

# **Start-ups and their support in business incubators**

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## **Introduction**

In recent years, high tech start-ups have become popular with the media and industry. Much of this interest is due to the great importance that small business and innovation have for economic growth. When discussing high tech start-ups, the most common image is of Silicon Valley. However, most new ventures never make it to that scale and happen locally. Regardless, this does not limit their value to the economy at large or their potential to increase productivity and create economic growth. The purpose of this paper and presentation is to examine and compare key elements of the business incubators in Wisconsin and the Czech Republic. Specifically, the project analyzed two types of business incubators; university incubators and public incubators. The topic of incubators has become a common subject in light of recent interest in entrepreneurship and business creation. Studies have shown that in economies throughout the world, start-ups and small businesses are critical to economic growth and prosperity. In an attempt to create a culture of entrepreneurship, cities have focused on creating 'business incubators' to accelerate and foster start-ups. A business incubator, as defined by Entrepreneur Magazine, is "An organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections." (Entrepreneur, 2015) To examine the effectiveness of these institutions, our project focused on two types of incubators; public incubators and university incubators. Individuals that attempt to start a new venture usually lack the capital, knowledge, experience, and scale to achieve their goals. To achieve this, partnerships are the key factor for success. A modern approach to this problem has been the formation of business incubators. The research below will focus on examining the practices and services provided from six business incubators (three from the United States and three from the Czech Republic), compare their strategies for aiding new ventures, analyze their effectiveness, and provide points of improvement for the individual incubators. Furthermore, our research compared the international differences of incubators by examining two organizations in the Czech Republic and two in Milwaukee, Wisconsin. To better understand the need for incubators, it was necessary to analyze the business environment in Wisconsin as well as in the Czech Republic. Research on the subject highlights the need for improvement. Both the Czech Republic and Wisconsin received low grades for their support of small business and ease of starting a company. In the Czech Republic, some of the biggest problems facing businesses are corruption, bureaucracy, and taxes. While in Wisconsin, the difficulties are slightly different; high business costs, high level of regulations, and a poor labor supply being among the greatest of the challenges.

### Theoretical background

The newer high-tech sector is the leading one in these days. For company is important ability to commercializing the results of basic scientific research. Many countries (e.g. German or Japan) have begun efforts to catch up not only in specific technologies, but in the very system of scientific research and commercialization of science that spawns new technologies and new industries. Today is partnership the key factor of success. This is the reason, why would be academic science and commercial profit connected. Governments undoubtedly possess the ability to induce national scientists to start their own companies. (Lehrer & Asakawa, 2004)

#### **1.1.1 Start-up**

The start-ups are ventures that have no resources, scale, power and the routines needed to

run a proven business model efficiently. But start-ups have promising ideas, organizational agility, the willingness to take risk, and aspirations of rapid growth. (Weiblen & Chesbrough, 2015) Start-ups have advantage in their size, innovative approach which lead to successfully compete in today's globalized economy. But successful start-ups are rare, and start-ups that go public and yield strong financials like Facebook are even more extraordinary. Most developed and emerging economies implement public policies to facilitate start-up creation and entrepreneurship, especially in the highly innovative technological fields, such as ICT, biotechnology etc. Start-ups are nurtured in so-called business incubators, typically referring to a facility established by a university, a local government, or a non-profit organization with the aim of providing some basic support for entrepreneurs. The primary source of funding for successful start-ups has been venture capital firms. The new hybrid form of entrepreneurial nurturing and equity financing, known as start-up accelerators, has become a popular means to jumpstart nascent ventures. (Kim & Wagman, 2014) While technically any new business could be considered a 'start-up', in this research and in reference to business incubators, start-ups are considered to be new businesses focused on creating technologies and are often associated with biotechnology, information technology, energy, and other sectors that show promise of rapid growth. Most existing support schemes and policies do not differentiate technology fields, and treat all young enterprises from different emerging technologies alike. But differences between technologies are crucial, you can see in table 1. (Kiškis, Limba & Guleviciute, 2015)

**Table 1: Comparison of biotechnology and ICT start-up features**

Biotechnology	ICT
<ul style="list-style-type: none"> <li>• Development time between lab idea and a tangible product is generally 7 to 10 years</li> <li>• Development is fixed to infrastructure (universities, etc.)</li> <li>• The main costs in biotechnology are fixed and sunk costs</li> <li>• In biotechnology, a start-up phase can last for up to 10 years - that is no sales for 10 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Development time generally 12 - 18 months</li> <li>• Very fluid and not fixed to any infrastructure</li> <li>• Mainly variable costs</li> <li>• ICT start-up which does not have final product/ sales for 3 years is generally considered a failure</li> </ul>

*Source: Kiškis, Limba & Guleviciute, 2015*

Start-ups issue is more complex than general set up businesses. Cusumano (2013) compiled a short checklist of key elements of successful start-ups:

1. A strong management team - most parts of start-ups are people (management team) and ideas
2. An attractive market - focus on markets capable of becoming large, fast growing, and profitable for new entrants
3. A compelling new product or service - it necessary to have specific type of customer. Some entrepreneurs have a deep familiarity with a market and are able to identify such customer needs that are unfilled or poorly met
4. Strong evidence of customer interest - need to convince investors that actual customers are willing to buy the new product or service
5. Overcoming the "credibility gap" - fear among customers that the venture will

fail. They leaving the buyer without technical support or a future stream of product upgrades

6. Demonstrating early growth and profit potential – investors want to know how the start-up will grow the business and generate enough cash to reach breakeven and maybe even profitability
7. Flexibility in strategy and technology – need to demonstrate flexibility in strategy, business models and technology to lure investors
8. Potential for a large investor payoff – start-ups need help from investor. Their offer should be with good prospects, significant payoff within a time frame that is typically no more than seven years

Use of start-ups for transfer of knowledge is confirmed especially in academic area. A start-up may be the best or the only option for commercializing nearly 75 % of university inventions that are never licensed to commercial entities. (Swamidass, 2013) They reduce the cost of the access and transfer of tacit academic knowledge, which require face-to-face interactions. And location near university facilitates the access to research facilities and other university resources that are also important for the development and commercialization of new business ideas by academic start-ups. (Heblich & Slavtchev, 2013)

### **1.1.2 Business incubators**

Business incubators are viewed by many country governments as dynamic tools for fostering new ventures with the macro objective of economic development and job creations. Incubation is a vital component of an entrepreneurial infrastructure and this concept is moving mainstream with increased interest and awareness of the power of this support mechanism. Idea of business incubators came from USA. Now the United States has the largest incubation system with approximately 1000 incubators, which has evolved into an incubation ecosystem with a plethora of incubator models ranging from public to private incubators. Interestingly, a majority of U. S. incubators operate as non-profit entities and many are university-affiliated. The largest incubation markets are United States, Germany, China and Brazil (Chandra & Fealey, 2009). In the Czech Republic was founded first business incubator in 1990's, but their expansion were after 2004. (Klímová, 2008a) *Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed by incubator management and offered both in the business incubator and through its network of contacts* (NBIA, 2015). Taušl-Procházková (2011) defined business incubator as: *Institution supporting new, started small and medium businesses (start-ups). Support is providing many forms of services (according specific institution), generally from usage of commercial space to wide range of services as consulting services or mediation of new business contacts.* Business incubator is also: "An organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections" (Entrepreneur, 2015). Business incubator is the equipment (building) designed starting company and helps them in first phase of business. (Klímová, 2008b). These confirm Chandra and Fealey (2009) and add that incubators are used as economic development tools by almost all countries. Business incubation programs are often sponsored by private companies or municipal entities and public institutions, such as colleges and universities. Their goal is to help create and grow young businesses by providing them with necessary support and financial and technical services. Incubators provide numerous benefits to owners of start-up businesses. Their office and manufacturing space is offered at below-market rates, and their staff supplies advice and much-needed expertise in developing business and marketing plans as well as helping to fund fledgling businesses. Companies typically spend an average of two years in a business incubator,

during which time they often share telephone, secretarial office, and production equipment expenses with other start-ups companies. (Entrepreneur, 2015).

## **Methodology**

### **1.1.3 Research methods**

The objectives of the research on business incubators are to:

- 1) Examine the practices and services provided from six business incubators
- 2) Compare the strategies for aiding new ventures
- 3) Analyze effectiveness and provide points of improvement for the different incubators.

The main research areas are:

- General information about business incubators in both countries
- Specific information about incubators established by universities and colleges
- Comparison of two cases of university (college) business incubator (USA and CZ)

To reach the objectives was used firstly desk research to make a literature review. To reach primary data for this topic it was used phone interviewing instead proposed questionnaire survey. It was interviewed managers from business incubators (Start-up Milwaukee, Kohler Center for Entrepreneurship, BIC Plzen, xPORT VSE, VTPP). Interview was conducted by phone. Set of questions can be divided to three parts. First part interested in general performance of subject. (Brief characteristic of incubator. How services are provided? How does it is perceived by the public? Who does it work with?) Second part finds out condition of utilization of services. (What condition must be met to be a member? What is necessary to operate in incubator?) And the last part interest in provided services (Which services are provided? In which field of economy will be in future interest in? Which services will be developed? In addition to these methods data capture, analysis and comparison of data was used.

Interviewed people:

*Stewart, Alex, and Carver, Megan.* "Business Incubators: Kohler Center." Telephone interview. 17 Apr. 2015.

*Sukova, Martina.* "XPORT VSE." Telephone interview. 1 Apr. 2015.

*Klementova, Jana.* "BIC Plzen." Telephone interview. 2 Apr. 2015.

*Cerný, Vojtech.* "VTPP Plzen." Telephone interview. 8 Apr. 2015.

*Cordio, Matt.* "Business Incubators: 96square and Startup Milwaukee." Telephone interview. 12 Feb. 2015.

Because of the great importance of start-ups to economic growth and the potential of business incubators to help develop an entrepreneurship infrastructure, the research will be focused on examining the services that they provide and how they assist new firms and potential areas of improvement.

Picture 7 provides an overview of the different services provided by each of the incubators. The incubators were selected with several criteria: their geographic location, the nature of their incubator (university or private), and style. For instance, the research desired a comparison between practices across international boundaries; in this case Czech Republic and the United States. This comparison is particularly interesting because the U.S. created the institution of business incubators in the late-1950s but the Czech Republic did not implement an incubator until the mid-1990s. Therefore, in the US there is a more developed system in place and more experience in creating incubators. The research also focused on examining the many different styles of incubators. Therefore, there are two incubators that are university based; Kohler Center and xPORT VSE, two that focus on providing operating space for new firms; 96square and Science and Technology park Pilsen, and two that are focused on providing services to new firms; Startup Milwaukee and Business and Innovation Centre Plzen. Lastly, the

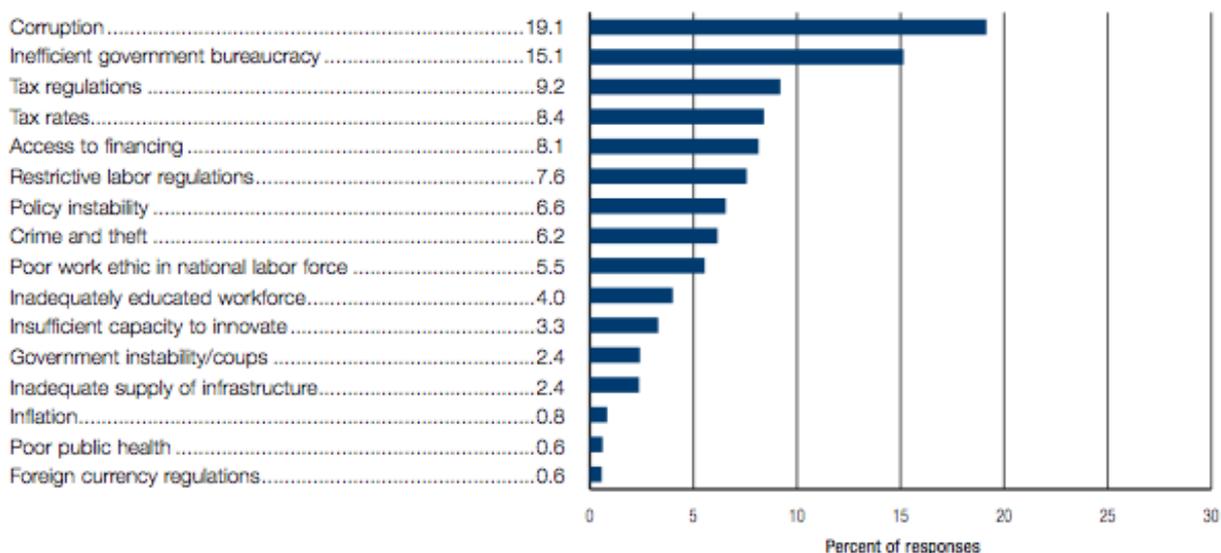
research required that the samples be comparable. Therefore, the six selected incubator came from the locations of Wisconsin and Czech Republic. While the two lands have many differences, economically they are very similar. The education level of their population, size, history of industry, and economic strengths and weaknesses are all very similar, making them comparable when examining their business incubators.

## **Results**

### **1.1.4 Entrepreneurial environment in the Czech Republic**

The macro-economic characteristics of an economy often control the entrepreneurial environment. The environment is influenced by the interest rates, inflation, quality of workforce, price level of consumer goods, fiscal policy and competitiveness on global markets. The CZ entrepreneurial environment has significantly evolved from its communist past. Despite many improvements, small businesses cannot reach many banking and financial resources, harming their ability to gain capital resources. This is a big problem for highly innovative ventures. Businesses can improve over time by being able to make capital investments which can increase with a credit history and understanding of financial processes. Institutions and tools for direct and indirect support are becoming more accessible for enterprises, particularly for small and medium sized businesses (Ipodnikatel, 2011). Workforces are not flexible in qualification requirement, but situation becomes better. Czech entrepreneurial environment is significant evolving by competition. Small businesses can't reach bank financial resources and its entrance capital resources are limited. This is big problem in high innovative project. Quite often increase costs for energy, tax etc. Businesses became better their payment discipline and reach information about payment history. System of institutions and tools for direct and indirect support is becoming broader especially for small and medium enterprises. (Ipodnikatel, 2014a) Bad influence has changes in conceptual framework of state economic policy. When the Czech Republic was connected to EU, open its economy. Very negatively are evaluated the actions by the government and low activity with support entrepreneurial environment in institutions of the EU. Czech legislation environment is significant characterized as low effective, high bureaucracy and corrupt behavior. (Ipodnikatel, 2014b)

**Picture 1: The most problematic factors for doing business in Czech Republic**



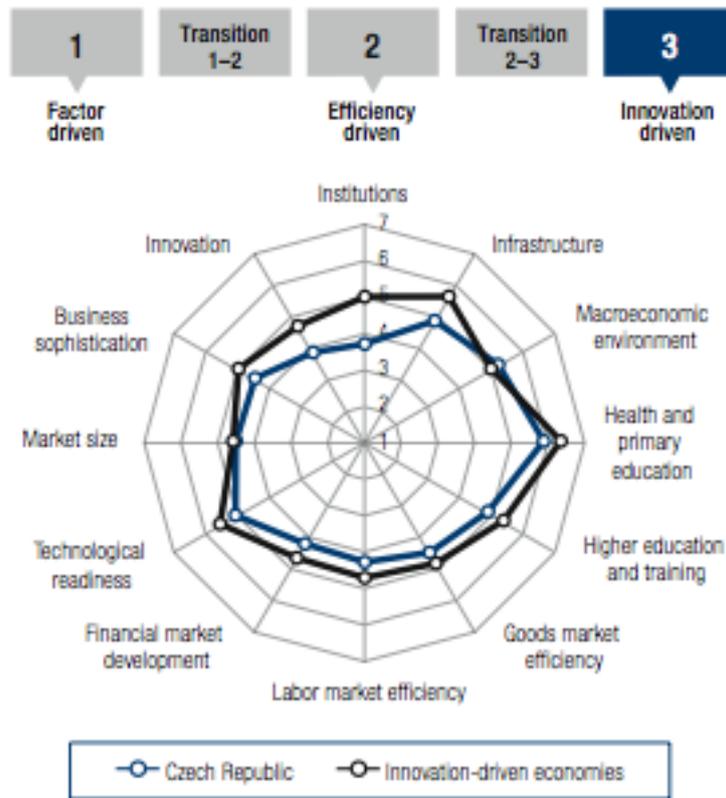
**Note:** From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

*Source: Schwab, 2012*

According World Bank and its publication Doing Business is the Czech Republic ranked 44<sup>th</sup> country with best conditions for entrepreneur. On the first places are Singapur, New Zeland and Hongkong. Valued criteria are in context of administrative barriers (starting a business, building permit, access to electricity, property registering, loan getting, investor protection, taxes, international business, insolvency solutions). (World Bank, 2015) The biggest problems in the Czech Republic are: instability of entrepreneur environment (taxis changes, legal changes etc.), administrative barriers (changes of taxis paying) and enforceability of law. (Ceská televize, 2015)

World Economic Forum set up the Global Competitiveness Report and Global Ranking. Czech Republic is ranked on 39<sup>th</sup> from all 144 countries. It received 4.5 points out of 7 total. Low values it reach in field innovation and sophistication factors (Business sophistication and Innovation) (Schwab, 2012). Picture 2 shows stage of development and differences between the Czech Republic and Innovation-driven economies.

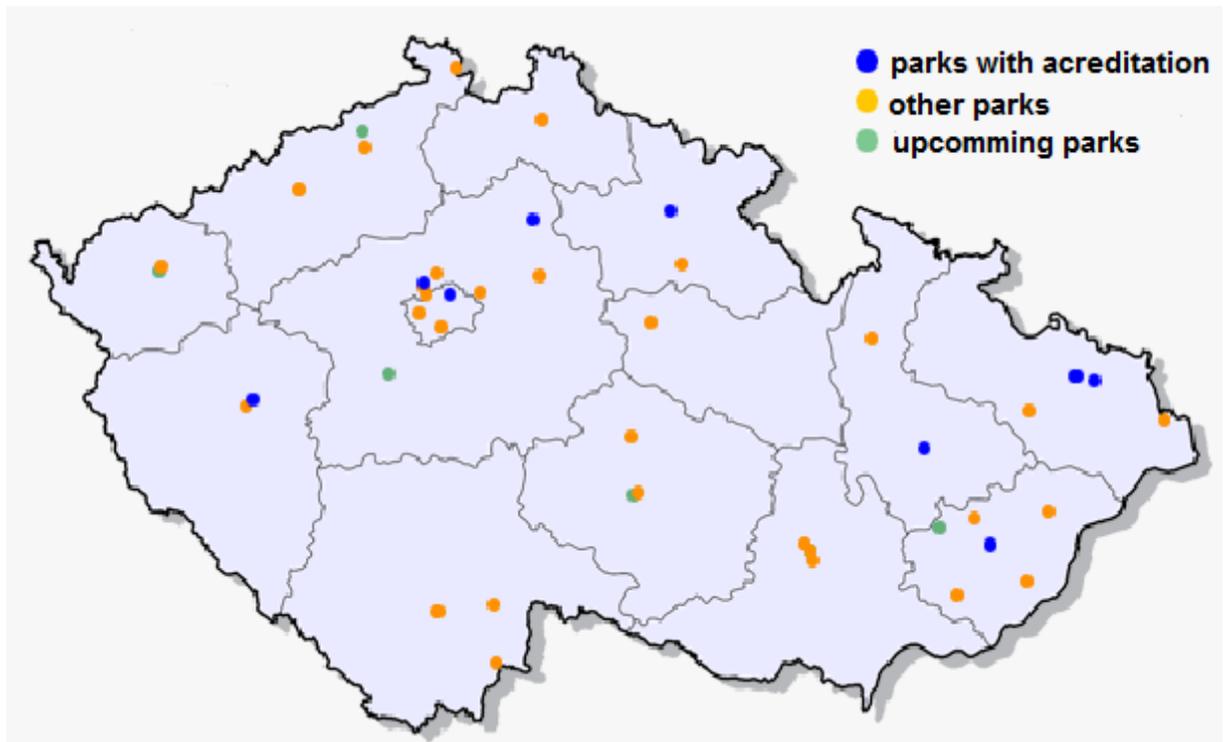
**Picture 2: Stage of development**



Source: Schwab, 2012

There are many initiatives to support entrepreneurs in the Czech Republic. First of all are Science and Technology parks, which provide many helpful activities. They are associated in the Science and Technology Parks Association CR. Current placement of Science and Technology Parks in the Czech Republic we can see in the picture 3. Science and Technology parks can be divided in Science park (centre), Technology park (centre) and Business and innovation centre (Společnost vedeckotechnických parků CR, 2015). Then Science and Technology Parks Association CR provide a database of Science and Technology parks. They are watched in total 42 parks. They are divided in three groups. First group include parks with accreditation (11), second group other parks (28) and the third group include upcoming parks (3). Only three of them don't incubate start-ups. Database supply opportunity to reach typically characteristic and services provided by incubators. They can provide: Business plan consultancy, Technology consultancy, Certification consultancy, financial advising, accounting, law advising, marketing consultancy, business and entrepreneur education. Then the technical and operating services: common secretary, phone, fax, common reception, catering facilities, conference facilities, labs, work place.

**Picture 3: Current state of science and technology parks in the Czech Republic**



Source: Společnost vědeckotechnických parků, 2015

### **Pilsen Region**

Pilsen Region has long been one of economically strongest regions in the Czech Republic. Nevertheless, the region ranks more towards the middle in the fields of innovation, research and development. Unemployment rate for working age population in the Pilsen Region is 5,3 % (March 2015). Average gross monthly wages and salaries in region is CZK 24 519. GDP per capita in current prices in the region is 359 561 CZK. Reasons to invest in Pilsen Regions are Conditions for investors, location, transport, quality of life, research and Education (Fuchs, 2015).

#### Conditions for investors

- Experience with foreign investment
- Investor support
- High-quality industrial base
- High-quality workforce
- Holder of the prestigious World Trade Center Pilsen licence

#### Location

- Strategic position on the D5 motorway linking Prague with Germany and Western Europe
- Close to the international airport in Prague

#### Transport

- Good transport links
- Major road and rail junctions

#### Quality of life

- Excellent living conditions
- High-quality health and social care
- All the cultural and sporting facilities you would expect from a major regional centre

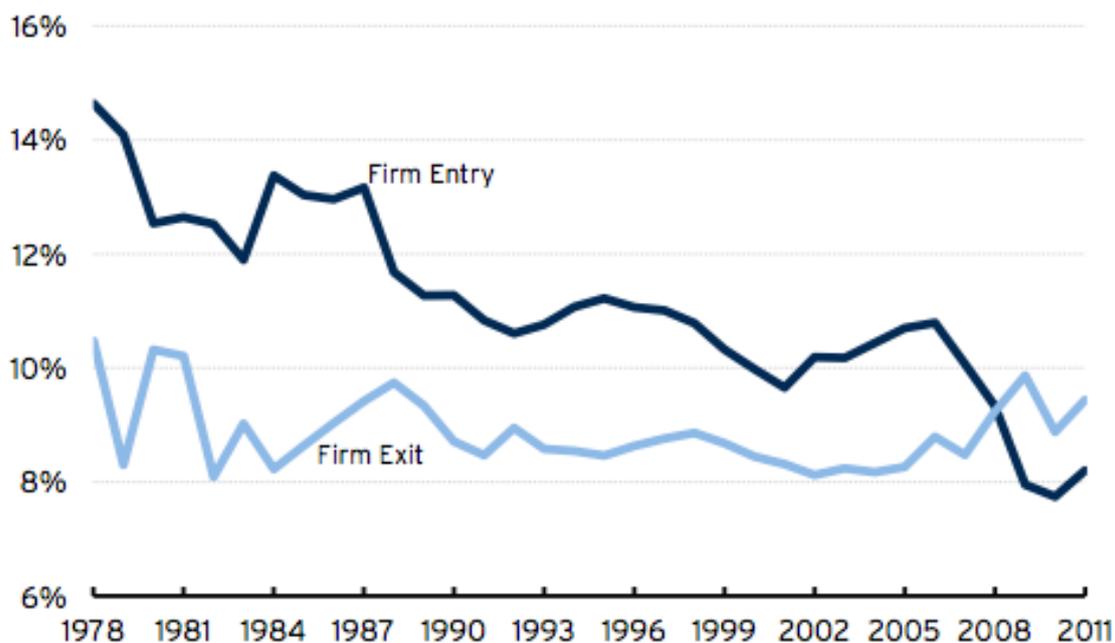
## Research and Education

- Wide range of secondary schools specializing in electrical mechanical, construction and transport engineering
- Universities, colleges and secondary schools offering the option of studying subjects in English
- University of West Bohemia in Pilsen with nine faculties
- Charles University 's Faculty of Medicine in Pilsen

### 1.1.5 Entrepreneurial environment in Wisconsin

Wisconsin's economy is driven by manufacturing, agriculture and healthcare. The state is also the nation's leading producer of cheese. Until the end of the Great Recession, Wisconsin had a loss of business and a worsening of its entrepreneurship environment. With that said, recently there have been signs of progress. In 2011, the Badger State adopted the slogan of „Open of Business“ in 2011, erecting signs along the state border. According Forbes List (Forbes, 2015) is Wisconsin 32nd best state for business and careers (Business costs rank - 34, Labor Supply Rank - 37, Regulatory Environment Rank - 29, Economic Climate Rank - 27, Growth Prospects Rank - 18, Quality of Life Rank - 17). Wisconsin ranked 32nd in Innovation by Fast Company Magazine (Bergl et al, 2013). Terms of business environment in Wisconsin had changed. The rate of new companies being started fell by nearly half from 1978 to 2011. Wisconsin ranked in the middle of the pack in terms of its rate of decline over that period. (Gallagher, 2014) Historically one new business is born about every minute, while another one fails every eighty seconds. The U. S. economy has become less entrepreneurial over time, as seen in the picture 4. The level of businesses deaths kept growing along with the overall level of businesses in the economy, but the level of business births did not – it held relatively steady before dropping significantly in the recent downturn. The decline in entrepreneurship and business dynamism hasn't been isolated to particular industrial sectors and firm sizes.(Hathaway & Litan, 2014)

**Picture 4: Firm Entry and Exit Rates in the U.S., 1978-2011**

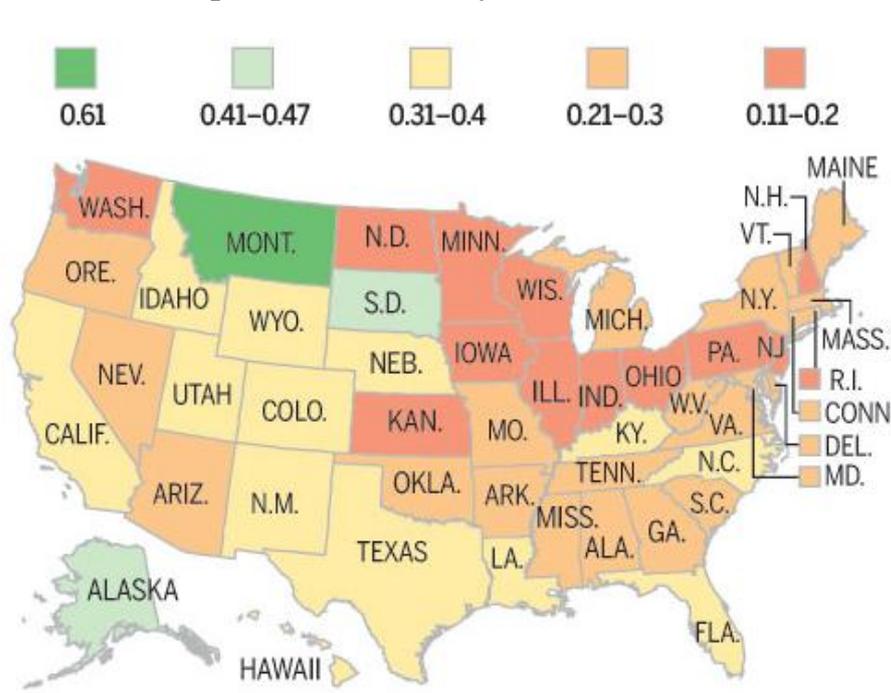


Source: Hathaway & Litan, 2014

Just as in the US economy as a whole, small business and start-ups are crucial to the Wisconsin economy. They employ 51.8 percent of all private sector workers and employed

1.2 million people in 2010. Furthermore, while small business is defined as less than 500 employees, 75 percent of Wisconsin's small businesses have no employees (Small Business Administration, 1). The downward trend in Wisconsin might be slowing. For instance, the number of new business entities formed in Wisconsin in the first three months of 2015 grew by 5.3 percent ahead of 2014 at the same point in time. Decline in entrepreneurship and business dynamism has been nearly universal geographically reaching all fifty states and all but a few metropolitan areas. Most immediately effective way is to significantly expand the numbers of immigrant entrepreneurs granted permanent work visas to enter and remain. Allowing foreign graduates of U.S. schools who concentrate in the so-called STEM fields (science, technology, engineering and math) to remain in the U.S. to work for other enterprises is also an imperative, especially given the historical pattern. (Hathaway & Litan, 2014) As seen in Picture 5, states throughout the Union are struggling to boost their entrepreneur activity. Rates of activity are extremely low and that is limiting the United States' ability to achieve higher rates of economic growth and job creation.

**Picture 5: Entrepreneurial activity rates, 2013**



Source: Fairlie, 2014,

Montana had the highest entrepreneurial activity rate, with 610 per 100,000 adults creating businesses each month. Iowa exhibited the lowest entrepreneurial activity rate. Entrepreneurial activity rates follow strong geographical patterns. It is highest in Western and Southern states and lowest in Midwestern and Northeastern states. Wisconsin had 170 creating businesses each month per 100,000 adults. This rate is the same as in Washington. Important are the changes in the entrepreneurial activity. The most positive change had Delaware (+0,13%), conversly the lagest negative change had Oregon (-0,11%). In Wisconsin it was -0,08% (Fairlie, 2014).

Small businesses significantly impact Wisconsin's economy. They represent 97.8 percent of all employers and employ 51.8 percesn of the private-sector labor force. Small businesses are crucial to the fiscal condition of the state and numbered 439,699 in 2010. (U.S. Small Business Administration, 2013) Most of Wisconsin's small businesses are very small as 75.0 percent of all businesses have no employees, and most employers have fewer than 20 employees. Self-employment in Wisconsin declined over the last decade. Female self-

employment fared the best compared with other demographic groups.

The number of new business entities formed in Wisconsin in the first two months of 2015 grew by 4.2% compared to same period in 2014, according to data compiled by the Department of Financial Institutions (DFI, 2015). As of February 28, 2015, new business filings totaled 7,071, compared to 6,787 in same period in 2014.

**Picture 6: New Business formations, Wisconsin 2015**

DOMESTIC ENTITIES	January			February		
	2014	2015	% Chg	2014	2015	% Chg
Business Corporation (Ch 180)	246	246	0%	225	196	-13%
Business Close Corp (Ch 180.1801)	27	19	-30%	15	22	47%
Business Service Corp (Ch 180.1903)	8	10	25%	8	4	-50%
Business Service Close Corp (Ch 180.1801(3))	1	0	-100%	0	1	-
Limited Liability Company [LLC] (Ch 183)	2,801	2,937	5%	2,618	2,752	5%
Cooperative - Membership (Ch 185)	1	1	0%	2	0	-100%
Cooperative - Stock (Ch 185)	0	1	-	0	0	-
Nonstock, Not-for-Profit (Ch 181)	127	125	-2%	135	146	8%
Limited Partnership [LP] (Ch 179)	7	5	-29%	6	4	-33%
Limited Liability Partnership [LLP] (Ch 178)	11	11	0%	6	7	17%
<b>Total:</b>	<b>3,229</b>	<b>3,355</b>	<b>3.9%</b>	<b>3,015</b>	<b>3,132</b>	<b>3.9%</b>
FOREIGN (Out-of-State) ENTITIES	January			February		
	2014	2015	% Chg	2014	2015	% Chg
Business Corporation (Ch 180)	118	100	-15%	106	125	18%
Limited Liability Company [LLC] (Ch 183)	159	157	-1%	138	170	23%
Nonstock, Not-for-Profit (Ch 181)	8	7	-13%	8	6	-25%
Limited Partnership [LP] (Ch 179)	4	9	125%	1	8	700%
Limited Liability Partnership [LLP] (Ch 178)	1	2	100%	0	0	-
<b>Total:</b>	<b>290</b>	<b>275</b>	<b>-5.2%</b>	<b>253</b>	<b>309</b>	<b>22.1%</b>
<b>Total New Businesses:</b>	<b>3,519</b>	<b>3,630</b>	<b>3.2%</b>	<b>3,268</b>	<b>3,441</b>	<b>5.3%</b>

Source: DFI, 2015

Wisconsin companies in 2013 raised only \$ 35.9 million of venture capital. Neighboring states including Michigan (\$108.2 million) and Minnesota (\$270 million) raised substantially more. According Joe Kirgues (co-founder of gener8tor) there is poor performance in attracting venture capital, when Wisconsin rank near the bottom in start-up creation. (Gallagher, 2014). Also here is trends that more people in Wisconsin willing to leave big companies to found or work at start-ups (King in Gallagner, 2014). Young companies are supported by state's Act 255 tax credits, which encourage and reward investments qualified young companies. Another support comes from Badger Jobs Fund and 4490 fund, which received funding from the State of Wisconsin Investment Board and the Wisconsin Alumni Research Foundation. As a support channel operate Golden Angels. Environment in Wisconsin is more supportive than it was before.

### 1.1.6 Subjects of research

At the beginning we made a desk research about incubators in U.S. and in the Czech Republic. We set a goal of research find out basic information about: Startup Milwaukee, 96square, Kohler centre for Entrepreneurship, Business innovation centre Pilsen, Science and Technology park Pilsen and xPORT VSE Business Accelerator.

## **Startup Milwaukee**

Startup Milwaukee provides entrepreneurs with access to mentorship, capital, talent affordable office space and a community of like-minded entrepreneurs. It is worked with growth companies in the high-tech and services industries with scalable business model. Its vision is to make Southeast Wisconsin among the best places to launch and grow a high-tech or services company. They offer four supported programs (Startup Milwaukee, 2015a):

- Capital Connections – how to connect to investor groups; Venture Capital
- Directory – compile a directory of groups investing in Milwaukee-based growth companies,
- Investor Office Hours @ 96square – provide entrepreneurs the opportunity to meet investors in an informal setting to begin the relationship development process,
- Capital Connections Events – design to create that dialogue by highlighting a local investment group and featuring one of their portfolio companies. They held Capital Connections events featuring: Wisconsin Super Angel Fund, CSA Partners & Techstars Chicago (Startup Milwaukee, 2015b)
- Founders' Club – exclusive networking group for technology entrepreneurs, executives, angel and institutional investors. Founders' Club members must meet one of three criteria:
  - Technology Entrepreneur (hardware, software, web or mobile apps)
  - Technology Executive
  - Angel or Institutional Investor (Startup Milwaukee, 2015c)
- Internship Program – search for connect between HR and companies. It is looked for students with backgrounds in: Software, Web & Mobile Development, Graphic Design, User Experience Design, Marketing, Sales, Social Media, Communications, Business and Finance (Startup Milwaukee, 2015d)
- Mentorship Program – is dedicated to supporting Milwaukee software, mobile, hardware and technology focused start-ups & entrepreneurs by connecting them to mentors from the corporate, investment, entrepreneurial and academic communities (Startup Milwaukee, 2015e).

## **96square**

96square is a co-working space for entrepreneurs. It was launched in 2013 in downtown Milwaukee as the latest effort from Startup Milwaukee. 96square aims to be a convening force in the building momentum of the city's start-up community, giving entrepreneurs a low-rent space to grow their business and collaborate with and learn from other entrepreneurs along the way. Eighteen different start-up businesses and organizations have a presence in 96square's 11,000 square feet of open office space. It was formed through a partnership between Startup Milwaukee and a real estate company that has not been disclosed (BizTimes Media, 2015). 96square provides entrepreneurs with access to affordable and scalable office space, access to mentors, top talent, potential investors and a community of like-minded entrepreneurs. Entities which can ask for membership are: Start-up Entrepreneur, Start-up Company, Technical or Creative Talent. (Startup Milwaukee, 2015f)

## **Kohler Center for Entrepreneurship**

Hosted by Marquette University, the Kohler Center for Entrepreneurship is strictly fixated on educating and assisting Marquette University students interested in starting a new business venture. To do this, the Center has two professors who are dedicated to teaching classes focused on starting and working in new businesses. They also have a new director and assistant that is working to make the Kohler Center a resource for student run

businesses. While they are currently in the process of formulating a long term plan, currently they provide free office space, mentoring, networking opportunities, guest speakers and education events to give students the resources that they need to create new business ventures (Stewart & Carver, 2015).

### **Business and Innovation Centre Plzen**

BIC Plzen was founded in 1992 by the City of Pilsen. Its mission is to support the establishment and development of innovative companies in the Pilsen region. Its supported activities are:

- Assistance for businesses in obtaining grants: Putting together applications for financial support for business projects from national sources and EU structural funds.
- Business plan consultancy: Consultancy on the preparation of business plans for start-up companies and development projects.
- International R&D collaboration services: Support for the involvement of Czech organisations in international R&D projects (project preparation consultancy, foreign partner searches, etc.)
- Technology transfer assistance services: commercialisation of R&D results of Czech organisations abroad. Finding foreign suppliers of technology and expertise at the request of domestic organisations.
- Letting of business innovation premises: Letting of suitable business innovation premises. Advising on starting up and developing innovative businesses. Administrative facilities and management services.
- Consultancy on doing business in the EU: Information on European legislation and the business environment in EU countries. Finding partners for commercial and production collaborations, European initiatives and programmes.
- Support of cooperation between universities and companies: Facilitation of contacts and enhancement of cooperation between academic and business sphere – arrangement of student internships, preparation and implementation of pilot projects etc. (BIC Plzen, 2015)

### **Science and Technology park Pilsen**

Pilsen's Science and Technology Park is a crucial development project initiated and implemented by the City of Pilsen. It is located at the Pilsen-Borska pole (industrial zone). It offers over 10,000 m<sup>2</sup> of office, semi-industrial and laboratory space from a modern infrastructure that supports research, development and innovation. Park was established in 2005 and is fully owned by the City of Pilsen. It improved infrastructure for supporting research, development and innovation. Collaboration with the University of West Bohemia was also strengthened. The university uses space for activities at one of the centres. Park has many partners, the more important are: BIC Pilsen, Center of research REZ, UWB. Park provides services to new and growing innovation companies. It reduces price for specialised services connected with the preparation and implementation of their innovation projects. Based on an analysis of the company's needs, a corresponding set of specialised services is selected that includes areas such as consulting or assistance in drawing up documentations, information and/or assistance developing contacts and networking. Main array of services offered:

- Business consulting
  - Drawing up business plans and feasibility studies
  - Assisting in drawing up research and development projects

- Assisting in drawing up financial plans
- Consulting on entering foreign markets
- Grant consulting
- Technology transfer services
  - Finding new technology that suits corporate needs
  - Identifying new knowledge that can be transferred
  - Consulting on intellectual property protection
  - Interconnecting the research and application sectors
  - Providing assistance in developing collaborative relationships
  - Informing on opportunities to obtain support for applied research and development
  - Preparing applied research and development projects
  - Assisting in the development of international collaborative relationships in the technology sector

It is offered training, information and networking events for all companies (VTPP, 2015).

### **xPORT VSE**

xPORT VSE was launched by the University of Economics, Prague (VSE) as a own business accelerator. It is space designated to foster the entrepreneurial spirit of both current students and alumni of VSE. xPORT opens on January 2015. There is business incubator for student ideas and also an accelerator for already established companies at their inceptions. There is also an opportunity for students to work on specific assignments made by companies and thereby obtain some inspiration for their own business ideas. xPORT is an integral part of VSE and is therefore a part of the investors. It creates the community within which everyone helps and mutually enriches one another, including contacts (University of Economics in Prague, 2015a). xPORT is divided into following programs:

- iPORT – is for students or recent graduates of VSE who have their own ideas on a business. It is provided 12 weeks training, each week focuses on one of the important parts of the start-up area. There is a mentor for each team. Mentor is with team from the beginning until the end of the program and his aim is to help steer the project on the fastest track towards functional and thriving company. The main of the program is to provide with the maximum possible information, knowledge and tips that will lead to success. At the end of the program teams have a clear idea about who are its customers, what the market expects. Teams get a large number of contacts to important people and be merged into a community of entrepreneurs (University of Economics in Prague, 2015b)
- aPORT – means acceleration for current project. In acceleration program is offered individual treatment and access to all the necessary resources and contacts needed to skyrocket the project. aPORT guides from the first idea, incubation and team formation, market research and creation of business model up to scaling, finding an investor and finally launching company successfully on the market (University of Economics in Prague, 2015c).
- cPORT – is connects innovative corporate projects and students, which allows them to gain valuable experience and expertise for their CV while still doing their studies. Companies are turning to cPORT with a specific assignment of either a pilot project, an innovative project or even a standard supply project in the area of information technology, finance, marketing and statistics. cPORT announces the opening of job positions for students who want to get involved in working on these corporate projects. Teams of enrolled students will be created to execute the assignment and to communicate with the company (University of Economics in

Prague, 2015d).

- ePORT – entrepreneurship education is a place where it can be learned about business-related topics such as entrepreneurship, attend training events, meet with successful entrepreneurs and thus build network of contacts (University of Economics in Prague, 2015e).

### 1.1.7 Results of interviews

Although these six programs all fall under the umbrella of business incubators, they vary considerably. Table 2 provides a brief overview of the different business incubators. However, there are some differences that deserve to be highlighted. All of the business incubators focus on providing more than just available working space, although most were limited in the types of working space offered and did not provide laboratory and manufacturing space.

**Table 2: Overview of Services Provided by Selected Incubators**

Service	Start-up Milwaukee 96square	Kohler Center	BIC Plzen	xPORT VSE	VTPP
Access to Mentors	Yes	Yes	Yes	Yes (iPort & aPORT)	Yes
Access to Investors	Yes	No	Yes	Yes	Yes
Working With Other Start-ups	Yes	Yes	Yes	No	Yes
Workshops and Events (Free)	Yes	Yes	Yes	No	Yes
Renting Office Space	Yes	Yes (Free)	Yes	Yes	Yes
Renting Lab Space	No	No	Yes	No	Yes

Source: Own research, 2015

#### Do you cooperate with university or collage?

Startup Milwaukee/96square Kohler center cooperate with university or collage in term intership, expertise advisory etc. BIC Plzen supports cooperation between university and private firms in terms of transfer of technology and knowledge. BIC finds out resources for cooperation, mediates contacts or mediates professional services (business voucher). xPORT VSE was founded byl University and operates in accordance with the terms of university. Activity financing is fixed on university too (in the future will be undependent).

#### Process of entry into the program:

- Startup Milwaukee/96square: Application for membership, business model, determination, actively working towards, high-potential, high-growth company focus on healthcare, technology (IT, hardware, software) and manufacturing.
- BIC Plzen: entrance interview, individual business plan, individual approach to each applicant, it can't be supported very specific project (equipment).
- xPORT VSE: have innovative idea, tender before a commission composed of members of university and sponsors (successful company), one applicant (one

member of applicant team) must be student or absolvent of University of Economics in Prague

**Do you use any government assistance or facilitate government assistance?**

- Startup Milwaukee/96square: It does not. One of its goals is to be entirely independent and self-sustaining without help from a larger body such as government.
- BIC Plzen – It does. It helps with obtaining financial support from the EU and public grants.
- xPORT VSE – It does. University helps xPORT with financing. In the future, the plan is to make themselves independent and offer services such as self-sustainable.

**Do you assist in international dealings or exporting?**

- Startup Milwaukee/96square – No. Working internationally or exporting requires a large amount of resources, experience, trade knowledge, and legal knowledge. It does not have the resources or positioning to help a start-up with such initiatives.
- BIC Plzen – Yes, it helps with mediation contacts.
- xPORT VSE – Yes, it helps with mediation contacts, reach knowledge about market etc.

**What are the plans for the future?**

- Startup Milwaukee/96square: It is focusing upon creating new ventures and programs, expand our college program, and expand services. A major focus of its right now is expending its marketing and notoriety so that more start-ups know that it is there to help.
- BIC Plzen: It improves provided services in terms of quality and customer friendly usage. It depends on internal and external resources and changing concepts at national and regional level.
- xPORT VSE: It improves services in quality. Strengthen ties with successful companies and promote this cooperation.

Table 3 shows the differences between Prague incubators and Milwaukee Incubators. The contrast between the two types of incubators highlights the potential areas of improvement. Milwaukee accelerators emphasized connecting investors and venture capitalist with new start-ups. Comparatively, not all of the incubators in Prague offered this service and none of them made it a central focus. Considering that one of the greatest problems facing new firms in the Czech Republic is a lack of available capital, this would be a key area of potential progress. Furthermore, in Milwaukee there is a significant lack of assistance for young firms seeking to export their products or that desire government assistance such as subsidies, grants, and tax breaks. It is logical that the Czech Republic would place a higher emphasis on exporting and international trade than incubators in the United States; however this has great potential for young firms seeking to sell a product or service in areas with less competition. While the field of business incubators is relatively young and evolving, they show great potential for helping young firms start and grow their operations. More research is required to better examine their success; however it is clear that there are very few alternatives that can provide the same support and help firms with similar levels of effectiveness. With better examination, greater investment, and continued review for areas of improvement, business incubators can further their goal of building an entrepreneurial culture.

**Table 3: Compare and Contrast**

Services	Milwaukee Incubators	Prague Incubators
Non-Office Working Space (I.E. Laboratory, Industrial, etc.)	No	Yes
Connect students With Start-ups	Yes	Yes
Mentorships, education	Yes	Yes
Assistance With Exporting	No	Yes
Assistance With Grant-Writing & Subsidies	No	Yes
Connecting Investors With Start-ups	Heavy Focus	In limited Capacities.

*Source: Own research, 2015*

## Conclusion

Both the Czech Republic and Wisconsin received low grades for their support of small business and ease of starting a company. In the Czech Republic, some of the biggest problems facing businesses are corruption, bureaucracy, and taxes. While in Wisconsin, the difficulties are slightly different; high business costs, high level of regulations, and a poor labor supply being among the greatest of the challenges.

To address these hurdles, business incubators have been created to foster entrepreneurship. Specifically, Milwaukee's main incubators are 96square, Startup Milwaukee, and Marquette University's Kohler Center for Entrepreneurship. In the Czech Republic, the main incubators are the Business and Innovation Centre Plzen, the Science and Technology Park in Pilsen, and xPORT VSE. To help spur business creation and development, the different incubators tend to focus on providing mentoring, venture capital, and office space. However, there are some differences among them. For example, the institutions in the Czech Republic provide assistance with grant writing and international trade while incubators in Wisconsin tend to avoid such services. Furthermore, all four the different incubators had different concentrations. Marquette University's Kohler Center focused upon students and student run enterprise, 96square and Startup Milwaukee focused upon technology start-ups with high growth potential, the Business and Innovation Centre Plzen was less strict in its desired types of businesses, Science and Technology Park was the most specific and only worked with technology firms, and xPORT aimed to connect businesses with universities and their students. Regardless, this field has high growth potential and will be critical to the future economic growth of cities around the world. While the different institutions that were studied had limitations and faced challenges, all of them showed signs of success and provided high levels of support to new firms and their founders. It is important that there is more research and aiding of business incubators to expand their success and foster economic growth.

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