

**BEST BUSINESS INCUBATOR IN Serbia**

1. Name of the business incubator and name of its head:

Name of the Business Incubator: **Business Incubator Center (BIC) Nis**



Name of the Head: **Sonja Vucic**

Address:

Street: **Sumadijska 1**

City: **Nis**

P.O. Box:

Telephone: **+381-18-291-344**

Fax: **+381-18-291-345**

E-mail: [sonja.vucic@bicnis.co.yu](mailto:sonja.vucic@bicnis.co.yu)

Internet address: [www.bicnis.co.yu](http://www.bicnis.co.yu)

2. The year when the Business Incubator was established:

**In Year 2005:**

- **BIC was registered as company on July 27<sup>th</sup> 2005.**

- **Official opening ceremony held on September 30<sup>th</sup> 2005.**

**The Business incubator in Nis has been set up in the frame of the project «ENTRANSE» - Private sector development – Republic of Serbia, approved in September 2004 and financed by the Ministry of Foreign Affairs of the Norwegian Government. It consists of establishing the business incubator and implementing the training programme for starting business with a clearly defined strategy to gradually grow into an industrial park. The leading international partner for the realization of the project is SINTEF – Norwegian Foundation for Scientific and Industrial**

ERENET-SINTEF Project on Benchmarking of Business Incubation

Questionnaire

Page: 1

**Financing.** The domestic partner is the Ministry of Economics and the institution for implementation is the Republic Agency for Development of Small and Medium Enterprises (SMEs). One of the founders as well as the local partner in the project is the Regional Agency for Development of SMEs Nis.

3. The size of the Business Incubator in m<sup>2</sup>:

**2,700 m<sup>2</sup>, - 2,100m<sup>2</sup> is the production area with 14 workshops, information service and 3 sanitary rooms. The remaining 600 m<sup>2</sup> is the administration area with about ten offices and a large 150 m<sup>2</sup> training hall.**

4. The purpose and type of the Business Incubator

- Classical business incubator with different tenants;
- Specialized business incubator oriented for certain businesses**
- Business incubators for service industries;
- Technological oriented business incubator;
- business incubator oriented for women entrepreneurs;
- Business incubator oriented for youth;
- Export processing incubator;
- Other type of business incubator (please specify)



**Note:** The main tenant’s activities are: Metal processing and production of decorative objects; Production of steel constructions for greenhouses; Production of spare parts for agricultural machines; Production of baits; Production of metal dishes; Production of nails; Manufacturing of non-ferrous metal casting; Production of medical equipment and three MIN holding mechanical engineering programmes.

5. What are the concept and the Vision of the Business Incubator?

**The basic concept of BIC is best explained in their mission aiming to “help the development of small and medium-size entrepreneurship through providing business premises, offering business and other services in the most critical stages of company development and thus influence the rise of employment and become a respectable initiator of the economic development of the Nis region”. That is to say that the BIC concept consists of offering help to small and medium enterprises in order to decrease business risk in the initial stages of development, particularly in the first 2 or 3 years of**

existence. Since BIC is located within the large industrial complex of MIN (Metal Industry Nis) it is our vision that BIC should grow into a technology park in the field of mechanical engineering. In the realisation of this vision logical and viable growth and development are assumed. The dynamics of that realisation would imply passing from the present initial stage to a further stage which would be the development of the concept of »incubators without walls«. Thus, it would be made possible to attend to a greater number of tenants which is at the moment limited to 14 tenants. In that intermediate stage of the incubator development the tenants would be relocated from the present location but with the identical and standardised service level. There is a plan for the year 2006 to include 50 more entrepreneurs from Nis and its surrounding area.

6. On which initiative was the Business Incubator created (Government, local authorities, business communities, others – please specify)?

**BIC was created further to a direct agreement between the Government of the Republic of Serbia and the Government of the Norwegian Kingdom signed in 2004 which officially introduced the ENTRANSE project. The issue of business incubators imposed itself as the central task of the project. The initiative of the city of Nis followed, seconded by the Regional Centre for the Development of Small and Medium Enterprises. The official decision to establish BIC was reached on January 31, 2005 in the Parliament of Nis.**

7. Do you have a Business Plan?

**Yes, there is a Business Plan, adopted in February 2006.**

- Contents of Business plan - 10 parts:**
- 1. Short overview**
  - 2. Basic information about BIC Nis**
  - 3. Mission Statement and strategic goals of BIC Nis**
  - 4. Organization and Management**
  - 5. Location**
  - 6. Cooperation with local and national bodies and environment**
  - 7. Integrated support program for enterpreneuers development**
  - 8. Procedures and rules**
  - 9. SWOT analysis**
  - 10. Financial sources and financial projections**



8. How is/are the owner(s)/stakeholders of the Business Incubator?

**BIC is registered as a public limited company with two owners:**

- 1) The City of Nis – 51% stake
- 2) The Regional Centre for Development of Small and Medium Enterprises – 49%.

**Other main stakeholders are:**

- The Serbian Government and the Norwegian Government as the initiators of the agreement;
- SINTEF as the implementer of the agreement;
- The Ministries of the Serbian Government, particularly Ministry of International Economic Relations, Ministry of Economy, Ministry of Science and Technology, Ministry of Education and Ministry of Social Affairs;
- NGOs – HELP, Mercy Corps, Worldwide Strategy, USAID, ...;
- Local Chamber of Commerce;
- Scientific and educational institutions, above all Faculty of Economy and Faculty of Mechanical Engineering of the University of Nis;
- National and local labour market;
- Financial institutions;
- Media.

9. What is the legal status of the Business Incubator?

**BIC is registered as a public limited company in accordance with the valid Company Law of the Republic of Serbia. This form offers a range of advantages and gives the opportunity for efficient management. The top managing body is the Board of Directors consisting of 7 persons – 6 members and the President who is at the same time the General Manager.**

10. What kind of services is provided by the Business Incubator management?

- Provides premises leased on fixed terms;
- Consulting services;
- Training of entrepreneurs;
- Shared office administration;
- Provides accounting for tenant;
- Provide access to financing;
- Provides marketing services;
- Provides technological services;
- Provides services in consumer protection;
- Provides services in quality management;
- Provides services in environment services;
- Provides coaching;
- Provides mentoring activities;
- Other services, please specify.

**Note: The training of entrepreneurs, coaching and mentoring services are foreseen but not yet activated. They are intended to be realised in three stages: pre-incubation, incubation and post-incubation. The programmes for training of entrepreneurs should consist of three modules: 1) Business idea, 2) The Entrepreneur and 3) The Market.**

Among other services that BIC offers several programmes for institutional support for entrepreneurs can be pointed out. There are three programmes among others that deserve special attention:

- 1) **The Built-in training programme is realised during the stage of incubation and lasts three years. This is an educational programme conceived in accordance with the principles of CV Matrix, following the training methodology »Do – Disclose – Discuss« (»Triple D«). This programme's target groups are the BIC tenants, as well as the prospective tenants of the Incubator »without walls«. The programme includes 8 modules as follows: Legal aspects; Organisation and Management; Technics and Technology; Business Plan; Finance; Marketing; System of Quality and Information System.**
- 2) **The Business coaching training programme is also conceived in accordance with the principles of CV Matrix, following the »Triple D« methodology. This programme's target groups are business coaches. It includes two modules – Individual Coaching and Business Coaching. We estimate this service is of the highest importance since in Serbia there are no true business coaches able to take care of the entrepreneurs, give them advice and be their tutors.**
- 3) **The Business consulting programme is intended for offering consulting services to the tenants of BIC and the Incubator »without walls«. These consulting activities would cover the fields of know-how, legal aspects, marketing, finance, management and offering business information about new products and services.**

11. In average how many tenants do you have?

**The capacity of BIC is 14 tenants. At the beginning of April 2006 there were 11.**

12. What is the incubation period – maximum year to be stay at the Business Incubator?

**It is anticipated that the incubation period in BIC should last three years. During that period the tenants enjoy a range of privileges. One set of privileges refers to considerable facilities concerning renting of business premises. Thus, in the first year the tenants are entirely free of rent, in the second year they pay only 25% of the market price (which is now, at that location in Nis, 3.5 euros per 1 m<sup>2</sup> on the average). The other set of privileges concerns considerable price reductions for accounting services. In the first year the tenants are entirely free of paying the accounting services. In the second year they pay 50% of the price, and in the third 70%. The tenants' duty is to pay bills for electricity, water, public utilities and postal services.**

13. How many businesses left the Business Incubator from the year of establishment?

**Since BIC is a new incubator that started work only last year (2005), all the set-up businesses are still in the incubator.**

14. How many businesses survived for those who left the Business Incubator?

**It is not possible to give this information for BIC since not one business has yet left the incubator. It has been envisaged to survey the tenants’ activities in the post incubation period as well. The world statistics show that the “death” rate of SMEs outside incubators in the first years of existence is 50-70%, while this is the case in only 15-30% cases of those who come out of an incubator.**

15. How is the Business Incubator financed?

- Renting;
- Providing general consultation services;
- Providing special services;
- Government/local government contribution;
- Donor contribution; - Note: this is about the first year of existence and the entire financing (100%) is made by the donor – the Norwegian Government**
- Additional financing sources.

16. How many people manage the Business Incubator?

**The BIC top managing body is the Board of Directors consisting of 7 persons – 6 members and the President who is at the same time the general manager - CEO. Apart from the Board of Directors there are two managers at lower levels:  
 – Tehnical manager – Mr Dragan Milošević and  
 - Office manager – Mrs Dragana Vukadinović.**

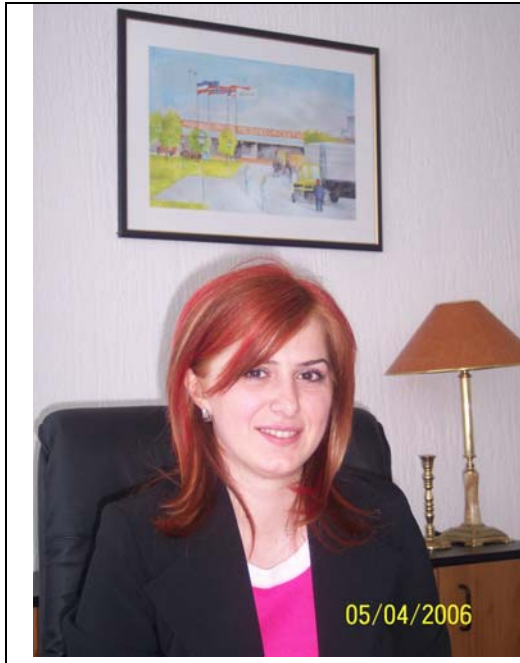
17. How many support staff has the Business Incubator? Please specify these people.

**Beside the President and two junior managers there are two more employees as the support staff:  
 1) Mr Ninoslav Jovanović – Administrator in charge of technical assistance and  
 2) Mrs Irena Petrović – in charge of the café/kitchen and maintenance of hygienic conditions.**

18. What is the education background of the Head of the Business Incubator? Please specify also his/her entrepreneurial background.

<p><b>Head of BIC is Sonja Vučić – Director/President of the Board CEO</b></p>	<p><b>Miss Vučić was born in 1974. She graduated from the School of Economics - University of Nis in 1997. She got her Master’s degree at the same school in 2002 on the subject: “Sustainable development of agriculture and technological change”. Since 1999 she has been working at the Faculty of Economics at the University of Nis as the research assistant. She is preparing her</b></p>
--	---





doctoral dissertation at the moment in the field of the sustainable development.

In 2004 and 2005 she spent eight months in Italy in Bari on professional development. She has finished the School of Public Relations in Belgrade. She participated in several projects by the Ministry of Science and Technology and the non-governmental organisation Protecta.

As for her entrepreneurial experience we can emphasise that she worked for more than four years in the marketing agency »Dream Company«, where she is one of the co-owners. The Agency has realised several projects, and among them one of the most important is the shooting of the domestic feature film »Zona Zamfirova«.

#### 19. SWOT analyses of the Business Incubator

You are kindly requested to list the main important characteristics in each category like Strength – Weakness – Opportunity and Threat (maximum 5 in each categories) starting from the most important feature and ending in the least important one.

##### STRENGTHS:

- **Domestic pilot project – the first business incubator in the country**
- **Promotion on the domestic level**
- **Considerable support on the international, republic and local levels**
- **Close cooperation with the Regional Centre for Development of SMEs**
- **Great efforts of the management and the employees of BIC**
- **Local community support**

##### WEAKNESSES:

- **Lack of experience on the part of the management and the employees ;**
- **No models (patterns) in the immediate environment (BIC is the first BI in Serbia)**
- **Delays in drawing up the business plan;**
- **Delays in adopting the budget as an integral part of the business plan;**
- **Weak financing resources structure – resource diversification needed;**
- **Bad treatment of the donation concerning capital assets (machines, equipment) ceded to tenants for exploitation;**
- **Delays in setting up the system of training and education.**

##### OPPORTUNITIES:

- **BIC can be the model (pattern) for creating a range of BIs in Serbia;**
- **Possibility of attracting new tenants with attractive business ideas;**
- **Tenants can acquire a reputation and achieve business success – there is a possibility of exporting tenants' products into international markets;**

- **BIC can grow into a technology park.**

THREATS:

- **Uncertainty concerning the donation duration;**
- **The issue of sustainability;**
- **Unsettled issue of ownership of the facility where BIC is now located – privatisation of Mechanical Industry Nis who owns the building where the incubator is located is forthcoming.**

20. Does your Business Incubator reached the status of sustainability?

**The issue of sustainability of BIC is too early to discuss, since it has existed for several months only. For the time being we can tell how the sustainability will depend on the point of view taken. If we consider it in terms of the prospects of future growth and development, there is a remarkably positive trend for BIC, its tenants and other entrepreneurs in the Nis environment. However, if we consider the sustainability from the financial aspect very serious problems can occur. At the moment the only financial resource (100%) comes from the donation of the Norwegian Government. For the year 2006 (the first true business year) financial projects show that only up to 20% of current expenses can be covered from our proper resources. Therefore, the financial resources are seen as the central problem in considering the sustainability status.**

21. What are the critical success factors in a business incubator operation?

**In the BIC management's opinion the success of business incubation operation depends mostly on the future success of the tenants' business operations. In that sense the market for the tenants' products appears to be the critical factor of the utmost importance for BIC. The business philosophy of BIC has been to establish the tenants' businesses so that they can contribute in the best possible way to the realisation of the objectives of development of the Serbian economy, particularly through the development of production that could substitute for import and be export oriented.**

**Participation in international fairs is anticipated as one of the ways of winning new markets, especially foreign markets. Numerous products of BIC tenants are atypical for applying traditional marketing techniques, so fairs have imposed themselves as an adequate solution. It has been planned that as many as 3 out of 11 existing tenants should participate in international fairs. The companies in question are: *Blue Crane* which will exhibit at the international fair of hunting and fishing in Brussels; *Medica Line* will exhibit at the fair of medicine in Dusseldorf and *Lukic* at the fair of agricultural machines in Thessalonica.**

**In our opinion the critical factors of business success can, besides the above mentioned include:**

- **Institutional support of the Republic and local authorities;**
- **Providing access to favourable resources of financing SMEs;**
- **Quality and expert management of business incubator;**



- **Informative activities, as well as holding seminars and courses and education in order to incite the development of entrepreneurship and joining of new companies in the process of business incubation.**

22. How do you measure the performance of the tenant and the Business Incubator as a whole?

**There is an established system in BIC of measuring the tenants' performance. Since December 2005 the procedures of monthly reporting on business activities have been set up. Each tenant is due, by the 7<sup>th</sup> of the current month, to fill in a special questionnaire with the major objectives for the current month and their realisation. This document contains data about the employment structure, effective working hours, raw material stock at the end of the month, scope of production realised in the previous month, the most frequent suppliers and buyers, material expenses and income in the previous month. On the basis of these monthly questionnaires the annual reports are written. The object of measuring tenants' performance are not only the quantitative production indicators and their financial results (in the relation realised – planned), but also a descriptive account of business operations and behaviour of each tenant.**

**As well as the tenants the BIC performance is also surveyed and a monthly report is issued. For example, Report for March which surveyed activities of the tenants and of BIC in the month of February comprised two objectives: promotion of BIC and Tenants and Improving Tenants work. Four sets of activities have been surveyed:**

- **Renovation works**
- **Tenants**
- **Management board and**
- **BIC.**

23. What kind of assistance do you need to improve the operation and services of your Business Incubator?

- **Assistance at setting up an efficient system of training, coaching and mentoring. This has already been stated as one of the weaknesses of BIC.**
- **Assistance at hiring extra staff – lack of human resources has already been felt, since the present number of employees is not enough to attend and satisfy to all the tenants' needs in time.**
- **Attracting experts to adopt the role of a coach or mentor to all tenants. The BIC management's idea is that each tenant should have their own mentor who would visit them once a week and provide help when necessary.**

24. Is you incubator stand-alone or part of a national incubator network?

**For the time being (spring 2006), a national net of business incubators does not exist in Serbia. There are no such associations either. BIC is a pilot project. There are numerous ideas and initiatives to open a greater number of new incubators. The following towns became very serious candidates for business locations: Subotica, Vranje, Prokuplje, Belgrade, etc.**

25. Any further issues, which you consider as important why designing and establishing business incubators.

- **Clear defining of ownership relations which have direct consequences on the process of selection of management bodies – this statement applies to the entire territory of the Republic of Serbia where political structures still have substantial influence. A considerable participation in ownership of the local self-government implies appointing and not electing the top management. Such is the situation in the case of BIC. By chance, it turned out that the appointment of general manager hit the bull's eye. The possibility of introducing private or professional investors into the ownership structure of future incubators should be considered.**
- **Correct defining of relationship between business incubator and tenants – in the case of BIC this issue has been adequately settled through contracts, clear regulations, procedures and continual meetings with tenants.**
- **Cooperation with local authorities in view of settling building, city-planning, public utilities, tax and other issues.**
- **Cooperation with chambers of commerce and regional centres of the Agency for development of SMEs.**
- **Promotion activities by external stakeholders.**
- **Marketing and PR of the entire process of business incubation.**
- **BIC experience should serve as a platform for the National programme for development of incubators, training of entrepreneurs and establishing scientific and technology parks. Therefore it can be expected that the lessons learned during the process of setting up business incubators in Nis will help acquire significant competence and experience for future development of incubators, entrepreneurship and small and medium enterprises on the entire territory of Serbia.**
- **By setting up the Business incubator in Nis the Republic Agency for development of SMEs as the leading national institution for implementation of this project is nearing the realisation of the idea that Serbia should, with the help of international donors such as the Norwegian Government, use international experiences and promote development of entrepreneurial and innovative potentials. We strongly believe that future business incubators will contribute to the expansion of entrepreneurial spirit and promote the idea of entrepreneurship with a view to create a more favourable climate and more stimulating environment for development of SMEs.**

Date of providing information:

**April, 15<sup>th</sup>, 2006.**