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**Conference on Business Incubation & Entrepreneurship
Leadership in the Globalizing Innovation Economy
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**Emerging Economic and Social Trends
to which Incubation must Respond**



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- 1. The Technology Framework**
- 2. Economic and Social Context**
- 3. Future Imperatives for Incubation**

Technological, Economic and Social Movers



Contradiction: Globalizing Economy & Technological Growth are going together with Social Discord & Poverty

Corporate Innovation

1. Make progress (& money) by licensing, customer ideas, etc

Japan: In 1960s & 70s spent \$ 8 - 9 billion on importing know-how
Then, more on research to enhance/export. **Imitation > innovation**

2. Innovation is incremental, radical, personal and social

IBM: Researchers pitch idea to management; Select 10 teams per year to get funds and time to realize concept. **Teamwork helps**

3. Integrate own ideas with those from others and consumers

Apple: meets needs of users, with simplicity and superb design
Steve Jobs - Total entrepreneur: 'Stay hungry, stay foolish'

4. Think big, Think smart. Word 'Google' started as a typo, now market cap. \$160 bill. Stores 200 petabytes data (1 petab =1 mill gigab). **Page & Brin** each worth \$20 bill. Motto: **'Don't be evil'**

Innovation: Fresh thinking to create value as wealth or welfare
Stimulated by creative eco-system of city and region

Entrepreneurship drives venture creation

• **Goal: Creation of value** for company, employees, customers, stock-holders and society, by linking innovation giver to taker

The Entrepreneur takes *measured risk* for high reward and rapid growth. Focus on accessing **Management /Market/ Money**

- **Are Entrepreneurs born ? They link > Talent** from genes.
>**Temperament** from family/friends. >**Technique** thru Entre'Dev
- **Migrants make good entrepreneurs**, eg.Carlos Slim/ Mexico, Mittal / UK, Tata / India
- **'Necessity entrepreneurs'** - Entrepreneurial activity among 18 - 64 yr olds is high in low & middle income countries. No job options.
- 'Opportunity entrepreneurs'** are more in higher GDP nations

Entrepreneurship extends beyond business to all human activity - to work in government, academia and home

To innovate, collaborate across disciplines, within regions, and among them

'Co - ompetition' for Co - innovation brings entrepreneur groups with matching skills together

Innovation is the Key to Competitiveness, with freer flows of information, ideas, investments, individuals

Innovation is changing in response to needs: from **I-search**, as by Archimedes, Aryabhata, Leonardo da Vinci
> **Re-search** as in Thomas Edison's industrial lab
>> to **We-search** in collaborative modes, customer-driven
>> then **U-search**: Prospecting patents & biz plans in 0 time
>>> now **Open innovation**: Democratic, more anarchic.

Anticipate society's changing needs.

Best Business Process Outsourcing Cities

World's 5 Best	Emerging 10 Best	
1. Bangalore-India	1. Chennai-India	6. HoChiMinh-VN
2. Delhi-India	2. Hyderabad-India	7. Colombo-SriLank
3. Manila-Philipp	3. Pune-India	8. Shanghai-China
4. Mumbai-India	4. Cebu City-Philipp	9. Chandigarh-India
5. Dublin-Ireland	5. Kolkata-India	10. Beijing-China
<p>Asia: 12-Hanoi/VN, 13-Shenzhen, 18-Dalian/C, 21-Coimbatore/In 22-Guangzhou, 23-Passig/Ph, 32-KuLumpur/Mal, 36-Banguio/Ph Latin America: 15-S.Paulo/Br, 17-Curitiba/Br, 19-Santiago/Ch, 28-SanJoseCR, 44-Brasilia/Br, 46-Monterrey/Mx, 50-Juarez/Mx</p>		

Source: Global Services, October 2007

BPO market expected to rise over \$ 200 bill by 2010.

Boeing787 Dreamliner - 80% value of design/manufacture abroad

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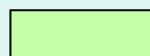
1. The Technology Framework
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UN MDGs: Poverty, Education, Health, R&D, Tec/Overall

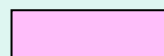
	Popu- lation	GDP	Educ'n expend	Health expend	R & D 2004	Cell P'h/ Internet	UNDP HDIndx
	Million	Per cap ppp \$	% GDP	Per cap ppp \$	% GNP	Per 1,000 2005	Rank, 2007
Brazil	187	8,402	4.4	260	0.98	462/ 196	70
Chile	16	12,027	3.5	720	0.61	649/ 172	40
Mexico	104	10,751	5.4	655	0.40	460/ 181	52
Korea	48	22,029	4.6	1,135	2.64	794/ 684	26
Singapore	4	29,663	3.7	1,118	2.3	1010/ 571	25
Malaysia	26	10,882	6.2	402	0.7	771/ 435	63
China	1,313	6,757	1.9	277	1.4	302/ 85	81
U.S.A.	300	41,890	5.9	6,096	2.7	680/ 630	12
Ireland	5	38,505	4.8	2,618	1.2	1012/276	5

Sources: World Equity & Development, World Bank, 2007 / Human Development Report, UNDP, 2007

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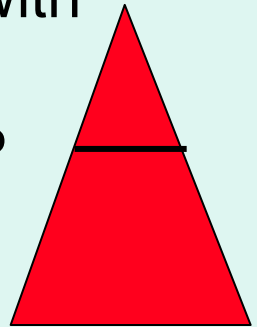
Excellent



Poor

The Paradoxes of Poverty

- **Knowledge** to attack problems of poverty now exists. But political commitment and resources have yet to be mobilized. Knowledge Rights (IP) unfairly deny the right to a better life
- **Energy demands** of developing nations must rise, with severe effects on global warming, economic growth
- **Bottom-of-Pyramid** - 4 billion poor with \$1,500 PPP annual income - is now a much bigger market than the affluent 100 million with \$20,000 at **Top-of-Pyramid**
- **Food outputs in Africa are in decline** but some countries continue agri-subsidies at home, The switch to Corn for fuels further exacerbates food costs among the poorest.



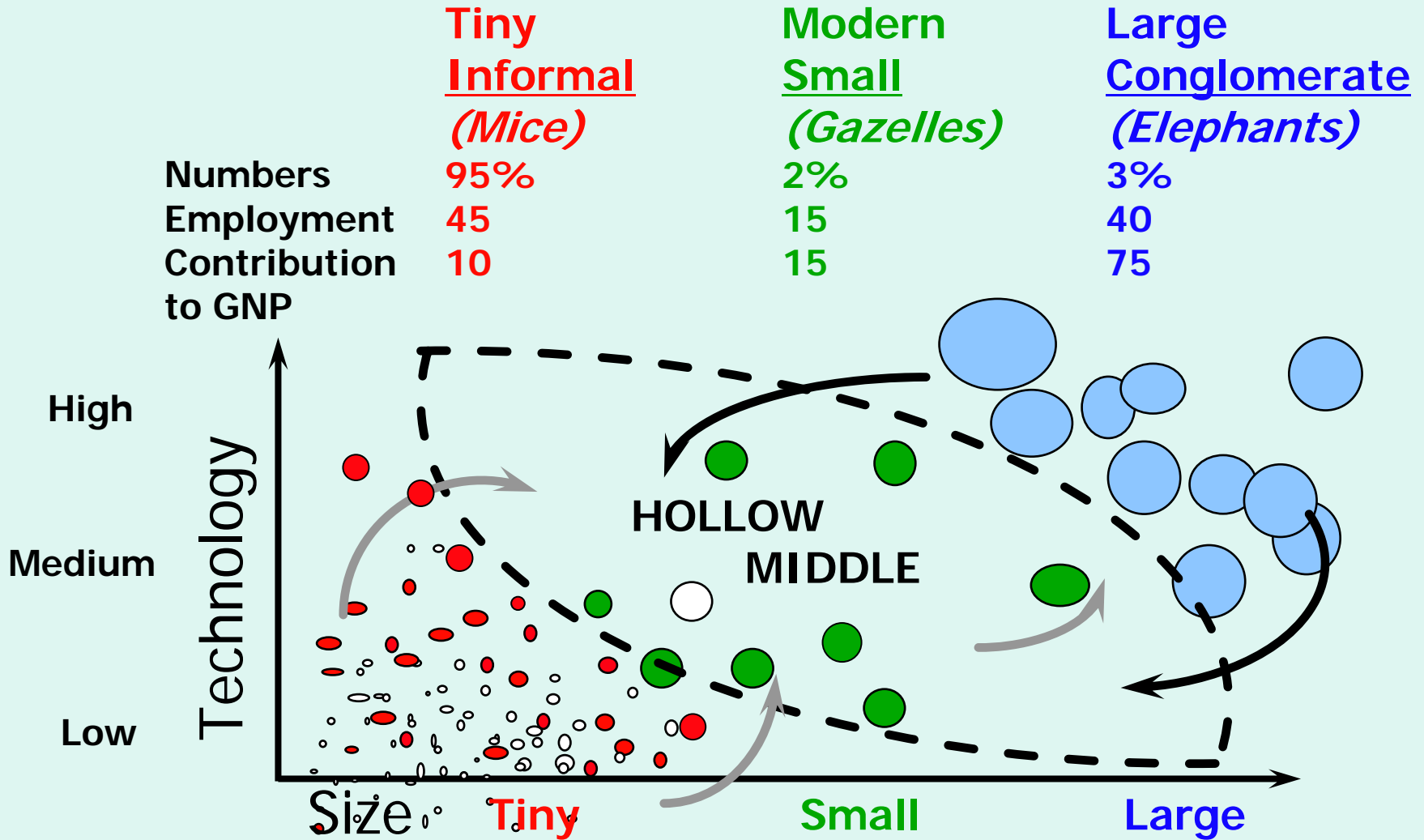
The poor - often homeless, helpless, hopeless - deserve a better life, good schools, health center, water, sanitation, electricity

Earth is Getting Flatter - but not yet Flat or Fair

- **Outsourcing as part of world trade** has been going on for ages: **Now accelerated by ICT and globalization.**
- **Populations are aging and declining in rich countries** while proportion of the young rises in the poor. This poses dilemma: **Import young workers OR export the work ?**
- **Offshore Outsourcing** enables a corporation to focus on its core while manufacture, research, services are out-sourced: **Is the outsourcing threat real OR overblown ?**
- **Globalization is good for some, NOT good enough for many** Cultural diversity and indigenous communities are being eroded. **Income gaps are widening in rich and poor nations.**

Challenge for AABI is to facilitate outsourcing of biz & med services, research, engineering, to Asian countries

Enterprise Development Pattern



How can 'Tiny informal' & 'Modern small' be better served ?

China and India - *Now on a roll !*

- **India Government** relaxed controls in early 1990s, then **IT sector** booms, now employs a million with sales \$20 bill
Automobile production rises four-fold from 1993 to 2000
Pharma, generics to double to \$10 bill by 2010
Bollywood makes 1,000 movies a year, 4 times Hollywood.
For foreign market, B'wood cuts down length from 3 hrs to 2
- **China's socialist system** has helped triple per capita income in a decade and brought millions out of poverty.
Today, its products (and investments) flood world markets
- **Chindia has critical issues, now being addressed:** energy, environment and empowerment, as well as political stability.

***The KungFu Panda and the Yogi Tiger have great dynamism
Together they can help re-balance the world***

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Current concerns are prologue to the future

- Today most incubators are public-private partnerships, with the state providing one-third+ of annual operating expenses. ***New sustainable 'convergence models' are required***
- More than half world's 5,000 incubators are in developing nations. But most of these are in only three (China, Brazil, Korea) ***Major effort is needed to expand in other nations***
- Majority of incubators in emerging economies focus on technology. ***Now social innovations and NGOs must be encouraged to address key development concerns***
- National and Regional Associations have emerged. ***AABI has to be reinforced and its role enhanced***

***Asian countries have to move towards balance between:
Public intervention - Private Initiative - Inclusive Development***

AABI must now develop greater role in moving incubators to high-performance incubation

Co -incubate > Co-innovate > Cluster

Generate funds for incubator and clients

Virtual e-xchanges for poor/rural community

Build networks of associations - natl / internatl

Web-tools> monitoring - evaluating - enhancing

Promote Journal / Research on Entre'ship issues

Mobilize State, Community, Diaspora, UN, WB, Media

Integrate incubation in national innovation system

Build Skills, Accredite Managers & TBI, Exchange Clients

Workshops*, awards*, IBIs*, robust website, advocacy

Two fingers can do little. But TEN fingers in two clenched fists can knock down a wall (or build a pyramid !)

China pioneered 'International Business Incubator'

Now, AABI & NBIA /USA have initiated similar programs

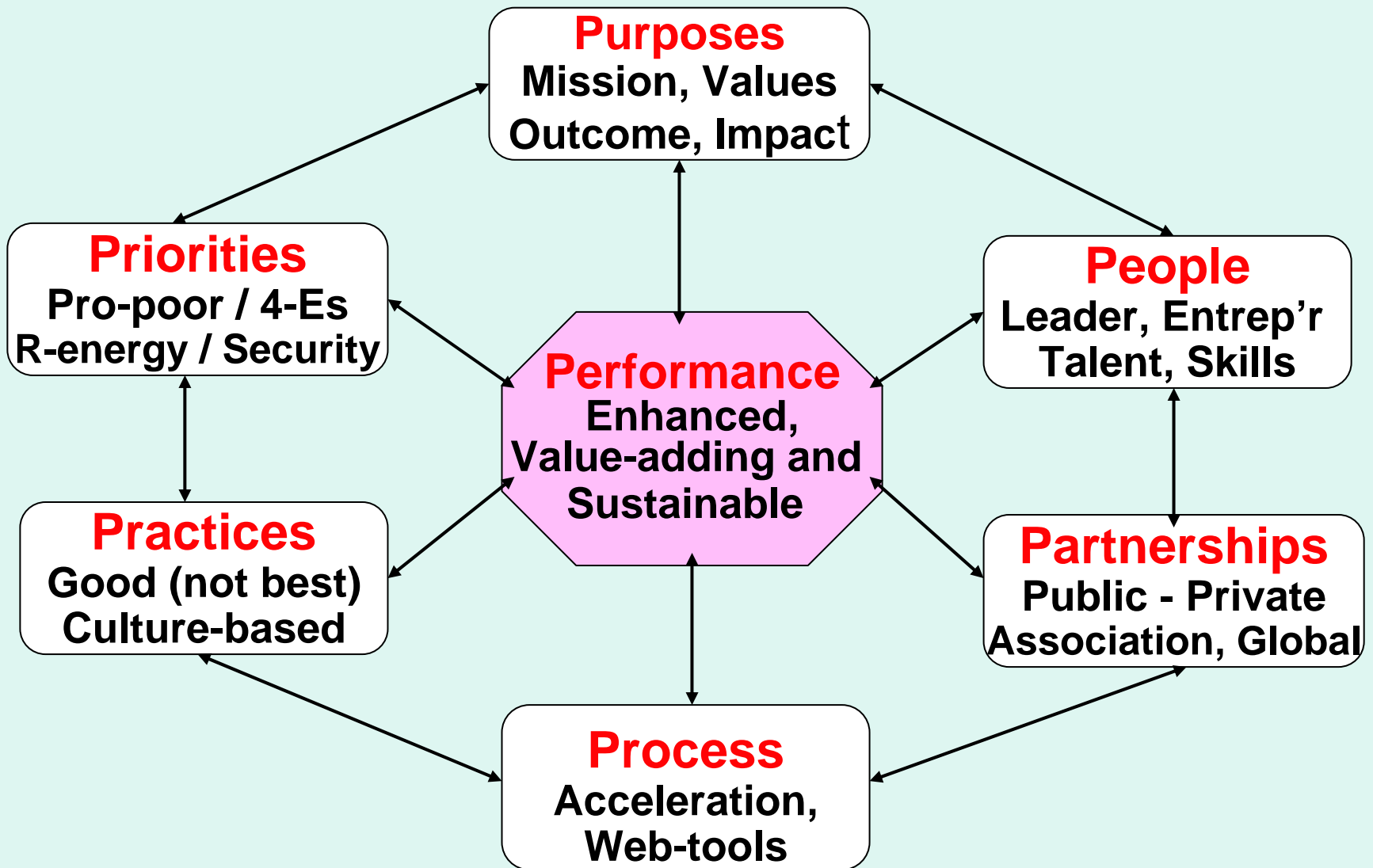
- Provide local support to reduce 'risks', Develop markets
- Counsel on culture, staff, funding, taxes, partnering, PR, R & R

What has been the progress to date ?

Other Internationalizing Initiatives:

- *FUMEC/Mexico* now has incubators in USA, Canada, Spain
- *Shanghai-Montpellier/France* cooperation encourages exchange of ventures. Now China has IBIs in Russia, USA, UK
- *SODBI/Kazakhstan and Ukraine TechCenter* launch *TCNet*, to link East Europe/Central Asia for access to service providers
- *TransAtlantic Research and Business Accelerator*, links innovative East USA to West Europe (Sc Alliance, Netherlands)

Seven P's for Enhancing Future Performance



Modify Incubation Model to Tackle New Challenges

<i>Emerging Trends</i>	<i>>> Incubation Response</i>
<u>Rapid techno growth</u> , Climate/security/energy	<i>Pre-incubate, select</i> , Gazelles-from-Day-One Blend local + adv. Tech. Move to Web 2.0
<u>Outsourcing: bizservices</u> R&D,manufacture,health	<i>Clusters, partnerships</i> . IBIs for soft-landings, co-innovation4co-ompetition, affiliates-at-home
<u>Internet apps</u> abundant, speed-simplify-synergy	<i>Use virtual services</i> for home-based ventures, for rural & informal communities.
<u>Globalization</u> : free flow of ideas, trade, funds, folk	<i>Harness alumni, diaspora</i> . Form clusters for SMEs to enter regional /global markets
<u>Paucity of funds</u> for incubator /entrepreneur	<i>Explore angel equity for clients</i> . Royalty and Equity participation for incubators
<u>Pervasive poverty</u> , jobs, widening disparities	<i>Strengthen 'Social incubators'</i> by e-learning, Use civic entrepreneurs to serve poor @ BoP.

Modify Incubation Model to Tackle New Challenges - 2

<i>Emerging Trends</i>	<i>>> Incubation Response</i>
<u>Impact of History, Culture Geography, Demography</u>	<i>Mobilize media, policy, community.</i> Build associations, publications in local languages
<u>World faces new threats</u> - Internal & external	<i>Move incubation to advanced technologies:</i> nano, bio, security, space, environment, energy
<u>TBI concept still poorly understood</u>	<i>Integrate incubation in National Innovation Plan,</i> SME system, Fiscal regime
<u>TBI performance/sust'ity</u> needs enhancement	<i>Expand Manager's skills/services/revenues/ value thru Seven p's</i>
<u>Guidance to TBI mgt</u> is weak, or non-existent	<i>Strong Board but with delegated autonomy</i> to management team
<u>Demonstrate TBI utility</u> with spons, pols, media,	<i>Monitor/Evaluate with I-net & Web tools,</i> >> Strategic Performance Enhancement Plan

Being good is not good enough ! Moving from Good to GREAT requires Motivated team and Action with Passion

From Bold Vision > Strategic Plan > Action



Ultimately, it is Policy & Plan, implemented by People & Process, that can Anticipate, Accept and Lead Change

***It is not the strongest of the species that survive,
nor the most intelligent,
but the ones most responsive to change.***

Charles Darwin

