

International Journal of Applied Entrepreneurship

Volume 1 Issue 2

A light gray world map is centered in the background of the page. The map shows the outlines of continents and major islands. The title of the journal is positioned over the map, and the article title is positioned over the map's lower half.

The Availability of Business and Incubator Premises for Under-Represented Groups in Wales

Marilia Angove and Dr. Brychan Thomas

Welsh Enterprise Institute, University of Glamorgan Business School

ISSN 1742-5824

Abstract

The study of business and incubator premises in Wales has been conducted at a time of considerable change and development. Start-ups often have access to financial assistance which could have a significant impact on the sustainability and growth of the business. Primary research undertaken by the Cyfenter Development Partnership identified premises as an issue which impacted on start-up, sustainability and growth. The findings regarding the purpose of incubators showed that more than half were concerned with two main areas of activity which were to provide a means for SME start-ups and service and manufacturing sectors. Two main types of support services provided by the incubators were training and mentoring. This contrasted with the key services identified by 'incubees' which had a critical impact on establishing their business. Regarding the diversity of the tenants this showed that all under-represented groups except refugees were active at the incubators with the highest represented group being women followed by young people and the over fifties. Two case studies of good practice in England and Wales are provided which are based on different models – the property model and the hotdesking model. With the property model elements of good practice include hub champions, a knowledge base, the properties, enterprise gateways and hub directors. For the hotdesking model good practice involves twenty-four/seven accessibility, open plan layout and access to state of the art multimedia equipment and reception facilities.

One of the salient features of the survey method was that it offered greater possibility for replication and could be used to provide a cyclical picture of the business and incubator premises available throughout Wales thus lending itself to becoming a longitudinal study. It is possible that the terminology of the incubator is a term that may not necessarily be recognised by some business premise providers despite their provision coming very close to that of a business incubator. The perception of incubator like provision may actually be distorted. This could be overcome by field work which would also enable information available from the current providers to be standardised. There may be business support premises that are underused that have the potential to be developed. An important outcome of the findings of the research will be to inform future developments by identifying needs.

Introduction

This paper summarises the Cyfenter report of a baseline study of business and incubator premises in Wales involving desk research including literature searches and direct contact through the Internet and on the telephone with a number of organisations and agencies that provide premises. The aim of the study was to consider the availability of business and incubator premises for under-represented groups in Wales, to compare with good practice in the UK and to report the key findings. For this research the following definition of incubation has been adopted:

'... a place that catalyses the process of starting up enterprises and getting them to the point that they can stand on their own. Facilities are often located near education or training institutions where start-ups can have access to management and/or technical assistance. The incubation environment generally provides office operations that are shared. Start-ups often have access to financial assistance. Space is usually leased or loaned.' (FMH Dictionary, 2003).

Additionally, business incubation can be defined as '... a process of growing start-up enterprises' (FMH Dictionary, 2003; NBIA, 2003) or as 'a range of business development processes that are employed to support the growth of small, new-start and young business ventures' (UKBI, 2003a&b).

The research has considered the following areas:

Business premises available in Wales specifically set up for new business starts

Previous research undertaken by the Welsh Enterprise Institute identified ten principal incubators in Wales that were established. A further fifteen that are in development have been identified and these are also reported. Since business and incubator premises development is a fast growing area of activity the authors are aware of considerable activity.

Incubator premises available in Wales and the UK specifically set up for new business starts

Organisations such as the United Kingdom Business Incubation (UKBI) and the Small Business Service (SBS) have been consulted regarding incubator premises specifically set up for new business starts.

Accessibility of business premises including transport links, car park facilities, disabled facilities and on site crèche

Information about the accessibility of business premises and the provision of on site facilities have been obtained from information held by the Welsh Enterprise Institute and also by contacting business premises themselves.

Number/size/purpose of business premises

Details regarding the number, size and aims of business incubator premises have been obtained from Wales and UK statistics, as well as specific sources in the literature and also data held by the Welsh Enterprise Institute.

Location/number vacant/available in each region

Data on business incubator location, vacancies, availability, waiting lists and time have been obtained by contacting the business incubation premises. Information regarding location has been mapped for Wales using a Geographical Information System (GIS) from post code data (Maps 1, 2 and 3).

Lease of premises

Lease of premises and 'moving on' have been considered and the amount charged after this period has finished and the procedure for moving on to the next stage have also been considered.

Cost of premises, rents, rates and any other costs

Data concerning the cost, rents, rates and other costs of incubator premises have been obtained by contacting relevant bodies.

Additional support services within incubators

Additional support services within incubators have been considered including training and mentoring.

Nature of incubators

Information regarding the nature of incubators has been collected including details concerning gender, age and race.

Specific incubator examples within Wales and the UK

Case studies of a leading incubator in Wales and a leading incubator in England have been provided.

The baseline study was commissioned as part of the Cyfenter Development Partnership under the EQUAL initiative, which is part funded by the European Social Fund GB.

Research Approach and Methodology

The study has audited published materials, initiatives and project papers which highlight the premises available within Wales and the UK and alternatives to such incubator schemes. In relation to this there has been an evaluation of the processes and procedures involved with obtaining premises including how easy it is to do this.

The study has been carried out in the following way:

- Literature searches involving the review of publications and journals regarding business and incubator premises.

- Internet searches to identify Wales, UK and international practices and perspectives.
- Liaison with clients involving the WDA to enquire upon existing reports and information resources relevant to the study.
- Enquiries with appropriate agencies such as UKBI, Finance Wales, the National Assembly and local authorities.

In addition to the above a business and incubator premises electronic questionnaire survey was distributed to incubators in Wales by e-mail to seventy five incubators. Of these eighteen incubators responded returning the survey form by e-mail and post. The number of questionnaire forms returned equated to a sample size of 24%. The results of the questionnaire are reported in the next section.

The salient features of the survey method were:

1. It was appropriate for collecting specific incubator data and information.
2. It was feasible given the tight project deadlines.
3. Broad generalisations and inferences could be made from a small sample.
4. It offered greater possibility for replication.

The study provides a basis for further consideration of business and incubator premises which could be developed by the Cyfenter Development Partnership under the European Equal programme.

During the process of carrying out the research we came across several current studies in Wales. These included a pan Wales incubation survey by UKBI (a generic study), a technology based overview of business incubation facilities in Wales by the WDA, the Merthyr Tydfil feasibility study on the demand for incubators (focused on the geographical area) and a post graduate study into business incubation in Wales. There was also a European benchmarking study undertaken in 1998 which provides some interesting comparisons between countries that might deserve more attention but in the time-frame of this study it was not possible to consider.

Research Findings

Incubator premises available in Wales specifically set up for new business starts

The 10 principal incubators in Wales, currently in operation, are the Bangor Innovation and Technical Centre (ITC), BIC Eryri, Cardiff Business Technology Centre (BTC), Cardiff Medicentre, INTEC Bangor, Menai Technology Centre (MENTEC), OpTIC Technium, Graduate Teleworking Initiative (GTi) at the Valleys Innovation Centre (VIC) Abercynon, University of Wales College of Medicine (UWCM) Spinout Programme and the University of Wales Swansea (UWS) Innovation Centre. Other important incubation developments in Wales which were not listed by UKBI are the Technium Centre and the Technocentre. Technium is a specialised business support centre based at the Prince of Wales docks in Swansea. The purpose built

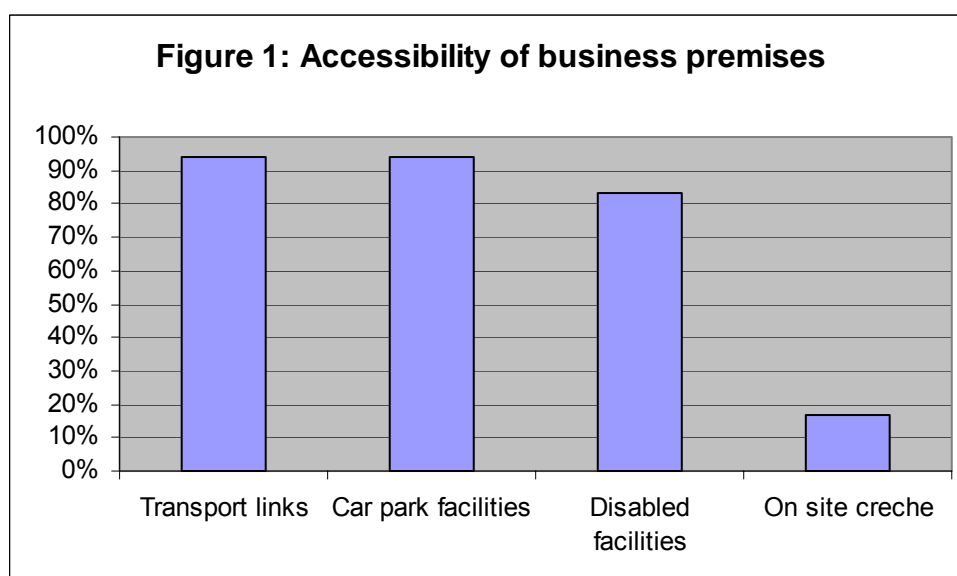
building is intended to house up to 18 high growth businesses. Within the building is specialised business support in the form of the technology transfer team from the WDA, ITC and Know-How Wales's representative. The high-level business support allows businesses to quickly access finance, technology and business support directly. The Technocentre is a modern detached two-storey building providing good quality accommodation for small businesses located in Ocean Park, Cardiff Bay. Further incubation developments include @Wales Digital Media Initiative (Cardiff Bay) which is an important incubator and closely linked to the WDA, the Innovation, Creativity and Enterprise (ICE) Centre, University of Wales College Newport (UWCN), Bio Technium at the National Gardens of Wales, FE developments including Ideapolis (Neath Port Talbot) and Dare Business Centre based at Coleg Morgannwg Aberdare campus and the Techniums at Nantgarw, Aberystwyth and Swansea (2 developments). These developments show that there has been concerted activity in Wales, in recent years, based upon European, all Wales, regional and local incubation initiatives.

Incubator premises available in Wales and the UK set up specifically for new business starts

The distribution of incubator premises available in the UK specifically set up for new business starts shows that approximately 77% of incubator premises are located in England, 14% in Scotland, 6% in Wales, 2% in Northern Ireland and 1% in the Isle of Man (Barrow, 2001). In fact, more recent data for the UK (Europa Enterprise, 2004) shows that Wales has 5% of the business incubators.

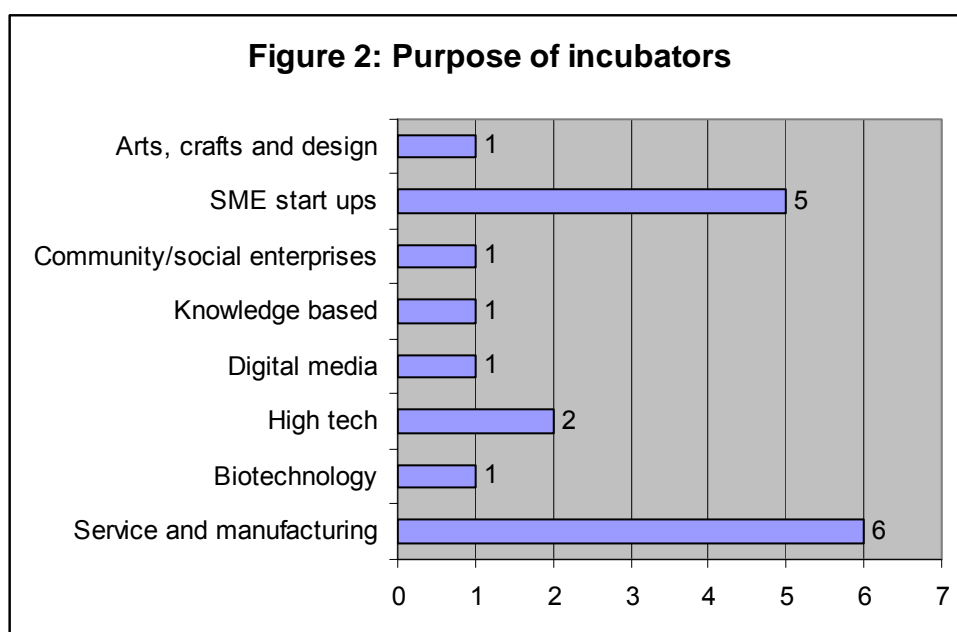
Business and incubator premises survey results

Following obtaining information concerning incubator premises from the literature, which is described above, we undertook the business and incubator premises survey which is described below. From the returns to the questionnaire nearly all the premises (94%) provided transport links and car park facilities (94%), 83% disabled facilities but only 17% provided an on site crèche (Figure 1).



With regard to the standard of transport links only one incubator had a low rating of 2, four had a rating of 3, ten had a rating of 4 and two had the top rating of 5. This gave an average rating of 3.6. The standard of car park facilities ranged from one incubator with a 1 poor rating, four with a 3 rating, six with a 4 rating and six with the top 5 exceptional rating. This gave an average rating of 3.7. The standard of disabled facilities ranged from two with a 2 rating, four with a 3 rating, five with a 4 rating and four with a 5 rating. This gave an average rating of 3.1. For the standard of crèche facilities only three incubators had these facilities – one with a 2 rating and two with a 5 rating. This gave an average rating of only 0.7. The results show that car park facilities had the highest standard with 3.7, transport links the next with 3.6, followed by disabled facilities with 3.1 and finally crèche facilities a long way behind with only 0.7.

The size of incubator varied from only 55 sq m to 8,000 (est) sq m. This gives an average of 2,055.7 sq m. The number of incubator units varied from 1 to 160 giving an average number of units of 25. The purpose of incubators (Figure 2) involved starting up various types of businesses. This included six incubators specialising in service and small manufacturing businesses, one in biotechnology start-ups, two in small high tech start-ups, one in digital media, one in knowledge based business, one in community/social enterprises, five in SME start-ups and one in arts, crafts and design.



The ease of obtaining premises varied from very easy to not easy involving an application procedure, the need to meet requirements and also programmes. The number of vacant incubator units (Table 1) totalled 76 with an average of 4 per incubator.

Table 1: Number of Vacant Incubator Units

Incubator	Vacant units
Bio Technium	12
Bridgend College Enterprise Centre	1
Celtic Enterprise Village	3
Clwydfro Business Centre	1
Conway Business Centre	0
Digital Technium	7
Enterprising Art/Ideas	3
GTi	n/a
Ideapolis	1
INTEC – Bangor	1
NEWI Innovation Centre	4
Newport & Gwent Enterprise	20 (est)
Newport City Council	0
Pembrokeshire CC	20
Sandfields	0
Technium	0
UoG Spinout Incubator	1
Vale Enterprise	2

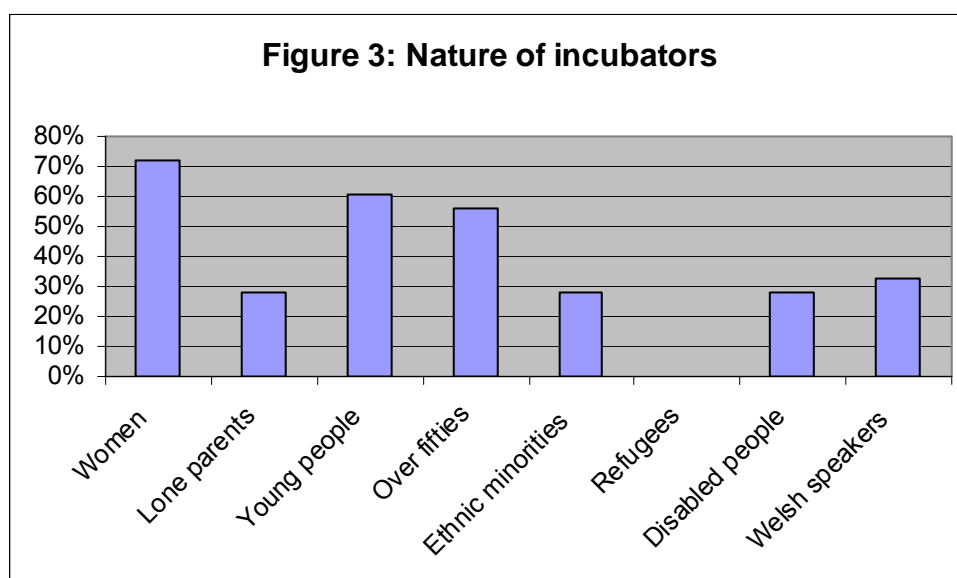
Only six incubators had waiting lists (Table 2) and three with waiting times of 2-4 weeks, 4-5 weeks and 5 months and 1-2 years, respectively.

Table 2: Waiting Lists and Time

Incubator	Waiting List	Waiting Time
Bio Technium	Yes	Unknown
Bridgend College Enterprise Centre	No	None
Celtic Enterprise Village	No	n/a
Clwydfro Business Centre	Yes	Unknown
Conway Business Centre	Yes	1-2 years
Digital Technium	No	2-4 weeks
Enterprising Art/Ideas	Yes	4-5 weeks and 5 months
GTi	No	None
Ideapolis	No	None
INTEC – Bangor	No	None
NEWI Innovation Centre	No	n/a
Newport & Gwent Enterprise	No	None
Newport City Council	No	n/a
Pembrokeshire CC	n/a	n/a
Sandfields	Yes	Unknown
Technium	Yes	Unknown
UoG Spinout Incubator	No	None
Vale Enterprise	No	None

The length of lease on premises varied between two incubators providing a lease of 6 months, four incubators providing leases of 12 months, three with 18 months and nine with over 18 months. For the charge for premises after

the lease period only one incubator required that the rent might step up by a pound per sq ft. The cost of premises varied between £4.93 per sq ft to £90-£300 per month to £7,000 per annum. The main types of support services within incubators were training (67%) and mentoring (78%). Other support services included network, business and innovation support. There was also general assistance and help, creativity, business planning, sales and marketing guidance.



The numbers of under-represented groups at incubators (Figure 3, Tables 3 and 4) showed that 72% had women, 28% had lone parents, 61% had young people, 56% had over fifties, 28% had ethnic minorities, none had refugees, 28% had disabled people and 33% had Welsh speakers.

Case Studies of Good Practice

Graduate Teleworking Initiative (GTi)

The Graduate Teleworking Initiative (GTi) is a programme funded by the European Union (EU) European Regional Development Fund (ERDF), the Welsh Development Agency (WDA) and the University of Glamorgan (UoG). It is a pilot programme providing a hotdesking incubation facility for graduates starting up in business in the Valleys area of Industrial South Wales. The Telematics Development Group of the Department of Information Systems and e-Learning Services (ISeLS) at the University of Glamorgan manage the project. GTi aims to provide a business incubation service for graduates of UoG and Pontypridd College at the Valleys Innovation Centre near Abercynon. Twenty four hours, seven days a week, access is provided to state-of-the-art multimedia equipment and reception facilities. Most of the graduates involved with the project are from the New Media field with skills in Web design, graphics, product design, CD production, media editing, animation, 3D rendering, touch screen technology, streamed media, Quicktime and Microsoft Office applications. GTi is a networked multimedia

facility and local sponsors include Merlin PR, British Telecom, Alcatel, PKF, Leo Abse and Cohen and Rhondda Cynon Taff County Borough Council. At present there are several start-up companies and freelancers using the GTi facilities on a regular basis. These include companies such as HE2K, Triage.uk.com, MAWR Ltd., Logos and KnowNet. A comprehensive software portfolio is provided including Director, Adobe Acrobat, Dreamweaver, Photoshop, Quark Xpress, Adobe Illustrator, Adobe Live Action, Fireworks, Flash, Fereehand, Hot Metal Pro, Adobe GoLive, In Design 3D and 3D Studio Max. Hardware includes 4 G4 Power Macs, 2 Viglen Multimedia PCs, 1 Touchscreen IMAC, 1 ibook laptop MAC, a CD writer, Video camera, photocopier, Sony Portable LCD Projector, Digital Camera, Scanner, Zip Drive, Printer, Wacom Pads, Fax machine and a Plotter.

The University of Surrey Hatchery

There is a long tradition at the University of Surrey for promoting innovation and new ventures. In 1986 it opened a £70 million Science Park (The Surrey Science Research Park) which houses an incubator (the Surrey Technology Centre). A pre-incubator has been established on the Surrey Research Park to enable the commercialisation of research from within/outside the University. The pre-incubator is the first of four to be developed under a consortium bid to the Higher Education Innovation Fund with others at the Universities of Bath, Bristol and Southampton. Intended for nascent entrepreneurs with a sound business idea they link into the knowledge base of the four universities. The incubators offer managed workspace, including reception facilities, a telephone answering service, diary management and meeting rooms, and the users are supported with training, business and technological mentoring and networking opportunities. These are provided with a range of both local and regional activities locally and through the consortium.

The Surrey pre-incubator opened in July 2002 on the Surrey Research Park, where there are currently eleven nascent businesses, involving ideas including the use of modern technology to improve efficiency of patient-centred cancer care, generation of electricity from air pollution and light emission from silicon. Businesses are given help and support to formulate a business plan and bring them to an investment ready stage. Following this an exit strategy will be formulated to move into commercial premises, usually the University's incubator and then to premises on the Research Park. It is intended that in the process the University will retain links with the businesses as they develop and grow fulfilling one of the Government's objectives to link universities with the SME community.

Discussion, Conclusions and Future Research

The study has been conducted at a time of considerable change and development for business and incubator premises across Wales. Due to this, in order to identify our population of providers, we underpinned the study by adopting the FMH dictionary (2003) definition as our starting point. This reported that start-ups often have access to financial assistance which could have a significant impact on the sustainability and growth of the business. In relation to this one of the salient features of the survey method was that it offered greater possibility for replication and could be used to provide a cyclical picture of the business and incubator premises available throughout Wales thus lending itself to becoming a longitudinal study. Primary research undertaken by the Cyfenter Partnership identified premises as an issue which impacted on start-up, sustainability and growth.

The results of the survey showed that business and incubator premises' car park facilities had the highest standard, transport links the next, followed by disabled facilities with crèche facilities a long way behind (through lack of provision) (Figure 1). Although we are aware of another incubator premises that had a crèche facility they failed to make a response despite various attempts on our part. The findings regarding the purpose of the incubators showed that more than half were concerned with two main areas of activity which were to provide a means for SME start-ups and service and manufacturing sectors (Figure 2).

The ease of obtaining premises varied from very easy to not so easy involving an application procedure and sometimes waiting lists up to two years. With regard to how critical it was for start-up and establishing the business access to premises was perceived by three out of five 'incubees' as most critical. There appeared to be a small number of incubator units available due to high occupancy levels of the existing incubators. With regard to the leasing of premises there was a divergence of opinion as to the length of time the 'incubee' may occupy the premises. The variation in charges ranges from free up to £7,000 per annum.

The main types of support services provided by the incubators were training (67%) and mentoring (78%). This contrasted with the key services identified by 'incubees' which had a critical impact on establishing their business. These included reception service, franking service, meeting room facilities, low cost premises and advice given. In addition other identified services they would like to have included Broadband Internet and secretarial services/reception. They would be prepared to pay for Broadband, reception facilities and meeting rooms.

Regarding the diversity of the tenants this showed that all under-represented groups except refugees were active at the incubators (Figure 3) with the highest represented group being women followed by young people and the over fifties. Despite the low crèche provision 28% were lone parents.

The two case studies of good practice in England and Wales are based on different models – the property model and the hotdesking model. With the property model elements of good practice include hub champions, a knowledge base, the properties, enterprise gateways and hub directors. For the hotdesking model good practice involves twenty four / seven accessibility, open plan layout with access to state of the art multimedia equipment and reception facilities. A further good practice example is drawn from our transnational partners in Germany which is called the .garage targeted at unemployed under 35s. Support is provided over a six month period with access to financial support and a structure involving an assessment centre, start in groups, bootcamp, individual coaching, seminars and prognosis. The survival rate is 89%.

What has been inferred is that it is possible that the terminology of the incubator is a term that may not necessarily be recognised by some business premises providers despite their provision coming very close to that of a business incubator. Therefore the perception of incubator like provision may actually be distorted. This could be overcome by field work which would also enable information available from the current providers to be standardised i.e. like a tenants' handbook. There may be at the moment business support premises that are underused that have the potential to be developed.

An important outcome of the findings of the research will be to inform future developments by identifying needs for provision as per request from one of the respondents who is looking to this information to develop incubator units/premises in Carmarthenshire.

References

Barrow, C. (2001) *Incubators: a realist's guide to the world's new business accelerators*, Chichester, John Wiley & Sons.

Europa Enterprise (2004) Business Incubators Database,
<http://europa.eu.int/comm/enterprise/bi/>.

FMH Dictionary (2003) <http://www.dinfmehere.com/dictionary>.

National Business Incubation Association (NBIA) (2003) (USA)
<http://www.nbia.org>.

United Kingdom Business Incubation (UKBI) (2003a) *Benchmarking Framework for Business Incubation: Final Report*, January, UK Business Incubation.

United Kingdom Business Incubation (UKBI) (2003b) <http://www.ukbi.co.uk>.

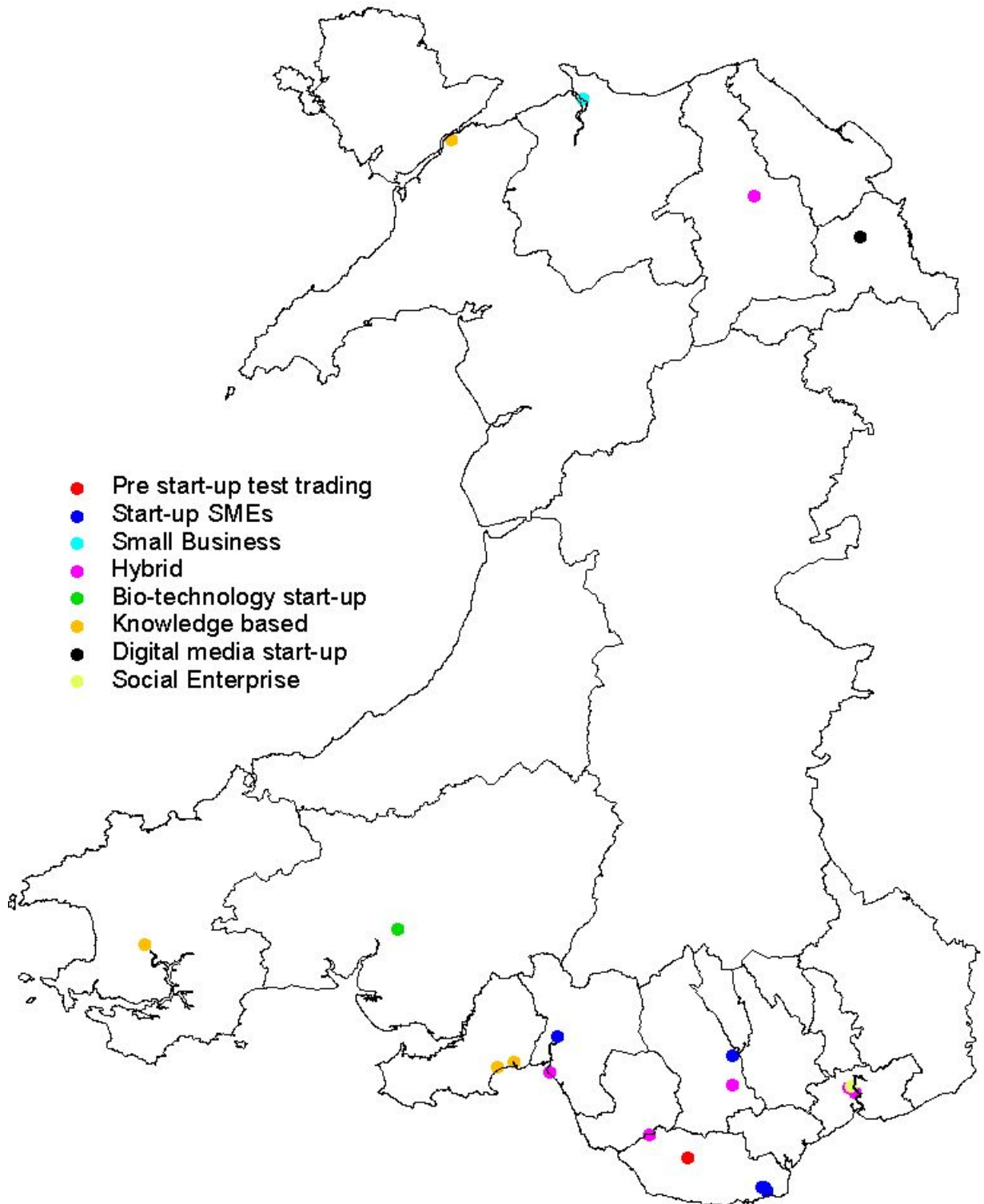
Table 3: Under-represented Groups at Incubators

Incubator	Women	Lone parents	Young people	Over 50's	Ethnic minorities	Refugees	Disabled people	Welsh speakers
Bio Technium								
Bridgend College Enterprise Centre	√		√	√				
Celtic Enterprise Village								
Clwydfro Business Centre	√		√					√
Conway Business Centre	√	√		√				√
Digital Technium								
Enterprising Art/Ideas	√	√	√	√			√	
GTi	√	√		√	√		√	√
Ideapolis	√	√	√	√			√	√
INTEC – Bangor	√		√	√	√			√
NEWI Innovation Centre	√		√					
Newport & Gwent Enterprise	√		√					
Newport City Council								
Pembrokeshire CC								
Sandfields	√		√	√				
Technium	√	√	√	√	√		√	√
UoG Spinout Incubator	√		√	√	√		√	
Vale Enterprise	√		√	√	√			

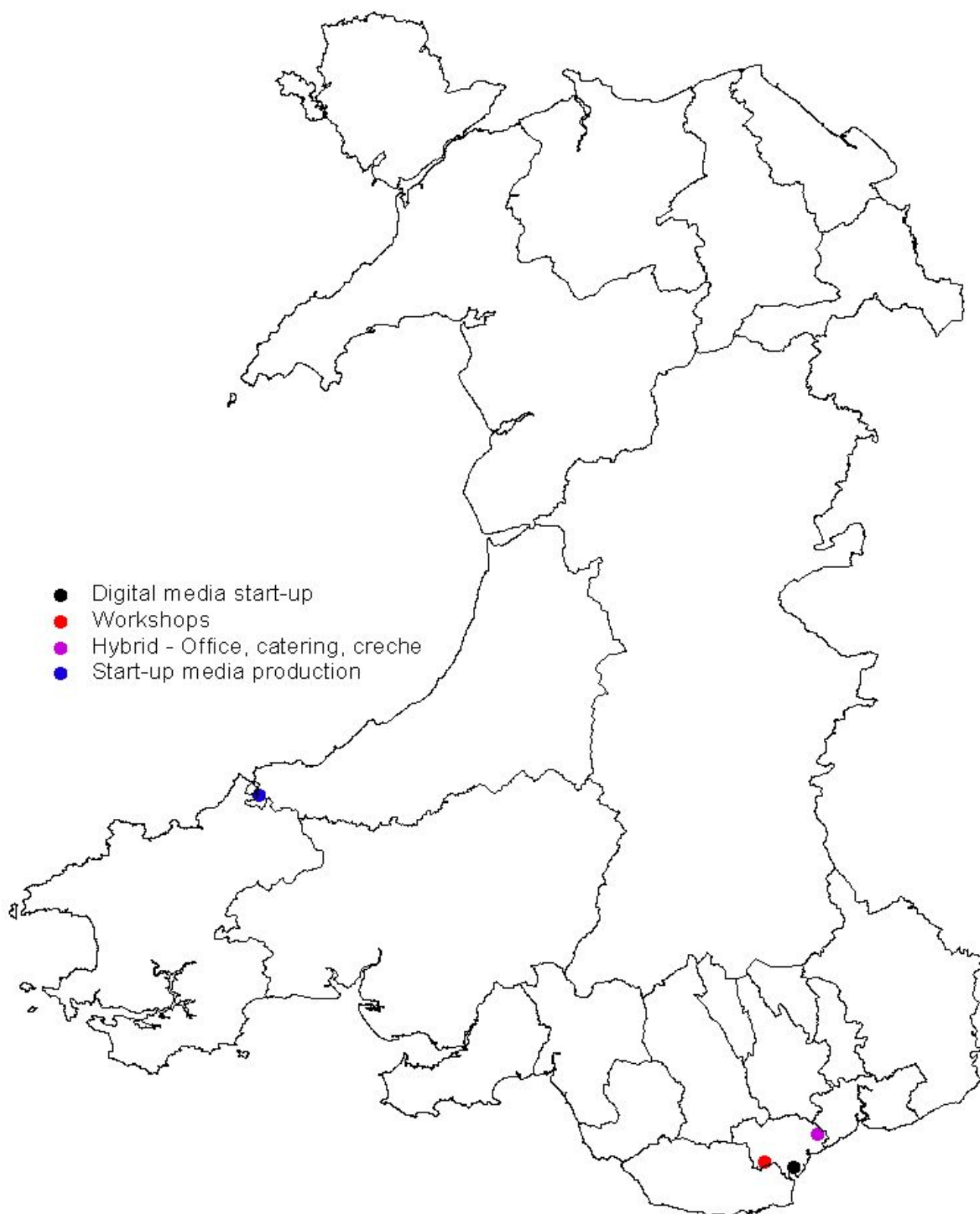
Table 4: Number of Under-represented Individuals at Incubators

Incubator	Women	Lone parents	Young people	Over 50's	Ethnic minorities	Refugees	Disabled people	Welsh speakers
Bio Technium								
Bridgend College Enterprise Centre	3		28	1				
Celtic Enterprise Village								
Clwydfro Business Centre	3		1					1
Conway Business Centre	5	1		5				3
Digital Technium								
Enterprising Art/Ideas	25	3	2	8			4	
GTi	50	2		1	20		2	5
Ideapolis	2	?	12	2			1	3
INTEC – Bangor	20	?	30+	5	3			40+
NEWI Innovation Centre	3		5					
Newport & Gwent Enterprise								
Newport City Council								
Pembrokeshire CC								
Sandfields	10		18	2				
Technium	~20	?	~60	~10	~10		~5	~50
UoG Spinout Incubator	1		1	1	1		1	
Vale Enterprise	?		?	?	?			

Map 1: Business and Incubator Premises Questionnaire responses



Map 2: Business and Incubator Premises sourced from the Internet



Map 3: Primary Research Quotes regarding Premises

