understand the priorities of the factors to be looked into, ignoring which may lead to complications later
4. Develop clarity about the current position of the incubator

What to watch out for:

1. Success factors evolve with time and therefore, this exercise is not a one time ctivity - it needs to be done periodically, preferably on an annual basis, to understand the more relevant gaps
2. In order to attain its vision, the incubator should, both internally and externally, explore new factors that may at the current stage be deficient

c. Mapping Capabilities

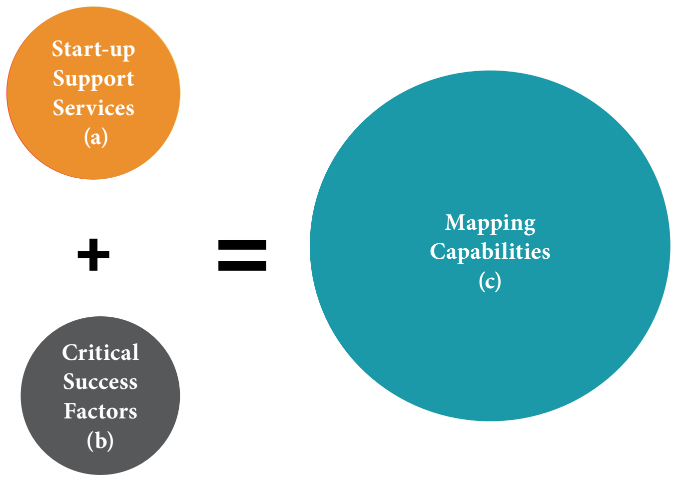
In the above sections, we see how the incubator has identified the start-up support services that it wishes to provide and has explored the critical success factors. The next step is to identify the right capabilities to get started. For instance, the agri focussed incubator from the earlier examples would require office space, domain-specific team members, networks, etc. In addition, it would also consider developing programmes to build its reputation with start-ups and investors.

The incubator can categorise its capabilities into the following:

1. Capabilities required
2. Capabilities that exist internally
3. Capabilities that need to be developed internally
4. Capabilities that need to be sourced from partners

Continuing on with the earlier example, the agri focussed incubator manager began by idenitfying her 'must have' capabilities under the column 'Capabilities Required' in Table 5. She then used the critical success factors priority list and evaluated them against the start-up support she wished to provide. It became evident that she needed a strong team with experience, expertise and connections within the sector. While she could develop some capabilities internally (either by recruiting or training), she would still need support in other critical areas including technical expertise, proposal writing, relationship management with investors, and, connections to agri-universities and research institutions. She could source some these capabilities from partners.

The advantage of mapping capabilities this way is that it not only reaffirms the fact that successful incubation has its foundations in a robust partner strategy, but also, helps map the exact support that the incubator needs from the get go. As we shall see in the next section, understanding the motivation and abilities of different stakeholders is key in building a robust partner strategy.



Capabilities Required	
• Team member with established networks • Team member with entrepreneurial experience • Team member with proposal writing skills • Investor relationship management • Reputation in local ecosystem	• Government connections • Lab infrastructure and technology commercialisation expertise • Technical expertise

Capabilities that can be developed internally	Capabilities that need to be outsourced
• Team member with established networks • Team member with entrepreneurial experience • Team member with proposal writing skills • Reputation in local ecosystem • Government connections	• Investor relationship management • Lab infrastructure and technology commercialisation expertise • Technical expertise

Potential Partnership Opportunities	
• Engage with agri universities that have lab facility and technology commercialisation knowledge • Engage with experts who have been working with agri focused companies for 10 years and have knowledge about the current agri sector.	• Engage with investor networks that actively seek investible start-ups and showcase the incubator's pipeline to these networks.

Table 5: Capabilities Framework – Mapped for an agri incubator

The Capabilities Framework helps in two ways - one it helps in identifying key resource gaps; and two, it helps the incubator manager take her first steps towards developing a robust partner strategy.

Pre-requisites:
Clear understanding of the support that the incubator wants to provide.

Action Items:
1. Take an in-depth look into the resources that the incubator currently has.
2. Categorise the capabilities as per the Capabilities framework.
3. Identify the partners to sourcing of capabilities externally.

What should your goals be:
1. Develop a 360 degree view of all the resources and capabilities you need to fulfill your vision.
2. Develop an insight about your current resource needs and capabilities that you can develop internally.
3. Take first steps towards building a robust partner strategy. Go granular - more specific the identification of the partners, the easier it is to formulate a strategy to reach out and engage with a partner.

What to watch out for:
1. The incubator may not often have enough financial resources to hire and support new people within the organisation.
2. Consequently, the incubator might try to develop multi-skill resources instead of sourcing them out from external partners, adding work to the team.
3. The incubator will need to analyse its capabilities periodically to gather its strengths and deficits.

d. Ecosystem Development

An incubator is rarely self-sufficient. In order to adequately support the start-ups, the incubator needs to develop partnerships with the other ecosystem players. It undertakes a wide range of activities to identify, nurture and scale-up the start-ups. These are 'ecosystem activities' which also help the incubator to build partnerships with other ecosystem players. The ecosystem players vary in terms of capacity, motivation and objectives. Some may be willing to support the start-ups but may not have enough capacity to do so on their own. There would be others that have the capacity to support the start-ups but their objectives may not be aligned to the welfare of the start-ups. In order to leverage the strengths of these stakeholders, the incubator must build in a strong stakeholder engagement strategy within its 'ecosystem activities'. Therefore while developing the ecosystem activities, the incubator should critically consider three aspects, namely, a) stakeholders, b) engagement models & c) risks.

A. Stakeholders

An incubator, since its inception, works with multiple stakeholders of the ecosystem. Some of these stakeholders are highlighted in the Figure 5.

Based on the factors critical to the success of the incubator and the capabilities that the incubator chooses to source externally, the incubator should identify its key stakeholders.

B. Engagement Models

When reaching out to potential partners, there is no guarantee that the stakeholder is willing to engage with the incubator at that moment. There can be multiple reasons for the same. There might be stakeholders who are theoretically aligned, but do not currently possess capacities to support the incubator. The incubator may choose to engage with stakeholders using one of the four models: Inform, Customise, Build Capacity or Execute. The factors that are to be considered by the incubator to make a decisive choice are:

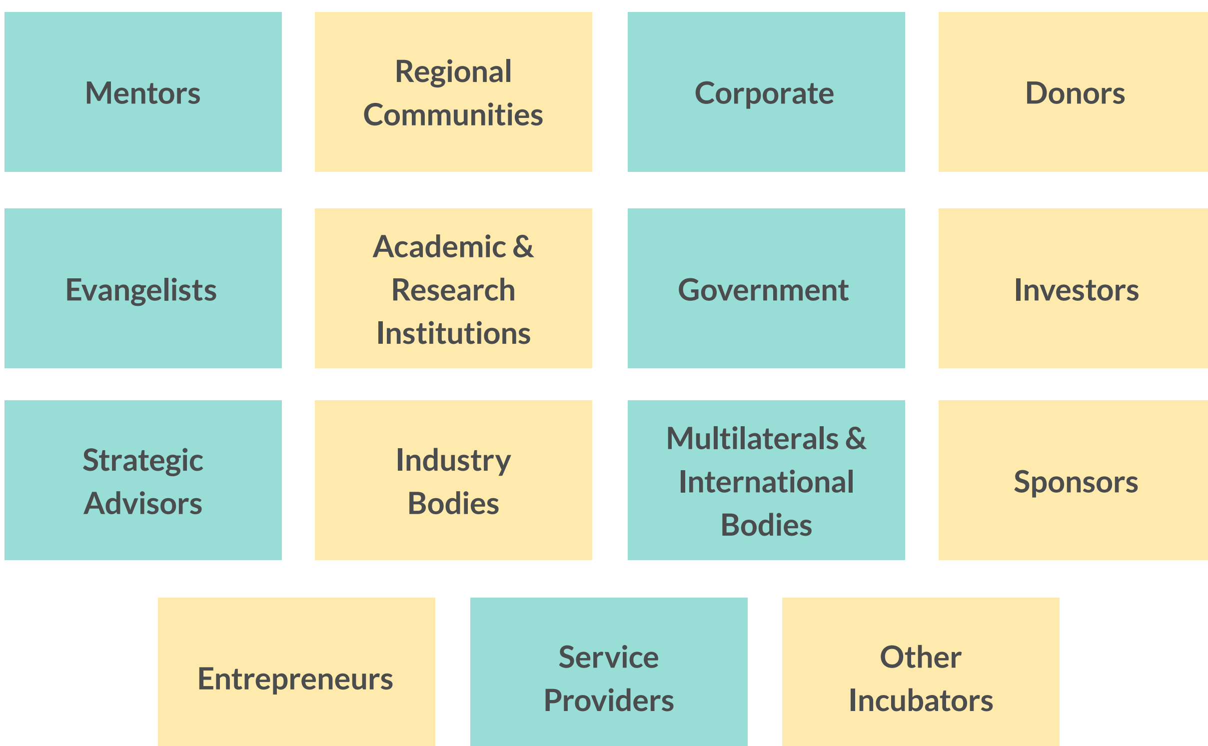


Figure 5: Ecosystem Stakeholders

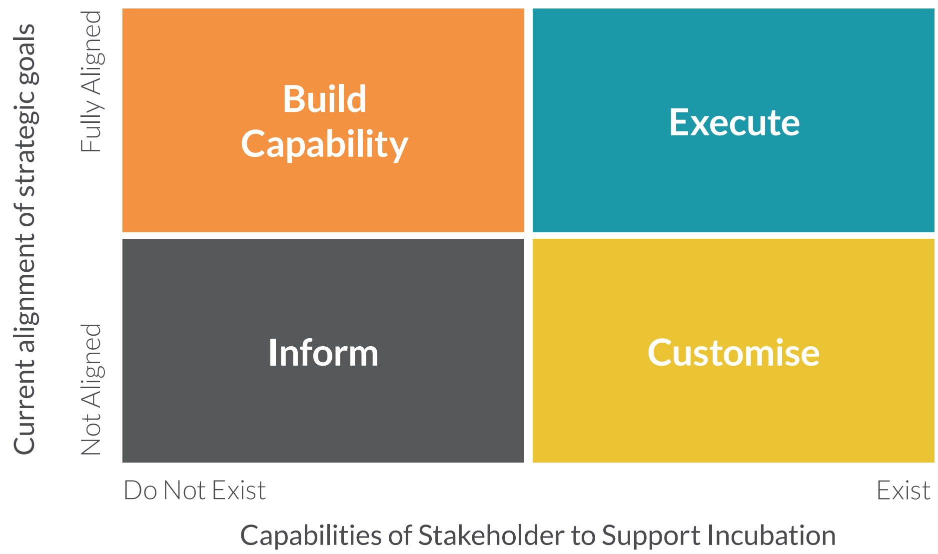


Figure 6: Stakeholder Engagement Matrix

- Alignment of the stakeholders
- Current capability of the stakeholder to offer support
- Strategic aim of the Incubator

The Engagement Matrix measures the current alignment of strategic goals on Y-axis against the capabilities of stakeholder to support incubation on X-axis. Depending on the quadrant where the stakeholder lies, the incubator can create an engagement model. Therefore, strategically, the incubator should map their key stakeholders that are critical to its success along these axes and try moving them to the 'Execute' quadrant.

The subsequent paragraphs provide a deeper understanding of the four engagement models:

1. Inform: Stakeholders that neither have capabilities nor an alignment with the incubator at present need not be a priority. Instead of ignoring this segment, the incubators can purely keep these stakeholders informed of their activities. At a suitable time when the stakeholder either develop their capabilities or alignment to the incubator, the incubator can choose to engage with such stakeholders.

2. Customise: Stakeholders that display a high degree of capability to support the incubator but are not currently aligned require some level of customisation or convincing from the incubator. This may take the form of relationship-building exercises to discover common grounds between the two organisations. Depending on the relative importance of the stakeholder, an incubator may choose to customise some of its offering to engage the stakeholder.

   For instance, to create a massive outreach for a programme, the incubator can partner with a nationally reputed media agency or newspaper. Even though scouting start-ups do not fall into the objective of a media agency, yet this engagement will help the partnership in two folds. The media agency gets reflected as a part of developing the ecosystem through its efforts and the scouting process of the incubator receives a major boost. The incubator will need to carry out a few pilots and design programmes that align both the stakeholders' strategic aims before launching into a long-term partnership.

3. Build Capability: Stakeholders that have a strategic alignment, but currently do not have capability to

support the incubator require awareness creation. This can be in different forms. An incubator might design programmes to activate High Net-worth Individuals (HNIs) and angel investors if it believes that a pipeline of domestic capital is critical for the success of its start-ups. Several corporations are now keen on developing in-house incubation capacities. Experienced incubators can offer consulting services to corporates that are strategic to their mission and develop a long-term downstream partner. An incubator might also train new incubator managers and enable them to set up their incubators. This in turn increases the incubators' reach and helps them access a larger pipeline of start-ups.

4. Execute: Stakeholders that have both, the capabilities and alignment with incubators, are natural leads and an incubator should engage with such stakeholders as a priority. For example, Microsoft Ventures runs an accelerator programme for later stage start-ups and tends to work with several incubators to source start-ups. In 2015, they partnered with the Indian School of Design and Innovation (ISDI) to set up a 'creative accelerator' which brings together technology expertise from Microsoft and design expertise from ISDI. While ISDI is not yet an incubator, they actively support start-ups through various programmes.

In general, there are several partnership models that incubators can execute with their partners. These range from pro-bono arrangements to joint ventures and strategic investments. As an ongoing focus, incubators should actively try to move stakeholders from the 'customise' and 'build capability' quadrants to the 'execute' quadrant. Table 6 provides a glimpse of some engagement models.

Partnership Models	Typical Stakeholders	Examples
Pro-bono Arrangements	Mentors, Alumni, Angels, Domain Experts, Students	Demo days, Pitching sessions, Mentoring sessions, Speaking sessions, etc.
Outreach Partners	Media, Complementary partners, Other Incubators	Logo presence, Database marketing, Emailers, etc.
Knowledge Partners	Academia, Multilaterals, Programme Organisers, Other Incubators	Logo presence, Co-authoring whitepapers, Co-hosted thought leadership panels, Advisory support to programmes, etc.
Sponsorships	Corporate, Individuals	Sponsored programmes, Logo Sponsorships, Programme sponsorships, etc.
Donations	Corporate, Government, Multilaterals, Individuals	CSR donations, Fund corpus, Restricted and unrestricted grants
Programme Partnerships	Multiple Stakeholders	Economic Times Power of Ideas, NASSCOM Product Conclave, Incubator Summit, Piramal Prize
Joint Ventures	Multiple stakeholders	Public-Private Partnerships (Start-up Oasis), Incubation Platforms like Start-up Wave (GIZ, DFID and Intellecap)
Strategic Investments	Corporates, Angels, Government Departments, CSR, Multilaterals, VCs	Co-investments, Limited partners, etc.

Table 6: Examples of Partnership Models

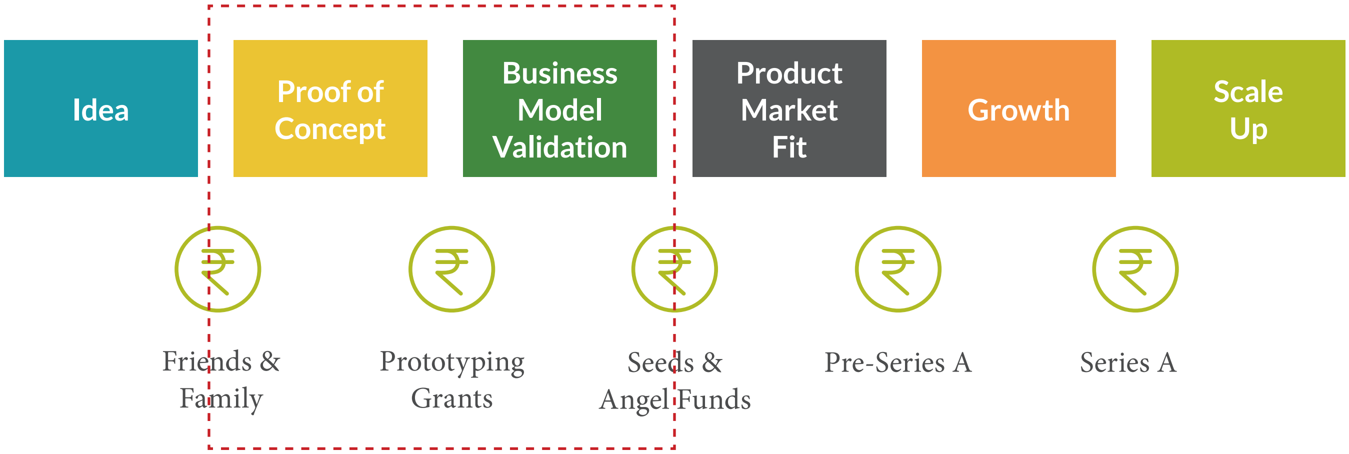


Figure 7: Focus of incubator on start-ups

C. Risk

Since a large portion of the incubator's success is dependent on external stakeholders, the incubator's success is also susceptible to certain "ecosystem" risks. As per Ron Adner in *Match Your Innovation Strategy to Your Innovation Ecosystem* portrays "managers [often] overlook the processes, and the order, through which the ecosystem emerges over time. Creating a strategy that explicitly accounts for the challenges and delays inherent in collaborative networks is the key to succeeding in ecosystems."[29]

The article specifically highlights three fundamental types of risks that ecosystems pose: "Initiative Risks – the uncertainties of managing a project; Interdependence Risks – the uncertainties of collaborating with complementary partners/ innovators; and, Integration risks – the uncertainties presented by adoption of the process across the value chain. The extent of these risks is intimately related to the [goals] which the [incubator] chooses to achieve."[30] An incubator, while designing programmes and strategies to engage with the stakeholders, is better advised to critically assess these risks and devise risk mitigation strategies.

Illustration: Consider a start-up's lifecycle through the innovation ecosystem and the specific funding events for that start-up at various stages. The red box in Figure 7 denotes the focus of the incubator. As seen above, the incubator directly supports start-ups that have a proof of concept and invests in them as a seed investor. However, the success of the start-up is heavily dependent on its ability to attract co-investments from angels during the seed round, pilot their solutions, create channel partnerships with corporates or agencies to achieve a product market fit and attract follow-on funds.

If the incubator operates in an ecosystem where the angel activity is low or disorganised, its start-ups may not be in a position to raise sufficient capital.

Similarly, even with capital if the start-ups do not have access to the right partners for piloting their solutions, their risk of failure increases in spite of having raised sufficient capital. Finally, without the right traction, a start-up that raises seed capital may not be eligible for a follow-on round and scale.

Such dependencies pose both interdependence risks (dependence on various downstream partners to add value to start-ups) and integration risks (ability of the partners to integrate start-up functions in their business activities). Failure to plan or account for these risks causes significant delays in supporting start-ups and can have detrimental effects on the life of a start-up. The incubator must, in addition to supporting start-ups, engage in additional activities like training HNIs to become angels, or developing piloting partners, etc. to ensure that its start-ups get adequate support during and post incubation/investments.

In summary, an incubator operates in a highly networked environment with a high degree of dependence on its ex-

[29] & [30] Match Your Innovation Strategy to your Innovation Ecosystem, Ron Adner, HRB 2006
https://hbr.org/2006/04/match-your-innovation-strategy-to-your-innovation-ecosystem

ternal stakeholders. It is, therefore, important to map the stakeholders critical to its success; plot the stakeholders using the ecosystem engagement matrix and develop partnership models to engage with the stakeholders. At the same time, the incubators should assess the interdependence and integration risks of its programmes and manage expectation of both the internal and external stakeholders in terms of the success of such programmes.

Pre-requisites:

1. Understand the capabilities required by the incubator to offer support to its start-ups
2. Map out the capabilities that the incubator needs to source from external stakeholders

Action Items:

1. Map all the stakeholders - existing as well as 'potential' key stakeholders that are critical to the incubator's success - that can provide the incubator with the required capabilities
2. Based on the ecosystem development decision matrix, the incubator can choose how to engage with the stakeholders, namely, inform, customise, build capabilities or engage; depending on their capabilities or alignment to support the incubator
3. Plan activities that will ultimately push the stakeholders into the 'Execute' quadrant
4. Explore various partnership models with these stakeholders and in time arrive at the most sustainable model
5. Be mindful of the inherent 'ecosystem risks and delays' that arise from integration and interdependence of various players in the value chain. Design solutions to mitigate these risks. If such risks cannot be mitigated, set the right expectations with all internal and external stakeholders

What should your goals be:

1. A strategic approach to ecosystem development activities helps the incubator to maintain a laser focus on its key activity - supporting start-ups
2. This also helps the incubator develop long-term and deep partnerships with the value added by all stakeholders, towards a strategic goal

What to watch out for:

1. Since several ecosystem programmes are also sources of programme funds (which are a large source of sustainability for an incubator), weeding out non-strategic programmes also means losing out on revenue
2. Owing to their dependence on various external actors, benefits of ecosystem development activities may not be apparent immediately but are realised over a longer period. Any hasty decision to discontinue such programmes might therefore risk the incubator's losing out in the long term

Programme Execution Spiral: Instinctively, incubator managers are prone to executing several ecosystem development programmes for a couple of reasons.

One, ecosystem development programmes are often backed by funders whether government, corporate or multilateral. Executing these programmes, therefore, means a direct cash inflow to the incubators and this helps them build sustenance.

Two, an incubator, through such programmes, hopes to have a deeper engagement with its partners and in turn, develop long-term relationships.

While this approach may have its advantages, often, an incubator gets caught in a 'programme spiral' and in time gets overly dependent on programme funds for its sustenance. It tends to spread its already thin resources over several programmes and lose focus on its core mission of offering high quality support to start-ups. Therefore, it is critical that incubators take on only those programmes that strategically deepen their engagement with the stakeholders and increase the overall chances of success of its start-ups.

e. Impact Assessment Metrics

The final step before launching into planning the operations is perhaps identifying the impact assessment metrics. These metrics are critical in helping an incubator assess whether all its efforts are resulting in the outputs, outcomes and ultimately the impact that it hoped for. While defining 'impact' is a topic of extensive research and beyond the scope of this document, having high-level IOOI metrics help incubators to measure and track their performance.

IOOI refers to 'Input', 'Output', 'Outcome', and 'Impact', a tangible set of metrics on which the incubator can choose to measure itself and need not be used for external reporting. In fact, having a disciplined approach measuring the efficacy of the incubator's programmes is a great way to being accountable from the outset.

1. **Input:** These should be the variables of activities that the incubator plans to undertake. B-Plan competitions, angel trainings, student boot camps, start-ups scouted, co-workers, etc. are great input variables.
2. **Output:** Outputs are direct results of input activities. For example, the output of 'four accelerator programmes' may be 'investment in four start-ups'. Outputs differ from outcomes since outputs are direct results, whereas, outcomes are the ultimate objectives. Examples of output include the number of start-ups accelerated, mentors trained, new investors engaged with and so on.
3. **Outcomes:** Unlike outputs, outcomes are medium to long-term goals, which may not be under the direct control of the incubator. Good examples of outcomes therefore include number of awards, exits, operational start-ups, etc.
4. **Impact:** Impact is the highest level of change that an incubator ultimately aims for. Good examples of impact include number of jobs created, beneficiaries served, etc.

Incubators should begin working backwards, in order of outcome, output and input variables. This helps the incubator focus on the overall outcome and drill down to the input variables. Once all the outcome, output and input variables are identified, the impact variables should be the last ones on the list as those require a very clear idea of the overall mission of the incubator.

Well defined impact metrics not only allow incubator managers to measure the efficacy of their operations but also act as guidelines in helping them achieve the overall vision.

Pre-requisites:

Very clear understanding of the overall goal of the incubator, the overall capabilities required, start-up support programmes and ecosystem development activities.

Action Items:

1. Identify the ultimate outcomes of the various activities of the incubator. Outputs and inputs are directly linked to the activities and should flow directly from well-defined outcomes.
2. Think about impact metrics that are measurable and quantifiable yet are long-term.
3. Get a buy-in from the team or host organisation or the advisory board as required to ensure that these metrics reflect the intent or the DNA of the incubator. Ultimately, if the incubator is measuring itself on the wrong metrics, the efforts will not be accurately captured.
4. It is good for the incubator not to position itself to lose by putting across very high and ambitious metrics. Hence, the metrics need to be realistic.

What should your goals be:

1. It is very easy to lose sight of the goal once operations commence. Well defined IOOI metrics will not only help the incubator to track and monitor its progress but also help to keep a check on whether the overall activities are balanced and are on track.
2. These metrics are a great way to talk about the work especially while writing grant proposals. Without this data, an incubator has the additional burden of unearthing data when a proposal is due.
3. It adds to the overall discipline of operating a chaotic entity like an incubator.

What to watch out for:

Too many metrics become distracting to the operations team.

Without the hindsight and experience of running an incubator, having too many metrics would also appear to be a daunting task. It might be a good idea to start with a few basic metrics and add a few more as the incubator develops more insights about its business and space. ■

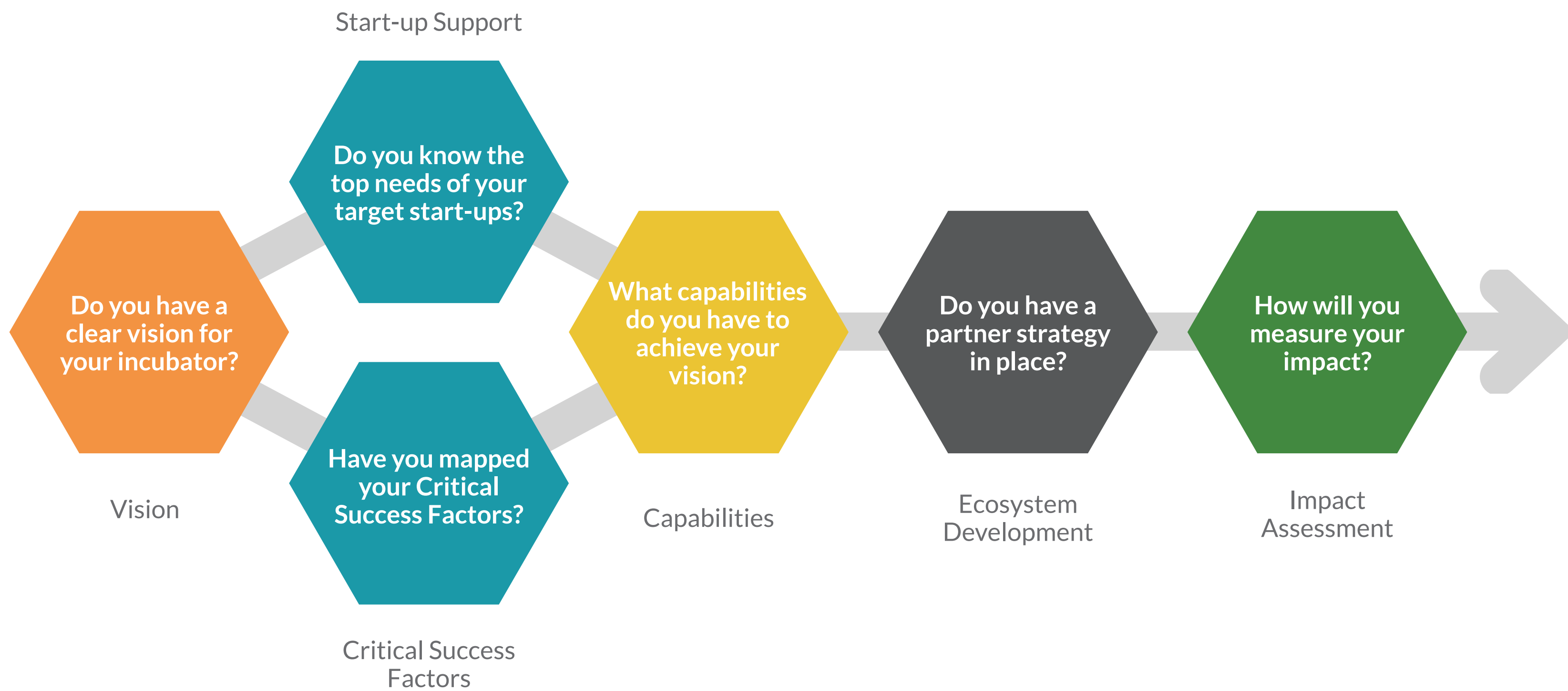


Figure 8: Developing an incubator's strategy

Beginning Operations

4. Beginning Operations

a. Creating an Operations Plan

To begin the development of the incubator, it is crucial for the incubator manager to implement all the strategies and plans. These operational plans are based on multiple factors, such as the incubator's vision & objectives, and its surrounding environment. The aspects highlighted in the 'Incubator Operations Plan' in Table 7 cover most of the concerns that an incubator needs to look into to create the plan. Again, these questions are not exhaustive. Rather, they are meant to help the incubator manager think critically on issues specific to operations. Therefore, every incubator manager is encouraged to add her own questions to this table and develop a stronger perspective of their operations.

Pre-requisites:

1. Clarity about the vision, type of start-up and the support to provide
2. Knowledge about the ecosystem partners and their prospective role
3. Sufficient funds or commitment for sufficient funds.
4. Incubator Manager and a team to operate the incubator

Action Items:

1. Ponder upon each of the aspects of the 'Incubator Operations Plan' and address the key questions for these aspects
2. The more specific, detailed and logical the answers to the questions, the better would be the draft of the Incubator Operations Plan
3. Fill the Incubator Operations Plan with all the details and use it as an executive document that comprehensively provides an overall picture of the incubator

What should your goals be:

1. The incubator should aim to have a detailed insight into its various aspects and functions. This will provide a comprehensive outlook to the incubator about its strengths, opportunities, objectives and futuristic path

What to watch out for:

1. As the operations take place, depending upon the output of the efforts, there will be pivots and changes that the incubator needs to foresee and accommodate
2. The operations plan needs to be reviewed and worked upon to include newer aspects while maintaining an alignment with the vision

b. Activities & Programmes

The incubator needs to undertake multiple and sometimes parallel activities to achieve its objectives and milestones. Thus, activities become an important component of the operations plan. The choice of activities essentially depends on two basic factors namely, a) the stage of the start-ups the incubator is targeting and b) the objective of the incubator.

Nesta's *Start-up Support Programmes: What's the Difference?*[31] highlights a typology of start-up programmes as shown in Figure 9. The typology maps the stage of the start-ups against the income generation set up for the programme.

Another approach as highlighted in Figure 10 and 11, is to classify the various activities on the basis of the 'aim of the incubator', namely, map, sensitize, activate, engage and support. An incubator manager can decide to either execute a single activity in a programme or a bundle of activities in one programme depending on the specific objectives.

Table 9 lists down the details of the activities along its broad aim, specific objective and approximate duration. The duration, however, does not include the time taken for the preparation of the activities. When an incubator designs the layout of the programmes, it often includes multiple activities depending on the objective and duration of the programme.

Note: Tables 7 and 8 and Figures 9, 10 and 11 referred to in the above text can be seen overleaf

[31] Start-up Support Programmes: What's The Difference?, Nesta, February 2015 https://www.nesta.org.uk/sites/default/files/whats_the_diff_wv.pdf

Aspects	Key Questions
Objective	Are the immediate objectives of the incubator aligned to its vision or overall mandate, for a span of one or two years?
Target (Market/Sector/ Start-up/Region)	Who are the core beneficiaries of the incubator? Do these start-ups fall into the sector/region/ market of the incubator's mandate? What is the stage and phase of the start-up at which the incubator is focussing?
Approach & Methodology	Does the approach address the key issues? Does this clearly define the start-up support and the ecosystem development activities? Is there a definite methodology to address the approach? Are there specific partnership models that are being used?
Partners	Who are the value chain partners? Are they ready to support? What kind of support can they provide? If the partners are not ready to support, do they need activation? How to engage the partners and why? Who are the partners to whom the incubator needs to reach out to immediately and how? It might be good idea to view this from the Inform, Customise, Build Capacity and Execute Framework.
Risks & Risk Mitigation	Have all the internal and external risks been considered? What are the risk mitigation systems? How will you mitigate the external (interdependence and integration) risks? What is the contingency plan?
Activities	What activities need to be undertaken in order to address the issues of its beneficiaries? Are the activities able to achieve the underlying objectives? What are the milestones and timeline for the activities? What are the different functions that need to be undertaken to accomplish the activities?
Team	Do you have the right team to execute the activities? What will be your recruiting plan? While team is the one of the most critical elements of any organisation, is your team empowered to take decisions? Does the incubator governance structure enable this?
Desired Impact	Are all the activities helping the incubator achieve the desired impact? How do you measure the impact? What are the metrics to be used for tracking?
Operating Costs	Have you booked the expenses of the activities as well as for running the incubator, including administration, infrastructural, programme management costs, employee cost, etc.? Is a budget in place for the different activities and functions?
Sustainability Plan	What are the plans to generate revenue in a continuous manner? How to raise the funds required for the entire operation? What are the various avenues of funds? Will creating a corpus help? If yes, then how can that be created?

Table 7: Incubator Operations Plan: Critical Questions

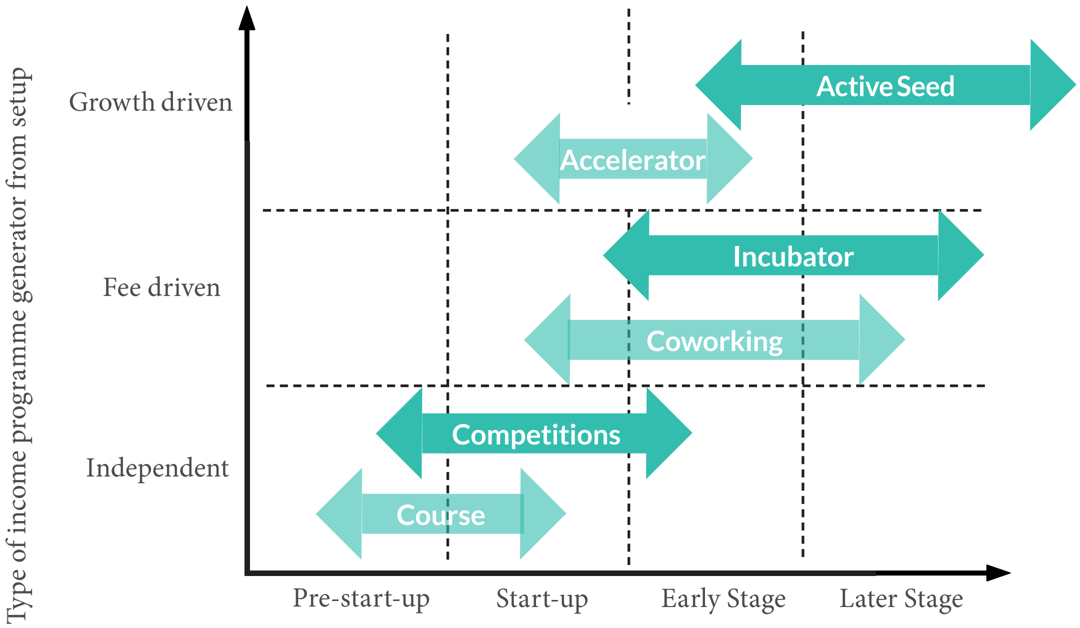


Figure 9: Typology of start-up programmes

MAP	Map regional or sectoral ecosystem with an aim to understand the existing stakeholders, their roles, existing and emerging start-up trends
SENSITIZE	Sensitize and facilitate of conversations between the various stakeholders by championing entrepreneurship
ACTIVATE	Catalyse collaboration between the stakeholders and structure partnership
ENGAGE	Develop structured and deep interventions that engage all key stakeholders with start-ups (eg. Accelerator Programmes)
SUPPORT	Support provided by the ecosystem stakeholders towards nurturing and growth of the start-up

Figure 10: Aims of an incubator

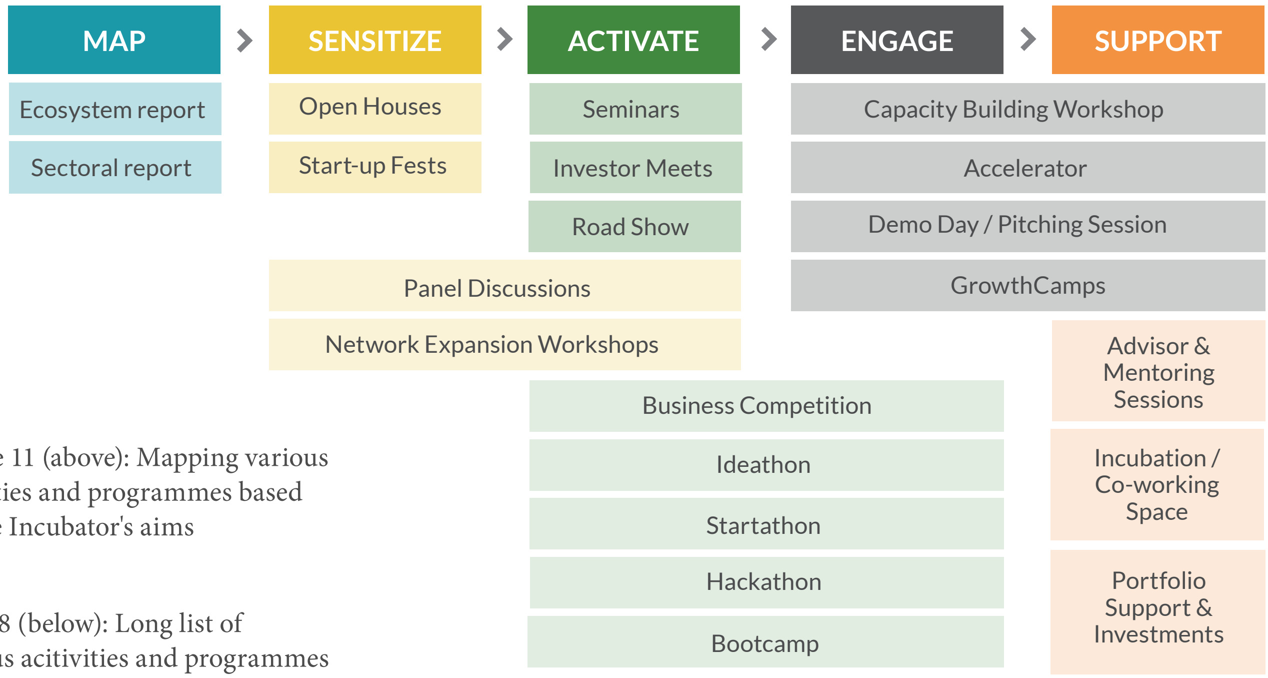


Figure 11 (above): Mapping various activities and programmes based on the Incubator's aims

Table 8 (below): Long list of various acitivities and programmes

Activities / Programmes	Aim	Objective	Duration
Ecosystem Report	Map	To understand the existing ecosystem stakeholders, analyse the trends of the existing and emerging start-ups in the region	3 - 6 months
Sectoral Report	Map	To understand the existing and emerging innovations in the particular sector and the problems or gaps addressed	3 - 6 months
Open Houses	Sensitize	To provide an idea about the incubator and its different activities towards start-up support	2 - 3 days
Start-up Fests	Sensitize & Activate	To bring together the different ecosystem stakeholders for discussion and work to support start-ups	2 - 3 days
Panel Discussions	Sensitize & Activate	To highlight the various issues, problems, solutions, events, or updates relating to any aspect of entrepreneurship	1 - 3 hours
Network Expansion Workshops	Sensitize & Activate	To bring together different ecosystem stakeholders and brainstorm ways to nurture and support the start-ups	1 day
Seminars	Activate	To bring together ecosystem stakeholders to brainstorm, discuss or train on any aspects related or specific to entrepreneurship or sector	1 day
Investor Meets	Activate	To assemble existing & potential investors and deliberate upon different ways to support start-ups and related issues	$^1/_2$ day

Activities / Programmes	Aim	Objective	Duration
Road Shows	Activate	To create awareness about a programme amongst the start-up enthusiasts of a region	1 day
Conclaves/Conferences/Summit	Activate & Engage	To bring together ecosystem stakeholders to discuss any aspects related to or specific to entrepreneurship or any sector	1 - 2 days
Business Plan Competitions	Activate & Engage	To scout innovative start-ups or ideas in any specific sector or region with some award as the final outcome	1 day
Ideathon	Sensitise & Activate	To provide innovative ideas. To serve as a platform to emerge and guide start-ups to transform ideas into reality and scale up	2 - 5 days
Startathon	Activate & Engage	To help innovative start-ups to showcase their business models and pitches in front of the ecosystem stakeholders including investors	1 - 2 days
Hackathon	Activate & Engage	To help the start-ups respond to a particular problem where innovative solutions can be brought about through intense brainstorming	2 - 3 days
Boot Camps	Activate & Engage	To help start-ups with mentoring sessions followed by a demo by them to experts for crucial feedback	3 - 4 days
Capacity Building Workshops	Engage & Support	To provide start-ups with various knowledge sessions, practical hands-on sessions and on imparting knowledge through practical approach	1 - 2 days
Accelerator	Engage & Support	To identify, nurture and support start-ups with the objective of making them investable	3 - 6 months
Growth Camps	Activate & Engage	To scout start-ups or ideas in a specific sector and to mentor	1 - 2 days
Demo Day/ Pitching Sessions	Engage & Support	To provide start-ups with a platform to showcase their businesses to the investors and other stakeholders	½ day
Advisory & Mentoring Sessions	Support	To provide insights into any specific topic or issue through mentoring or advisory help	2 - 4 hours
Incubation/Co-working space	Support	To provide the benefit of working in an incubation space with facilities of various common services	1 - 2 years
Portfolio Support	Support	To provide network connections, advisory and mentoring support, monitor and track the progress of the start-up	Continuous support
Investments	Support	To provide financial assistance to start-ups in various forms such as grants, debts and equity	3 - 4 months

Programmes form the core operations of incubators. Like any other discipline, having a strong understanding of the overall aims and objectives of the incubator enables the incubator team to design and execute high value programmes.

Pre-requisites:

The incubator needs to have clarity about its aim

Action Items:

1. The incubator needs to structure the programme as per the operating plan. The programme may have individual activities or a bunch of activities taken up together
2. The designing of the programme will depend on the aim of the incubator and the time at hand. Accordingly, the incubator plans out the resources and the team. Usually, a typical programme team need not be more than three people unless the programme is massive in scope and structure
3. Depending upon the activities chosen, partners need to be reached out and other aspects of programme management need to be finalised

What should be your goals:

1. The incubator will be in the execution mode and will begin its operations by planning programmes to achieve its objectives
2. It will also provide the incubator with an idea about its capabilities in detail

What to watch out for:

The incubator should plan for contingencies and should have a futuristic outlook while designing the programmes. The external dependencies for the programme may lead to changes within the programme while it is in progress

c. Programme Management Components

The incubator undertakes programmes that are constituted of different types of activities ranging from creating sector reports, conducting bootcamps, to running an accelerator. To be able to allocate adequate time and resources and also to ensure the smooth execution of the programme, the incubator manager needs to understand the various components of a programme. The following pointers highlight the programme components that remain unchanged irrespective of the type of programme and activities:

1. Programme Design: The programme design depends on the aim and objective of the incubator. It involves creating programme structure, timeline, processes and agenda keeping in mind all the stakeholders of the programme. At this point, it is important to keep in mind the objectives of the donor/sponsor of the programme. If the programme is 'sponsored' by the marketing department of a corporate, the programme design should include adequate engagement opportunities for the sponsors' team.
2. Team Building: A well thought through program design helps the incubator manager to plan for the skill and experience needed for the various functions within the programme. Thereupon, a relevant team can be constituted.
3. Outreach & Communication: Reaching out to right kind of audience is important for the success of the programme. There are several approaches for effective outreach. Road shows and activation workshops/information sessions allow an incubator to engage with potential beneficiaries in person. Digital media (search, social, video, etc.) and print media advertising can help in reaching out to a wider audience. While effective outreach is a direct function of the allocated budget, this is perhaps the most significant aspect that determines the quality of participation. Outreach campaigns require several collaterals such as flyers, presentations, mailers, posters, etc. Hence, engaging with a good design and communications vendor is important. Communication with other stakeholders is an essential means of creating and managing relationships. For effective programme management, establishing clear communication channels helps to manage expectations of both internal and external stakeholders.
4. Programme planning: This aspect of the programme involves multiple features, a) designing curriculum, b) identifying resource persons, and c) managing event.

Designing curriculum (outline and content) forms the backbone of the programme as it determins flow and the structure of the events within the programme. This also helps to decide the type of resource persons required for programme delivery and value addition. Managing the event on the contrary, involves the arrangement of multiple aspects such as food, venue, accommodation, travel, facilities, utilities, etc.

5. Finance: Depending on the funds available, every programme should lay out a budget on a realistic estimation and try restricting its expenditures within the limits. Realistic assumptions will also help raise sponsorships for the funds required to manage the programme effectively.
6. Reporting: Programme funders, partners and the incubator leverage the benefits of a well-written closure report as it captures several aspects of the programmes. Beside programme details, it includes participant and partner feedback, analytics, financials and learning. This helps the stakeholders to document the programme and improve future programmes.

d. Accelerators

Accelerator is one of the core activities or programmes that are conducted by most incubators particularly in form of a fixed–duration programme. Also known as seed accelerators and start-up accelerators, these programmes are for duration between three and six months. Accelerators make incubation better because it helps the start-up teams with un-validated business or impact opportunity to get quick validation that may be either success or failure; thus providing the start-up with a better chance of either taking the business forward or pivoting to a different business model or upgrade the product.

Following are the key components of the Accelerators that sets it apart from the other programmes:

- Cohort: The programme focuses on the fixed cohort of teams instead of individuals.
- Selection process: The selection of cohort is through open application process which is highly competitive and transparent.
- Design: Accelerator is designed to build the capacity of the cohort teams through workshops, talks and sessions by domain experts and successful entrepreneurs.
- Network Access: The programme provides the cohort with the access to mentors and experts who help validate the hypothesis of the start-ups.
- Investor Access: The Demo Day of the accelerator provides a direct access to the cohort to connect with the investors.
- Funding: Often the accelerators provide seed funding in form of equity investment, and grants.
- Other facilities: Accelerator also provides others facilities such as office space, cloud credits, discounted or free service providers, etc.

Accelerators tend to vary. While some focus on specific sector or region, others are sector agnostic. Most accelerators look into early to later stage start-ups and are growth-driven by nature. With a smaller cohort size, accelerators focus on creating investable start-ups. While the primary offering of the accelerators remains same, the models of accelerators vary depending on the cohort requirement as well as the incubator's mandate. Nesta's *A Look Inside the Accelerators* highlights on accelerator archetypes, 'investor-led accelerator', 'matchmaker accelerator', and 'ecosystem accelerator' along with the five components that shape the structure and design of an accelerator as shown in Table 10.[32]

Nesta's *Start-up Accelerator Programmes, A Practice Guide*[33] presents detailed insights into the setting up and running of an accelerator programme. However, before deciding to run an accelerator, the incubator must have clarity on the following aspects:

1. Vision & Objective: The vision of running an accelerator must be certain and clear. The incubator manager or the programme manager must look into answering the questions below:

- Why to run an accelerator? Who is the target of the accelerator (sector/ team stage/ product category)?
- What need (unmet or poorly met) is the accelerator addressing?
- Who is funding the accelerator?

[32] A Look Inside Accelerators, NESTA, February 2015
https://www.nesta.org.uk/sites/default/files/a_look_inside_accelerators.pdf
[33] Start-up Accelerator Programmes: A Practice Guide, NESTA, 2014
https://www.nesta.org.uk/sites/default/files/start-up_accelerator_programmes_practice_guide.pdf

Strategic focus	Programme package	Funding	Selection Process	Alumni Service
▸ Key objectives ▸ Sector focus (diversified vs specialisation) ▸ Geographic focus (local vs global)	▸ Standardised Curriculum ▸ Mentoring Package	▸ Funding of the accelerator ▸ Funding of start-ups	▸ Screening criteria ▸ Selection processes	▸ Alumni interaction

Table 9: Components that shape the strucutre and design of an accelerator

- What is the factor that will attract the applicants the most?

2. Funding & Resources: The program cannot begin without the funding. Hence, the most relevant question would be about sourcing the funding and identifying the resources. The questions that arise are:

- What is the programme budget? Who is funding the programme? Are the funds enough to run the programme?
- Is there a team that can execute the programme? If not, do they need to be recruited?
- Have the potential mentors, experts and partners been identified? How to engage with these networks?
- Does the incubator have all the infrastructural facilities to run the program? If not, should the program be transferred to a different venue?

3. Scouting & Selection: The cohort of the Accelerator is of utmost importance. Hence, the scouting and selection process needs to be precise. The incubator manager has to consider the following:

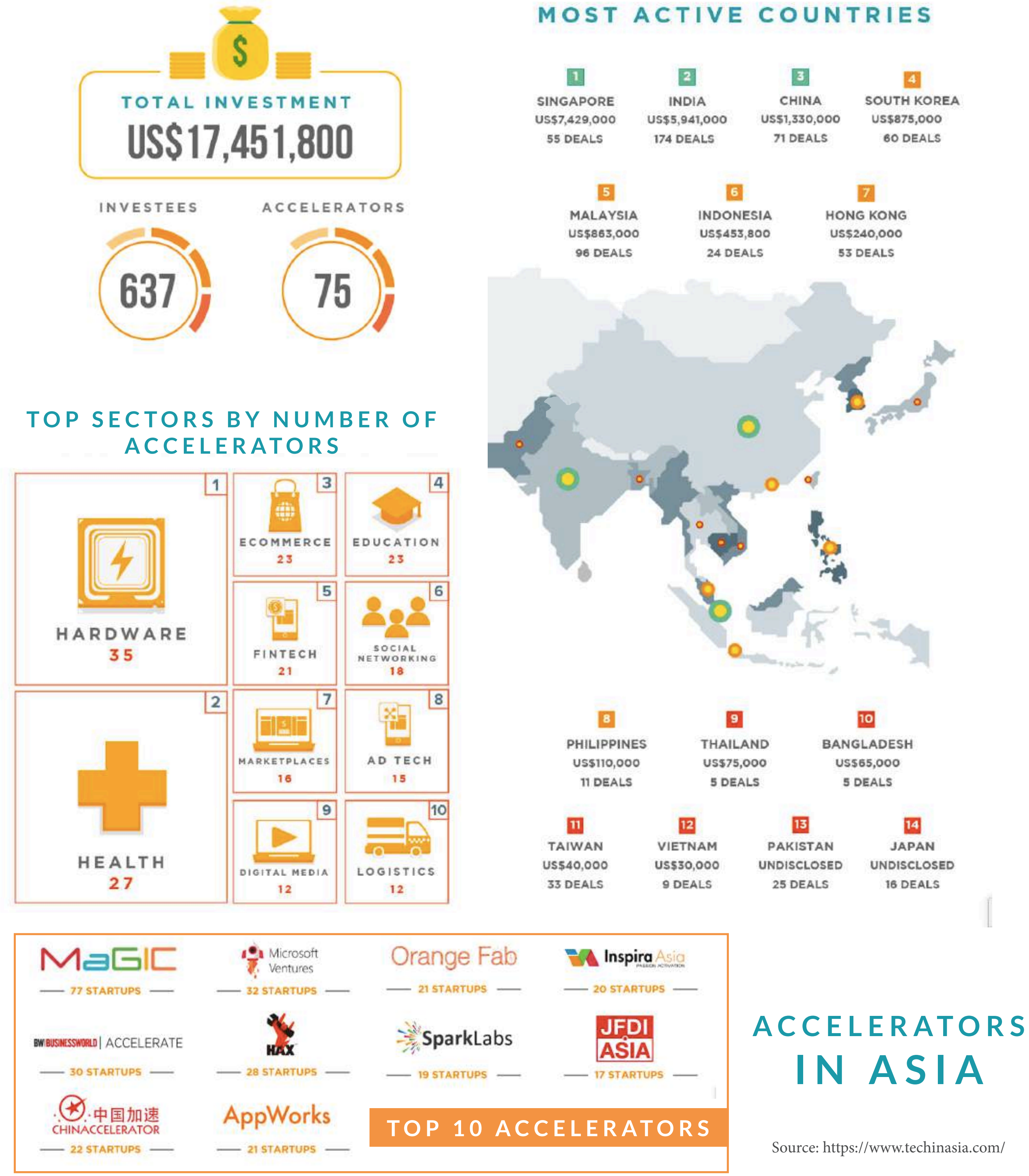
- How to reach out to the targeted start-ups?
- What kind of marketing collaterals are required and who will prepare those?
- Whether the list of evaluators is in place? Have they been contacted and their confirmations have been received?
- What is the evaluation process? Have the evaluation parameters and selection criteria been decided?

4. Structure & Activities: While designing the program layout, the programme manager needs to consider the following:

- Would the program be a residential programme? What would be the duration of the programme?
- What are the various capacity building activities or events in the programme? What specific topics will be covered in the curriculum and who will deliver such sessions?
- What is process of mentoring? How will the mentors be matched with the cohort teams? How will the mentoring meetings be facilitated?
- Will the sessions include specific sessions for pitching practice? How will the accelerator team help the start-ups?
- Will the cohorts receive funding? If yes, then in what form? Are the documents and conditions related to providing funding have been discussed with the legal and investment team?

5. Alumni & KPIs: The programme manager needs to address the following issues related to the engagement with the cohort.

- How will the accelerator team engage with the cohort after the programme?
- How to measure the success of the programme? ■



Source: https://www.techinasia.com/

Financial Assistance to Start-ups

5. Financial Assistance to Start-ups

This segment has been divided into the following four parts - a) types of financial assistance, b) process flow for equity investment, c) post-investment activities, and d) engaging and managing investors.

a. Types of Financial Assistance

- Incubators generally provide four types of financial assistance to start-ups: grant, debt, quasi-equity and equity.
- Grant: Grants are generally provided to start-ups for product development, pilot testing, research, etc.
- Debt: The debt or loan is usually given when the start-up needs to grow but does not want to take up equity investments. The loan can also be a bridge funding for some start-ups.
- Quasi–equity: This form of financing is a category of debt that has a few features of equity in it. This is usually given to those start-ups whose valuation is difficult to be ascertained.
- Equity: Equity investments are done when the start-ups can be valued and have a high potential to scale up.

b. Process Flow for Equity Investment

Investing in start-ups is a detailed and multi-stage process. The subsequent paragraphs elaborate the different phases of the investment flow.

1. Deal Origination: It refers to finding deals for start-ups. There are various ways in which deals are received or identified by the incubator. Different programmes run by the incubator are one of the primary ways to search for high quality and investable start-ups. An incubator manager might receive references about it from colleagues and investors. Apart from this, as the reputation of the incubator increases, start-ups directly email incubators with a request for assistance, guidance or funding. Deal origination therefore includes preliminary screening of these deals to understand whether they fit the mandate of the incubator. Keeping track of all the deals that keep coming to the incubator is important, irrespective of the willingness or ability of the incubator to help the start-up.
2. Preliminary Evaluation: In this phase, a preliminary evaluation of the start-up is conducted on parameters pre-decided by the incubator and the invest-

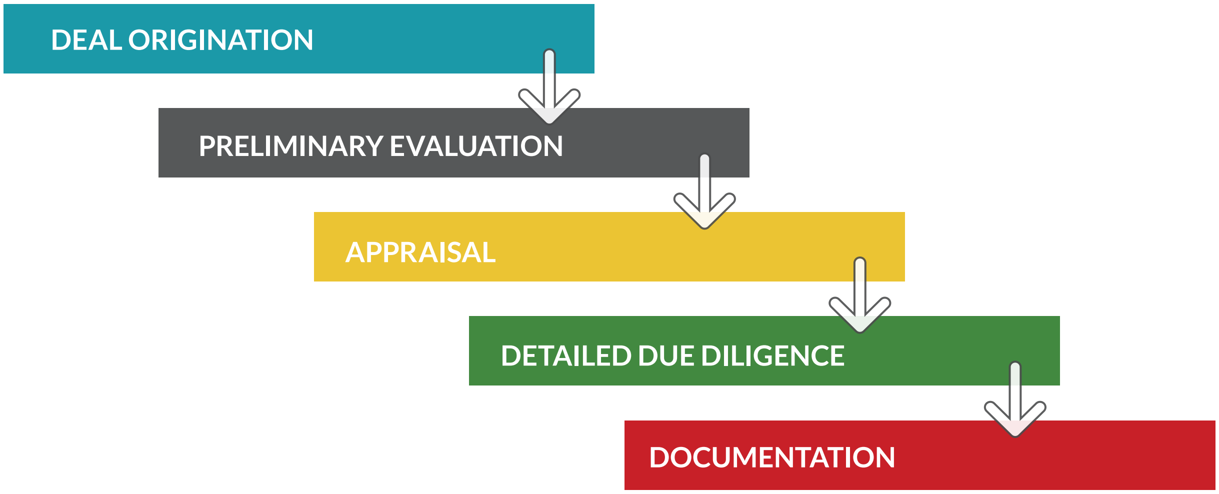


Figure 12: Process flow of equity investments

ment committee. The team evaluating these start-ups generally constitutes of a sector expert and a team member with entrepreneurial experience. On the basis of the scoring of the evaluation parameters and primary research, the incubator team decides on whether the deal should be taken to the next level.

3. Appraisal: A Deal Champion, the person responsible for working on the deal or with the company initiates this phase. The Deal Champion gathers, from the company, different types of information such as the ones related to business, business model, financial model, etc. Upon consolidation and analysis of all the information, the Deal Champion highlights the 'red flags' for the company and discusses with the sector and investment team. Only if the Deal Champion is satisfied that the risk elements of the company can be resolved or has been resolved, the deal is proceeded with.

4. Detailed Due Diligence: Detailed diligence needs to be carried out and the findings will help the Deal Champion to create a final 'Investment Memo' (IM). IM is a document which holds all the details of the companies and can vary between one and five pages depending upon the requirement. This document will be used as a reference and also to discuss with sector experts and investment teams. Once the discussions reflect positive arrangements to process, the Term Sheet needs to be prepared. Upon approval of Term Sheets from all the relevant teams, the Term Sheet gets signed between the company and the incubator. The incubator then needs to begin the process of detailed due diligence (DD). While business, legal and accounting DD are a must for every company the incubator can decide the requirement of the environment / sustainability / impact DD. Post consolidation and submission of the due diligence reports, the Deal Champion in consultation with the relevant teams analyses the risks, if any. Having satisfied the queries that are raised, the Deal Champion then prepares the Share Subscription and Shareholders' Agreement (SSSHA). The preliminary draft of SSSHA is drafted, discussed, finalised, and then shared with the company. There are multiple documents available online about the Term Sheet. Bruce Gibney of Founder Fund in *What's in a Term Sheet?* [34] gives insights into the contents of the Term Sheet.

5. Documentation: After sharing the SSSHA with the company, the document is negotiated upon. On mutually agreeable conclusion of the negotiations, the SSSHA is finalised and signed. If there are any major deviations in the SSSHA from the terms and conditions of the Term Sheet, then the Deal Champion needs to discuss the issues at a greater length with the relevant teams. Post signing of the SSSHA, the Deal Champion works with the finance and legal compliance teams to create a checklist for the company in terms of compliances and notifications. Followed by this, the funds are disbursed by the incubator to the start-up or the company.

c. Post-investment Activities

Post-investment activities involve three main categories of functions 1. monitoring, 2. value addition, and 3. fundraising support.

1. Monitoring: This phase requires continuous effort in monitoring the company. It begins with appointing a portfolio manager and a Board Observer. The Deal Champion may or may not be the portfolio manager after the deal is closed. The incubator makes its monitoring or tracking process and a tracker to measure the same. This includes meeting schedules, hand-holding and advisory support (as required), creating a reporting frequency and templates, customised MIS (including KPIs, milestones, utilisation, and others), etc. The portfolio team keeps a regular check on the progress through the trackers, keeping the relevant team updated on a regular interval, and keeps a lookout for exit opportunities.

    - Periodic Business Updates: The relationship manager/ portfolio manager is responsible for getting periodic business updates from the start-ups. These updates may include business updates (progress on the milestones agreed upon by all parties), legal updates and financial updates. These updates help an incubator keep track of its investment and advise the company from time to time.

[34] What's In A Term Sheet? The World's Most Irritating Not-Quite-Contract, Bruce Gibney, Founders Fund
http://web.archive.org/web/20130303042811
http://www.foundersfund.com/uploads/term_sheet_explained.pdf

- Board Meetings: The incubator might appoint a resource as a Board Observer/Board member who can participate in the proceedings of the quarterly board meeting. The function is to protect the interests of the investor/incubator and also to advise the company on strategy. Finally, the Board Observer reports the minutes of the meeting. Getting periodic updates is often easier said than done and depends to a large extent on the relationship between the start-up and the portfolio manager.

  Building a strong relationship allows the start-up to build trust and enables sharing the company information. The monitoring function usually protects the rights of the investor/incubator, and is best done by structuring a healthy and strong relationship.

2. Value Addition: In addition to monitoring investments, the incubator adds strategic value to the start-up and helps it grow and scale. Typically, the incubator provides the following support to start-ups (over and above the financial help) by interfacing with various sector experts, mentors and other peer entrepreneurs:

   - Strategy: The portfolio manager offers strategic support to start-ups and helps them develop business, product and financial strategies to achieve their specific business milestones.
   - Access to networks: Helping start-ups connect to relevant experts from their sectors is one of the most important value additions provided during this stage. This connect can be through formal email introductions or may include formal piloting arrangements with domain-specific corporates.
   - Mentoring: Several angel investors are successful entrepreneurs themselves. Along with the incubator, these angels can also act as mentors to entrepreneurs and coach them to be stronger entrepreneurs. At the same time, angels have strong networks of their own and are able to extend their network support to the start-ups.

3. Fundraising Support: As a start-up nears completion of their milestones, they needs to raise a subsequent round of funding to support its future scaling up. An incubator usually assists the start-up to syndicate the next round of investment by reaching out to the right investors, help the start-ups develop a strong investment pitch and also helps the start-ups negotiate good terms during the investment. The incubator can tap into various sources of funding such as government schemes, multilaterals, corporate, CSR funds and last but not the least, the investors (e.g., angel investors, HNIs, and others). The Government of India provides specific guidelines for seed support systems for start-ups in incubators.[35]

d. Engaging Angel Investors

Angel investments can be perfect for businesses that are well-established beyond the start-up phase, but are still in stages nascent enough to need capital to develop a product or fund a marketing strategy.[36] Thinking from the incubator's perspective, the reasons for the incubator requiring an angel investor could be anything from a) availability of limited seed fund, b) adhering to fund restrictions and mandates, c) to provide support beyond seed fund, d) access to bigger ticket size, to e) access to wider network and skills, etc. However, engaging with angel investors efficiently and successfully requires all the essence of skilful and thought through relationship management strategies.

Engaging an investor will include understanding the preferences of the investor, options to engage with them, and putting across a good pipeline of deals. It also will involve the background work of deciding a fund raising strategy for the start-up, refining pitches to be showcased to the investors, and profiling the investors to understand their background & interest. More specifically from the activity context, the incubator can engage the angel investor in the following:

- Mentoring during programmes like accelerator, boot camp, etc.
- Demo days
- Webinar sessions
- Angel education workshops
- Networking events, emails and calls
- Start-up showcase with local bodies

[35] DST Guidelines for seed support system for start-ups in incubators http://www.nstedb.com/institutional/Guidelines_for_SSS.pdf
[36] Article on Entrepreneur http://www.entrepreneur.com/article/52742

Stage of Investment	Value Addition
Pre-investment	Provide the investor with high potential enterprises through good start-up program
During investment	Involve investors in due diligence and other decision making for the start-ups
Post investment	Report periodically (quarterly or half-yearly) to the investors
Managing exits	Support the investors through adequate data and precedents during exit discussions

Table 10: Value Addition in different Investment Stages

An angel investor would also like to ascertain the value he/she brings in before deciding to work with the incubator. Some of the value additions that the incubator can present the investor with for different stages of investment are highlighted in Table 10.

Richard Harroch in *20 Things All Entrepreneurs Should Know About Angel Investors*[37] briefs on multiple aspects of angel investment, such as amount of investment, things an angel investor looks out for, questions to anticipate from these investors, how do find angel investors, etc. ■

In conversation with Vishwanathan (Vish) Sahasranamam, VP Forge Accelerator

On Adding Value to Start-ups

How do incubators facilitate an engagement between investors and start-ups?

The start-up ecosystem is composed of a multitude of stakeholders including investors, domain experts, industry mentors, academic institutions, government agencies, and the start-ups themselves. The incubator plays a highly central role in bringing these different players together in a timely and meaningful manner. By fully understanding their individual needs and expectations, the incubator is in a powerful position to create value for each of the stakeholders in return for receiving value from them, facilitating mutual growth. Thus, in order to create optimal relationships between investors and start-ups, it is important for the incubator to first accurately profile the preferences of the investors. This process includes, but is not limited to, understanding their sector and domain inclinations, team composition preferences, risk propensity, and industry expertise. This is done through a variety of methods such as openly discussing expectations with the investors and evaluating their past investment track records. Investors often want to engage with start-ups for more than just potential monetary returns. For instance, they might want to learn from the start-up about new technologies and sector-specific developments, using their involvement in the start-up ecosystem as a way of keeping a hand on the pulse of the market. In short, the requirements of the investor must be clearly understood in order to best match them with the right start-up. When it comes to forming the right partnership, incubators must also be proactive in establishing strong relationships between potential investors and start-ups. Instead of waiting for demo days or accelerator programmes to start the interaction, the

[37] 20 Things All Entrepreneurs Should Know About Angel Investors, Richard Harroch, Forbes/Entrepreneur article, February 2015
http://www.forbes.com/sites/allbusiness/2015/02/05/20-things-all-entrepreneurs-should-know-about-angel-investors/#2e33709e483a

incubator should create expedited opportunities for the two parties to come together. One effective method of doing so is having a rigorous schedule of investor office hours where start-ups are given a chance to make their needs and preferences apparent as well. Additionally, in the case of miscommunication between a start-up and its investor, it is the responsibility of the incubator manager to resolve any issues through open discussion.

How can an investor add value to start-ups?

We need to stop viewing investors as purely a source of capital. Investors come in with sophisticated expertise that could greatly benefit start-ups. They should be able to lend their mentorship to start-ups where relevant and aid in developing business strategies and improving the existing core offering. In order to maximise this value creation, it is important to ensure that the strengths, weaknesses, and requirements of the start-up and the investor have been appropriately understood and matched.

Incubators can play a vital role in ensuring that the [start-ups'] experiments are conducted in an effective manner by providing the necessary skills, resources and support systems

What factors leads to the failure of start-ups?

I strongly believe that running a start-up is quite similar to conducting an experiment. The start-up is founded upon a core idea that has thus far not been tested for market viability. There are some underlying assumptions about both the product and the market that first need to be tried and proven. The start-up is expected to either prove or disprove the principal hypothesis that its product and business model have the potential to be adequately profitable in the marketplace. Consequently, just as a scientist does not fail for refuting his hypothesis, the start-up entrepreneur never fails irrespective of the outcome of the business for he has still added value to the ecosystem. However, the problem arises when a start-up is run like any other business, rather than as an experiment. When the expectation is for the start-up to be a market success, there is little strategic attempt initially made to prove the capabilities of the product and the business model before infusing capital or scaling up. This mistaken notion stops the start-up from effectively identifying and alleviating all its fundamental risks early in the game.

How can the incubation centre mitigate various risks faced by start-ups to reduce the chances of business failure?

Keeping with the metaphor, while the outcome of the experiment depends on the market potential of the start-up's core offering, incubators can play a vital role in ensuring that the experiment itself is conducted in an effective manner. This includes providing the entrepreneurs with the necessary skills to run resourceful experiments and providing strong support systems for the entirety of the experiment. At FORGE, we have developed the Minimum Viable Business framework that helps start-ups build proof-of-product and proof-of-business as their primary objectives. This process gives them the opportunity, and the ability, to recognise risks and take appropriate steps to mitigate them before moving further.

Managing the Incubator

6. Managing the Incubator

While an incubator is a support organisation to support start-ups, an incubator is itself an organisation that needs sound management. An early stage incubator would usually have two or a maximum of three people assisting the incubator manager. These team members would take up various works ranging from writing proposals, managing expenditure, scouting start-ups, running programs to administrative work. Since these people will be multi-tasking, hence, it is essential to build a robust team that offers critical support to the incubator including: a) legal and finance, b) human resource and c) administration. As the incubator grows, several other functions will naturally get added.

a. Legal & Finance

Effective operations of an incubator reflect a sound legal and financial backbone. This includes:

- Setting up necessary legal and financial systems and processes
- Ensuring that the funds are disbursed as per the specifics inlaid in the agreements
- Put a strong internal control in place
- Ensure that the reporting is submitted to the donors, funders and other relevant stakeholders before the deadline, and last but not the least
- Ensure all compliances have been adhered to within deadlines for IT, RoC, and others

b. Human Resources

An incubator is about the people who work in it, whom they work with and whom they work for. Hence, looking out for people from the beginning is important. At the initial stage of the incubator, the aspects that the human resources team essentially has to look into are recruitment policies, compensation policies, training and development, overall personnel management, and maintaining culture of the organisation. As the incubator grows over time, its horizon will broaden to include a lot of other aspects such as retention strategies, incentive policies, health and welfare benefits, talent acquisition, and others.

c. Administration

Good administration is necessary for efficient running of the organisation as it affects both the staff as well as the start-ups of the incubator. The administration includes the following aspects:

- Maintaining the infrastructural, associated facilities and utilities; additional facilities such as cafeteria, office support services, and, co-working space
- Maintaining documents such as statutory documents, co-working space agreements, KYC documents, MoUs signed with vendors, etc.
- Liaison with external parties
- Managing relationship with host organisation
- Creating awareness about the activities of the incubator

Incubation should be seen as the process of de-risking an idea or a startup and helping them improve the odds of success. Hence, incubation process itself can take different forms or shape – including providing office infrastructure, prototyping lab, seed-funding, market-access or business mentoring, amongst others. Each of these activities is critical to de-risk the venture in its early days – and should be seen as a critical component of "incubation". Just like there is no one secret recipe for creating a successful start-up, there is no one recipe for setting up a successful incubator. By combining high level strategy and on-ground implementation tools, we hope that incubator managers think actively about various topics presented here and develop stronger incubation models. ■

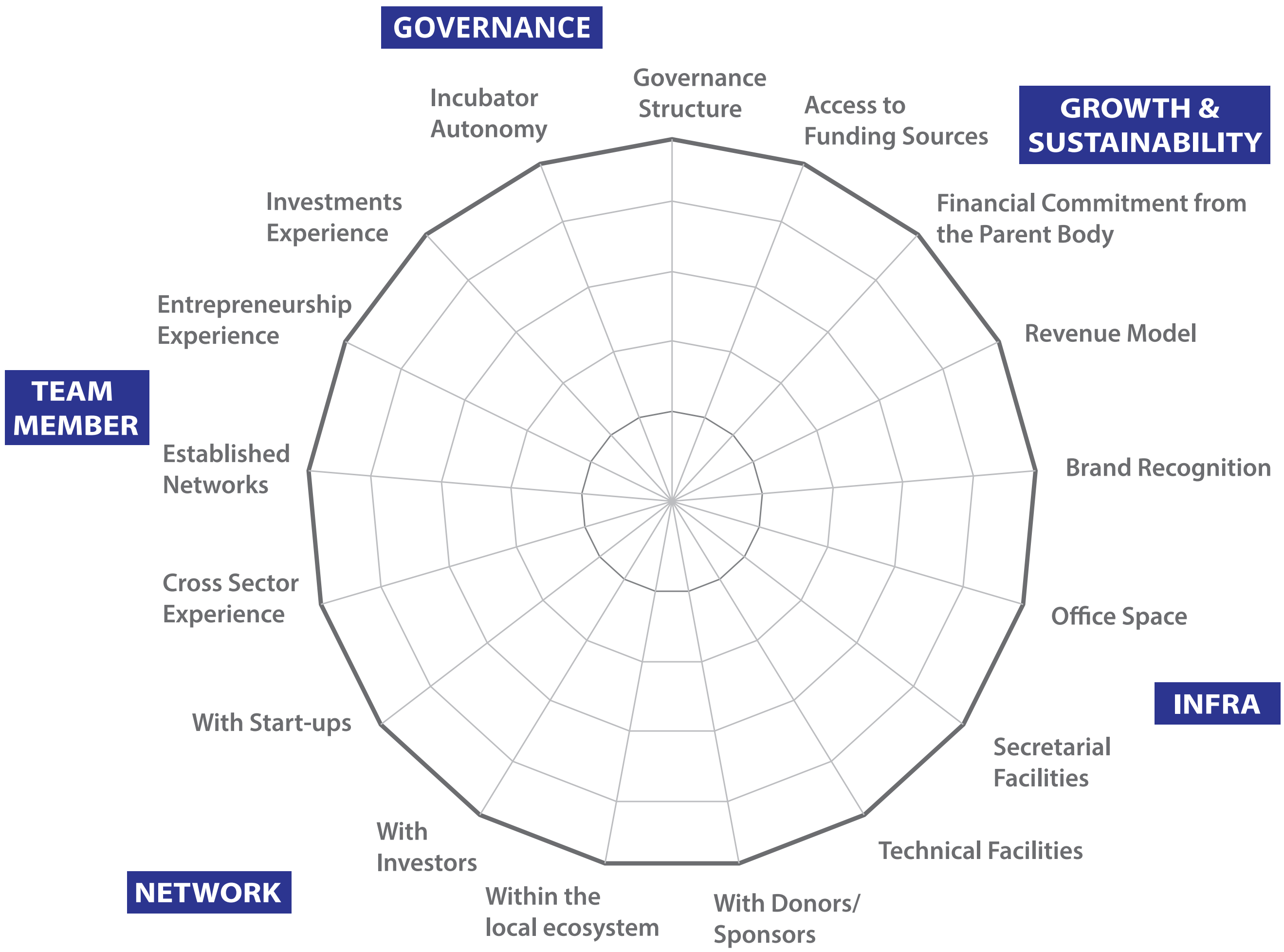
Annexure

7. Annexure

Annexure 1: 'Start-up Map' Framework

Parameters	Details
Key problems that the start-up wishes to solve	(Gaps that the start-up is trying to address, Criticality of the gap today and in future)
Key features of the product/service designed by the start-up	Goals, Target, Product or solution, Stage of product, Start-up age, Region of operations, Team size, Skills and experience of team members, Base location, Investments or funds raised, Revenue generation, Future plans
Key pains in pursuing their business	Current and expected problems or risks faced by the start-ups
Key resources required by the start-ups	Resources required by the enterprise to address its current pain points

Annexure 2: "Critical Success Factors" Framework



Annexure 3: Capabilities Framework

Capabilities Required

List down all the capabilities that are required to achieve your vision

Capabilities that can be developed internally

List all of those capabilities from the list above that you can develop internally

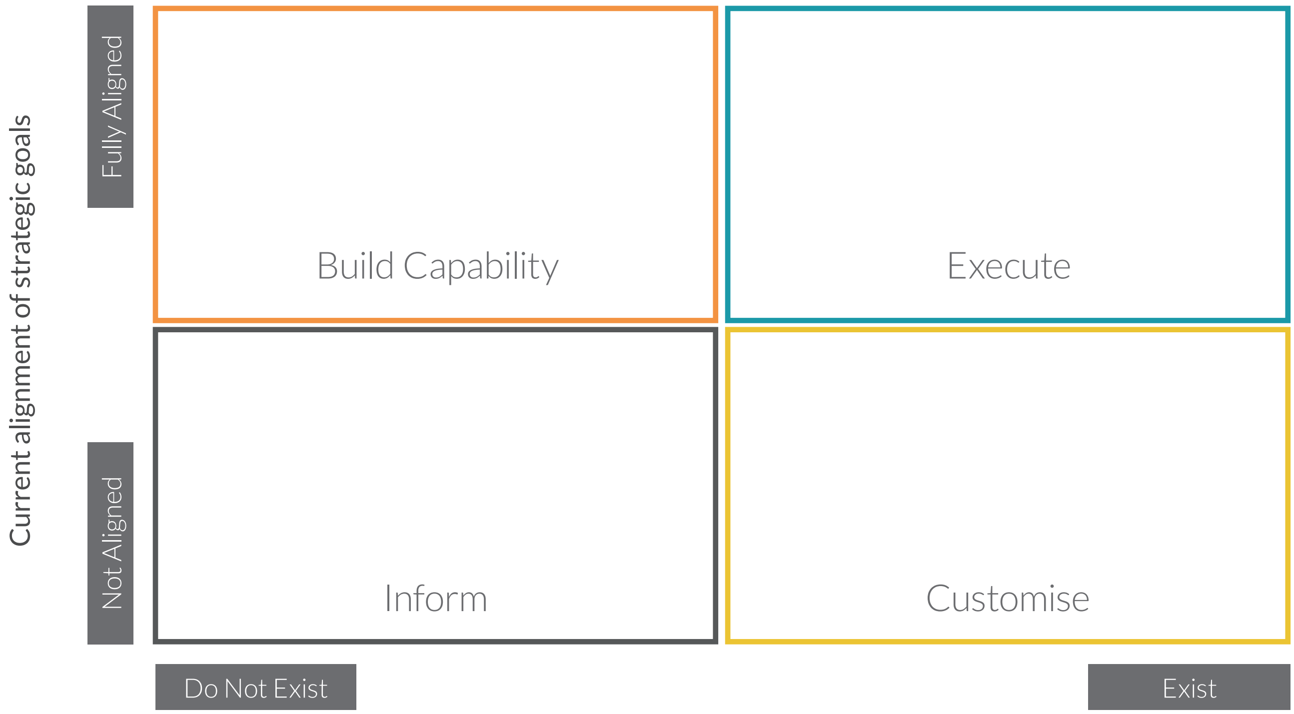
Capabilities that need to be sourced

List all of those that you need to source from partners

Potential Partnership Opportunities

List down the possible partner names and the possible partnership opportunites

Annexure 4: Stakeholder Engagement Decision Matrix

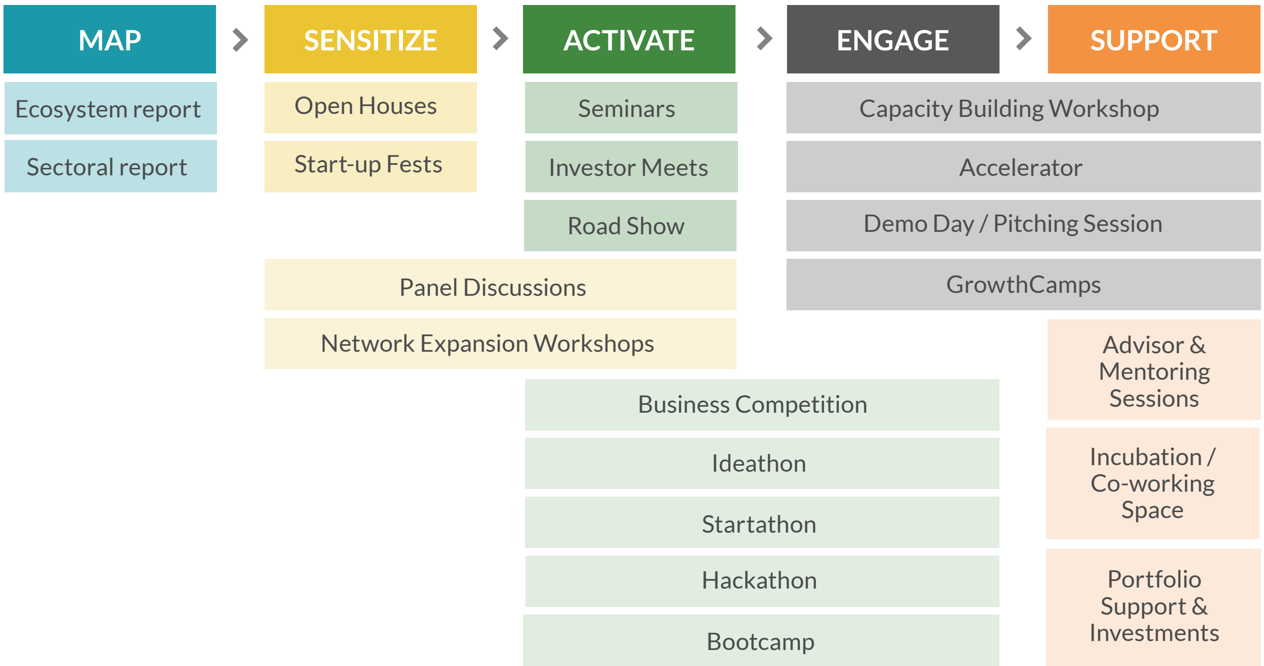


Capabilities of stakeholder to support incubation.

Annexure 5: Incubator Operations Plan: Critical questions

Aspects	Key Questions
Objective	Are the immediate objectives of the incubator aligned to its vision or overall mandate, for a span of one or two years?
Target (Market/Sector/ Start-up/Region)	Who are the core beneficiaries of the incubator? Do these start-ups fall into the sector/region/market of the incubator's mandate? What is the stage and phase of the start-up at which the incubator is focussing?
Approach & Methodology	Does the approach address the key issues? Does this clearly define the start-up support and the ecosystem development activities? Is there a definite methodology to address the approach? Are there specific partnership models that are being used?
Partners	Who are the value chain partners? Are they ready to support? What kind of support can they provide? If the partners are not ready to support, do they need activation? How to engage the partners and why? Who are the partners to whom the incubator needs to reach out to immediately and how? It might be good idea to view this from the Inform, Customise, Build Capacity and Execute Framework.
Risks & Risk Mitigation	Have all the internal and external risks been considered? What are the risk mitigation systems? How will you mitigate the external (interdependence and integration) risks? What is the contingency plan?
Activities	What activities need to be undertaken in order to address the issues of its beneficiaries? Are the activities able to achieve the underlying objectives? What are the milestones and timeline for the activities? What are the different functions that need to be undertaken to accomplish the activities?
Team	Do you have the right team to execute the activities? What will be your recruiting plan? While team is the one of the most critical elements of any organisation, is your team empowered to take decisions? Does the incubator governance structure enable this?
Desired Impact	Are all the activities helping the incubator achieve the desired impact? How do you measure the impact? What are the metrics to be used for tracking?
Operating Costs	Have you booked the expenses of the activities as well as for running the incubator, including administration, infrastructural, programme management costs, employee cost, etc.? Is a budget in place for the different activities and functions?
Sustainability Plan	What are the plans to generate revenue in a continuous manner? How to raise the funds required for the entire operation? What are the various avenues of funds? Will creating a corpus help? If yes, then how can that be created?

Annexure 6: Various activities of an incubator based on the incubator's aim



MAP	Map regional or sectoral ecosystem with an aim to understand the existing stakeholders, their roles, existing and emerging start-up trends
SENSITIZE	Sensitize and facilitate of conversations between the various stakeholders by championing entrepreneurship
ACTIVATE	Catalyse collaboration between the stakeholders and structure partnership
ENGAGE	Develop structured and deep interventions that engage all key stakeholders with start-ups (eg. Accelerator Programmes)
SUPPORT	Support provided by the ecosystem stakeholders towards nurturing and growth of the start-up

Annexure 7: Participating Organisations – Incubator Capacity Building Workshops

1. Centre for Social Entrepreneurship and Enterprises (CSEE)

Centre for Social Entrepreneurship and Enterprises (CSEE) is the incubator at Institute of Rural Management Anand (IRMA). CSEE will help the aspiring social entrepreneurs as well as grass-root innovators and social start-ups from outside to launch and sustain their ventures successfully.

2. Venture Lab – Thapar

Thapar University in collaboration with Venture Lab-International, University of Twente, Netherlands, has come up with a Venture Lab with focus on developing a holistic entrepreneurial ecosystem by providing technological, financial, infrastructural and strategic support to budding entrepreneurs from within and outside Thapar University. As employment opportunities is diminishing, the Thapar Venture Lab seeks to transform job seekers into job providers by providing seed money as initial investment to incubate the entrepreneurial ventures of the selected aspirants, who would be given space in the incubation facility of the Venture Lab.

3. FORGE

FORGE, is the innovation accelerator launched by the Coimbatore Innovation and Business Incubator (CIBI). With tools offered by modern day technology and by adopting methods made popular by new age start-up thinking and process, FORGE aims to accelerate the business viability and success of innovative hardware or software products, and of innovative business ideas in various service sectors.

4. Nativelead Foundation

Nativelead Foundation is a not-for profit organisation promoting entrepreneurship in Tier II and Tier III regions of southern parts of Tamil Nadu. It works with start-ups that solve real world problems and build a business out of it. The Foundation would be incubating companies that work with technology, mechanical devices and other technology-based innovations. Based out of Madurai, the Foundation operates on a co-creation model and is spread across 10 districts in and around Madurai.

5. Assam down town Venture Labs (AdtVL)

AdtVL is an initiative of down town Charity Trust and has been set up in the campus of Assam down town University which gives an edge to the incubatees to avail technical expertise on real time basis from the scholars in multiple domains. It is one of its kind facilities in the entire North Eastern region offering the perfect blend of business ecosystem and technical expertise with non-exhaustive human resource. The services offered by AdtVL includes dedicated office spaces, IT and networking facilities, mentors from industry and academia, access to labs and heavy equipments of pharmacology, engineering, biotechnology, FND etc.

6. National Academy of Agricultural Research Management (NAARM)

a-IDEA (Association for Innovation and Development of Entrepreneurship in Agriculture) - The incubator of the Academy has natural advantage of agri-business entrepreneurship development initiatives. It is also the nucleus of several industries such as agro-processing, poultry and fisheries. The main objectives of NAARM-TBI are to scout the commercially viable technologies developed at different research institutions in NARS; to provide congenial ecosystem to commercialise these technologies; to give hand-holding support to the aspiring agri-entrepreneurs in developing and executing business plan around the technologies; to build and accelerate the agri-based small-scale industry clusters across the regions.

7. Startup Oasis

Startup Oasis is a Jaipur based incubation centre that is developing an ecosystem in Rajasthan to inspire and support students, aspiring entrepreneurs and start-ups to solve persistent problems, develop breakthrough innovations and create world class enterprises. Startup Oasis has been set-up at the joint initiative of RIICO, Rajasthan's premiere industrial promotion organisation, and the Centre for Innovation Incubation and Entrepreneurship (CIIE) at IIM Ahmedabad, India's leading incubation and entrepreneurship centre. RIICO and CIIE felt the need to tap into the pool of traditional Rajasthani entrepreneurship and use the joint expertise of RIICO and CIIE to channelize the entrepreneurial energies to foster creativity and innovations in order to solve some of the most obstinate problems of the State and the country.

8. Lemon Ideas

Lemon Ideas is a start-up mentorship organisation dedicated towards fostering the start-up ecosystem in India. It primarily aims towards building favourable ecosystem for new ventures in Tier II cities of India. The supports provided at Lemon Ideas include mentoring, innovation and incubation (co-working) for start-ups in their early stages. The incubator is also active in the space of talent innovations where they hunt for promising ideas and teams for start-ups. It has a strong network of resident mentors, domain mentors and advisors.

9. Centre for Incubation and Business Acceleration (CIBA)

Centre for Incubation and Business Acceleration is a Technology Business Incubator established in 2012 with support from Department of Technology, Govt. Of India and Department of Science, Technology and Environment, Govt. Of Goa to support Technology based start-up companies in Goa. CIBA is presently supporting innovative enterprises in the area of information technology, food processing, clean technologies and mixed technologies.

10. Venture Studio

Venture Studio, the new venture design and incubation centre formed by Ahmedabad University in 2011, aims to nucleate an innovation ecosystem in Ahmedabad. It supports creation of innovation based scalable ventures, through a shared culture of innovation, supported by an ecosystem that includes investors, mentors, academic and research leaders and other professional support system providers.

11. iCreate

International Centre for Entrepreneurship and Technology - icreate is an autonomous centre of excellence for entrepreneurial pursuits leveraging innovation and technology. Its charter is to build an ecosystem to enhance entrepreneurial capital and support ventures that have the potential to scale rapidly, compete globally, generate wealth ethically, and create enriching and fulfilling employment and facilitate a wide range of 'Next Gen Entrepreneurship'.

12. Ncubate Capital Partners

Ncubate Capital Partners is a fund of funds as part of the SAR Group's Family Office focused on investing into early stage funds in India as a Limited Partner. The sectors of focus include Consumer products and services, Consumer Internet, vertical/hybrid E-Commerce models, Cleantech and Renewable, Technology Product and Services, Logistics and Supply are subject matter of interest. Ncubate is conceptualizing the set-up of sector-focused Incubators/Accelerators targeted at the Make in India business models.

13. Lodha Group

Lodha Group is India's leading real estate developer established in 1980. Over the past year, the company has embarked on an international growth journey with significant investments in London. The Lodha Group has several landmark developments to its credit including World One – the world's tallest residential tower, and Palava City – the largest private development in the world spread over 4000 acres. Palava will be the "City of Opportunity" - having being designed and benchmarked on every important aspect of urban living on a global scale: job opportunities, business friendliness, public spaces, a walkable urban fabric, technology enablement, eco-sustainability, health, education, security, connectivity, urban appeal and lots more.

14. Indian STEPs and Business Incubator Association (ISBA)

The ISBA was set up in 2004 as a registered professional body to promote business incubation activities in the country through exchange of information, sharing of experience, and other networking assistance among Indian Business Incubators, Science and Technology Entrepreneurs Parks (STEPs) and other related organizations engaged in the promotion of start-up enterprises.

15. Dayananda Sagar Entrepreneurship Research & Business Incubator (DERBI)

DERBI is hosted by Dayananda Sagar Institutions in Bangalore and would formally kick start its operations in 2015. It has been recognised and supported by DST, Govt of India. The primary focus of the incubator would be on ICT. Currently, Innovation and Entrepreneurship Development Center (IEDC) at DSI is playing a pivotal role in catalysing the students' innovations into entrepreneurial opportunities. The institution plans to partner with industry partners to collaborate and offer value to potential entrepreneurs, in the form of mentorships, certificate courses, venture capital etc. The incubator would become a one stop shop to cater to all needs of potential and existing entrepreneurs in and around Bangalore.

16. Design + Innovation Ventures

Design + Innovation Ventures, based at Indian School of Design and Innovation Parsons Mumbai, is a strategic partner for promising start-ups focused on integrating creative technology, business model innovation, and user experience design to create the next big thing. They are especially keen to partner with young B2C and B2B2C start-ups from India looking to leverage our facilities, knowledge and resources to make beautiful things that people love.

17. Swaraj University & Shikshantar Sansthan

Swaraj University offers youngsters a space to initiate the process of being self-designed learners who identify their heart's vision. The University is not offering a ready-made framework but a space and methodology for actively removing impediments to self-designed learning. The commitment is to create an environment in which learners explore genuine self-inquiry grounded in local reality; their learning proposals are linked to long-term, continuous, stable and sustainable livelihood choices; and, perhaps most importantly, the entire process is about self-learning, intrinsic motivation and friendship.

18. Rajasthan State Industrial Development and Investment Corporation Limited (RIICO)

RIICO since its inception in 1969 has emerged as a multi-faceted and dynamic institution. It has kept pace with the industrialisation process in providing complete and innovative means of financial and investment support services. RIICO is also the sole government agency in the state involved in development of land for industrial enterprises. The financial and vital infrastructural facilities provided by RIICO have contributed to promoting accelerated growth of industrial sector in the State.

19. NEEV (Nurture & Empower Entrepreneurial Ventures)

NEEV is an Indian Institute of Technology (IIT) Gandhinagar entrepreneurship development program aimed at helping the growth of grassroots-level entrepreneurship through training, mentoring and linkages for access to finances. Established in 2014, NEEV seeks to foster the tremendous enthusiasm in the local community to develop small-scale entrepreneurship activities. NEEV's training programs are developed in collaboration with iCreate India, an award winning non-profit entrepreneurship and employability skills training organisation.

20. Rajiv Gandhi Indian Institute of Management (IIM), Shillong

IIM Shillong is an autonomous business school located in Shillong, Meghalaya, India. It was established in 2008 by the Government of India and is the seventh IIM to be established. IIM Shillong is currently exploring the need of incubator that will be focusing on regional entrepreneurs from Shillong along with traditional businesses.

About the Authors

Susmita Ghosh works as a Senior Content Developer and is part of the Ecosystem Development team at CIIE. She manages various ecosystem development activities including designing, structuring, and managing programmes of varied scale as well as other associated activities such as proposal writing and budgeting, etc. She has over ten years of work experience in varied organisations such as corporate, academic institutions and foundation. She holds PGDM (specialisation in financial management), Master in Commerce (Financial and Accounting). She has qualified UGC NET examination in 'Commerce'.

Ashwin Joshi heads the Ecosystem Development team at CIIE and has over eight years of entrepreneurial experience in design, marketing and real estate sectors. He has led several national level ecosystem programmes like The Power of Ideas (India's largest start-up search programme, run in partnership with the Economic Times and Department of Science & Technology, Government of India). He has supported incubators through capacity building and handholding and is involved in a range of activities including fundraising, startup scouting, acceleration and seed investing. In his personal capacity, Ashwin mentors start-ups in user experience, usability design and business modeling. Prior to CIIE, he has been a founding member of a U.S.-based startup, co-founded a design & marketing firm in Mumbai, and, provided turnkey construction services for low-cost housing developers in Navi-Mumbai. Mr. Joshi has pursued masters in business administration from the University of Texas at Dallas and holds a bachelor's degree in fine art from Mumbai University.

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