

Incubating Your Business Idea

Last week we looked at the six critical success factors to growing our Silicon Vineyard. This week we will look more closely at incubating your Internet idea.

What is “incubating” an Internet idea all about? Let’s first start with the concept of how business incubation can help any business in any industry.

Business incubation has been around for some time now and does not just apply to high technology start-ups. It is based upon the principle of providing start-up companies with access to capital and critical resources during the start-up period when they are most vulnerable. Incubators provide hands-on management assistance, access to financing and orchestrated exposure to critical business or technical support services – as and when you need them. They also offer entrepreneurial firms shared office services, access to equipment, flexible leases and expandable space — all under one roof.

An incubation program's main goal is to produce successful graduates — businesses that are financially viable and freestanding when they leave the incubator usually in two to three years.

Like venture capitalists, incubators impose selection criteria upon prospective clients. Some accept a mix of industries, but others concentrate on industry niches.

With the growth in the Okanagan High Technology Industry, we have recently seen renewed interest in starting an incubator in Kelowna for Okanagan high technology start-ups. This is great news for technology start-ups. I will keep you posted as the idea further develops.

Business incubation entities, whether private or public, are becoming an increasing trend in the business world. It is almost a separate industry itself.

One of the most recent trends in business incubation is to focus on a specific area of technology, for instance the Internet, and only provide incubation services to start-ups using this technology.

In the current Internet mania, billions of dollars in funding are chasing thousands of ideas. But it's nearly impossible to find people to execute those ideas. In Silicon Valley there are currently hundreds of CEO searches for venture-backed start-ups. This model is inverted. Historically, successful venture capitalists backed successful people. Now money is being packaged with an idea and then a desperate search for talented management ensues.

Internet incubators are about to turn this business model upside down by providing a feeding ground for new ideas to get to market very fast.

Let’s look at two Internet Incubators.

Firstly, in May of 1999, eCompanies (www.ecompanies.com) launched an Internet Incubator in the heart of Silicon Valley in the US that has been extremely successful. They are creating businesses at Internet speed with an impressive concept to market launch of only three to six months.

Time to market is extremely important in the Internet world. An entrepreneur typically spends 90% of their time when starting a business raising money, securing partners, finding talent, etc. They spend the remaining 10% on product development and marketing, the two activities that will make the company win in the market. The eCompanies concept breaks down all the barriers.

Secondly, in November 1999, Brightspark (www.bspark.com) launched an Internet incubator in Toronto, Ontario. The key differentiator with Brightspark is their very strong, proven track-record management team. Very few Internet Incubators can boast of such high quality talent available to the Internet start-up entrepreneur.

So if you have a bright idea for an Internet start-up company, why not consider incubating your Internet idea?

Incubating may be the best business birth decision you will ever make.

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