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Building “Trust” over the Public & Private Partnership

Importance of “Communication” between Incubation Managers and Entrepreneurs

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Presentation Outline

- ❑ Preface – About the Presenter
 - ❑ Background of Study
 - ❑ “Communication” from BI Perspective
 - ❑ Questionnaire Survey on Communication Activities
 - ❑ IM Case Study
 - ❑ NBIA Roundtable session
 - ❑ Implications
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About the presenter

Terutaka Tansho

- 2000-2003 Researcher & Secretary
Japan Assoc. of New Business Incubation Orgs (JANBO)
- in charge of international activities of JANBO and incubation manager (IM) training programs
- 2003-2006 Assistant Director & Incubation Manager,
Kitakyushu Telework Center, Japan
- Business support services, networking, holding seminars, overall management of the program
- 2006- Collaboration Manager, Shimane University
- university's collaborative activities, facilitating the cooperative researches, supporting university spin-offs, etc

Affiliations: Japan Business Incubation Association (JBIA)
 Asian Association of Business Incubation (AABI)
 National Business Incubation Association (NBIA), etc.

“Communication”

Backgrounds of Study (1)

Important things for managers

For example) A diverse background and experiences, entrepreneurial spirits, a service ethic, fire in the belly, knowledge of the community, etc.

And then, how you deliver them to client companies and entrepreneurs?

Making relationship, building trustworthy relationship, sharing things in common, setting the goal together and accelerating the business forward utilizing incubation program.

“Communication”

Backgrounds of Study (2)

□ From experiences working in incubator

Business incubation activities are series of communication process with client companies.

□ However...

Each manager's communication style is very “personal”.

“Networking” is a very convenient word, but what does this really mean and imply?

Managers' support style is in a Kind of “Black Box”.

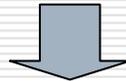
Can't we learn something each other from these communication perspectives for better serving client companies?

“Communication” from BI Perspective (1)

- Business support services, providing information, introducing business partners and government people, Saying hello, making phone calls, sending e-mails
All of these are forming of communication activities.
 - The purpose of these communication can be done for:
 - for client business success
 - for incubator success
 - for just human relationship
 - Communication is very natural form in human and business relationships
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“Communication” from BI Perspective (2)

- However, there are some difficulties and uniqueness in communication specifically in the business incubation activities
- Basically, the **interests** are **different**.
 - i.e. Client companies are revenue seeking, while the incubator pursues economic development in the region (when non-profit)
 - And then, how managers deal with these issues?
 - To what extent and until where managers can support or should/should not support, and client companies expect for?



Where communication activities effective to client supports and mutual understanding are necessary

“Communication” from BI Perspective (3)

□ Some types of communication

- Verbal – spoken or written words included
- Non-verbal – no words included, such as body language
- Formal – Regular meetings, inquires & advices
- Informal – not formal, rather non-objective, personal
beyond the incubator wall (private)

□ How we do...

- How we move, how we sound (tone of voice, level & pitch),
How we smell, how we send messages, and so on.
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“Communication” from BI Perspective (4)

What affects communication

■ Personal perspectives

- How managers or clients think about “communication”
- Managers’ characteristics, age, background, expertise, etc.

■ Support activities viewpoints

- Inquiries & advices, referring experts, meetings
- Seminars & networking events

■ Facilities and external environment

- Location, targeted business areas, no. of clients, etc.

■ Time frame

- Start of communication – from entry to graduation
 - Growth stages of clients
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“Communication” from BI Perspective (5)

Some Methods are:

Networking among clients

By interacting with others, we learn from one another; refer service providers, consultants, and potential customers to one another; transact business with one another.

The facility’s break room, bathrooms, the lobby, copy room, and even parking lot become places to exchange ideas and resources.

Mentors & advisors extend incubator staffs’ reach

No manager has the answer to every problem that plagues clients, nor can he/she invest as many hours as he/she would like.

Also, the more experienced clients can mentor the less experienced ones.

Questionnaire Survey on Communication Activities (2005)

- ❑ Sent a questionnaire to 177 incubation centers in Japan, and received 74 replies (40.8%)
- ❑ Asking managers, to what extent, they have accomplished in making relationships with clients (communication density).
Degree 1: 0-19%, 2: 20-39%, 3: 40-59%, 4: 60-79%, 5: 80%+

- a. Building trustworthy relationship with clients
- b. Grasping the present situations and challenges
- c. Grasping the target market and customers
- d. Understanding the characteristics as CEO
- e. Grasping the sales conditions and cash in and out flows
- f. Expressing negative opinion when the business may go wrong
- g. Being regarded as the one who will consult with at the first place
- h. Being trusted as much as consulted on the non-business matters
- i. Grasping the business relationship among clients

- ❑ Applying the number of graduate companies per year as performance indicator of incubators.
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Research Result (1)

Communication as Determinant Factor

		Performance Indicator (Info. Provision)
Incubation Manager	Experiences (years)	0.110
Characteristics	Entrepreneurial experiences (yes/no)	0.158
Incubator as a business	Rate of Occupancy	-0.069
Communication Density	a. Building trustworthy relationship with clients	0.616 **
	b. Grasping the present situations and challenges	-0.412
	c. Grasping the target market and customers	0.328
	d. Understanding the characteristics as CEO	0.138
	e. Grasping the sales conditions and cash in and out flows	0.066
	f. Expressing negative opinion when the business may go wrong	-0.231
	g. Being regarded as the one who will consult with at the first place	0.569 *
	h. Being trusted as much as consulted on the non-business matters	-0.464
	i. Grasping the business relationship among the clients	-0.083
Adjusted R2		0.379
F value		4.208 **

** Regression coefficient is significant in 1% level

* Regression coefficient is significant in 5% level

Research Result (2)

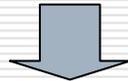
Communication as Determinant Factor

- The research results indicates that building trustworthy relationship with clients has “**positive**” impact on the incubator performance.

 - Other research results indicates:
 - (1) In order to build trustworthy relationships with client companies, not only “formal” communication, but also, “informal” communication is very important
 - (2) The degree of managers’ “On-site” affects the relationship buildings.
 - (3) Managers’ communication styles differ from “Urban” to “Local”
Dense communication in local and more speed-oriented support activities in urban are of more importance.
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IM Case Study

- Building Trust with client companies and intimate communication are important determinants in BI...
- But then, still some question arises...
 - How managers communicates with entrepreneurs?
 - Formal & Informal – how managers combines in communication activities?
 - Not too far, not too close, are there any adequate “distance” between managers and entrepreneurs for effective support?



IM Case Study was conducted in 2006-2007 in order to investigate managers support style more deeply.

IM Case Study (1)

Local, Mixed-Use incubator

- ❑ The manager's motto
 - (1) Be energetic, cheerful, smiley, and swift response
 - (2) Never say "no", once say no, it's end of support activities
 - (3) Do things what one can do first. If others don't move, I move.
 - ❑ In business support, standard for value judgment is a person, not an organization. Do things I think that it is important.
 - ❑ Do everything we can do, but based on the client needs
 - ❑ Making friendly environment for clients
 - ❑ Utilizing the network support
 - ❑ Formal + informal communication and speak directly to CEOs
 - ❑ In some occasions, entrepreneurs are more comfortable in talking difficult business matters in off-incubator environment.
 - ❑ Support style and deepness differ from region to region.
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IM Case Study (2)

Suburban, Technology BI

- ❑ As a manager, do things what I can do and expected to do, as early as possible.
 - ❑ Listening to CEOs about business and idle complaints
 - ❑ Entrepreneurs are very lonely, speak to them, finding any opportunity
 - ❑ Growing companies are very good at utilizing the incubator support, incubator managers are only one portion of company's network.
 - ❑ Some entrepreneurs are unwilling to listen to the negative aspects of businesses. Recognizing that the managers are not the players of businesses. This sense of balance is important.
 - ❑ Communication style differs from person to person, organizational approach is somewhat difficult.
 - ❑ As the company grow, communication style is also changing.
i.e. attending management meeting
 - ❑ Building good relationship with graduate companies. Although one company had left the region, but still contracting as an advisor.
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IM Case Study (3)

Urban, Mixed-use BI

- ❑ Entrepreneurs are like “children”. When things are good and bad... praise and scold.
 - ❑ Needs a certain “distance” when supporting, not too close not too far.
 - ❑ Speaking about myself, so that both understand each other.
 - ❑ Answers are in the CEO’s mind, managers help to draw out.
 - ❑ Telling private mobile phone number, and saying you can call any time.
 - ❑ Going out for a drink and organizing a party, but have to be careful
 - ❑ Managers should not do trivial facility management such as changing the light bulbs (they may misunderstand the role)
 - ❑ Anchor tenant companies tells new comers about business incubation support, making good incubator environment is really important.
 - ❑ Show client companies that I am also challenging something (going to MBA school after work)
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IM Case Study (4)

BI on University Campus

- ❑ In business support, how much managers can share the will of entrepreneurs. As a person, whether one can grow up with the entrepreneurs. “We support you” on surface or slogan is meaningless.
 - ❑ From one-time support to more strategic support, analyzing the financial statements and giving feedback
 - ❑ Sharing the company information together within manager team
When CEOs speaks to a manager, sending e-mail together and share the issues
 - ❑ Provide information such as subsidies, “speed” is very important.
 - ❑ Visiting office and speak to in person, bringing received packages.
 - ❑ Face to face communication is really important.
 - ❑ CEOs chose to be in here, try to make the best place for them
 - ❑ Sometimes holding informal gathering in incubator, this helps to produce new network among clients and to make good environment.
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IM Case Study (5)

Rural, Technology-related BI

- ❑ Managers are good supporters, facilitators making things go smoothly, and sometimes have to be creators and editors, help to make shape what entrepreneurs cannot see yet.
 - ❑ As a manager, look at company as a share-holder view point. Making “good” financial statement is very important
 - ❑ Holding meeting regularly is important, just listening and listening, and trying to find what the entrepreneurs really thinks and needs, whether sales, business plan, or personnel development, etc.
 - ❑ Not only making plan, but also turning Plan-Do-Check-Action cycle is very important.
 - ❑ Also supporting sales promotion activities as a trial service.
 - ❑ The state “keeping distance” is somewhat questionable. Managers support companies in the relationship between managers and entrepreneurs. It is not the issue whether keeping distance or not.
 - ❑ Do things what you can do with sincerity and sympathy.
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IM Case Study - Summary (1)

Communication varies

- Managers' support style varies from person to person, region to region, also depending on incubator status

Formal & Informal

- Combining formal & informal form of communication for effective business support
However, formal & informal is opposing concept?
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IM Case Study - Summary (2)

Self-Disclosure

- ❑ Managers talking about himself/herself (self-disclose) may be effective for better understanding each other and better serving entrepreneurs accordingly.
* where as “asymmetric information” exists anyway.

Any Adequate Distance?

- ❑ “Keeping distance” may not be the right description in managers-entrepreneurs relationship.
There may be no distance exists when trusting each other even in business relationship.
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Roundtable Session at NBIA(1)

□ “Communicating Effectively with Clients”

- NBIA Conference in Seattle [2007] & San Antonio [2008]
- One of required session for NBIA’s Incubator Management Certificate Program in client service category

□ Session Moredators

David Cattey, Retired Executive Director, TechColumbus, Ohio

Tony Tadasa, Director, Tyler Area Business Incubator, Texas

Terutaka Tansho, Lecturer and Collaboration Manager,

Shimane University Collaboration Center, Shimane

Roundtable Session at NBIA(2)

Seattle in 2007



Roundtable Session at NBIA(3)

San Antonio in 2007



Roundtable Session at NBIA(4)

□ Interesting Discussion on:

- Business or Private
 - Formal and informal
 - Effective communication tips
 - Enhancing client networking & communication
 - The managers' age & background
 - Incubator status, technology, mixed-use, rural, etc.
 - Communication with other parties, boards, etc.
 - Cultural aspects of communication
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Thank you for your attention!



Sunset in Shinji Lake,
Shimane



Iwami Silver Mine,
UNESCO World
Heritage, Shimane

Any Question and Comment?

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