



Global Trends and Directions

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Julian Webb

CREEDA Projects Pty Ltd

World Bank infoDev Program, Business Incubation Consultant

Director - Business Innovation and Incubation Australia Inc

Growth entrepreneurship

Popular everywhere searching for the
holy grail of gazelles and unicorns

What, why and can you pick them in
advance?

Why care about growth businesses

- Only <10% of all entrepreneurs grow businesses
- 7% create 40-70 percent of the jobs
 - Leaders of high growth businesses have higher wages and education, more managerial experience, and work experience in large firms (WB)
- Australia: 3.2% of micro-start-ups grow dramatically over five years and account for 77% of total post-entry job creation in their cohort (Department of Industry and Science, Research Paper 4/2015)
- **...but growth entrepreneurs and businesses are hard if not impossible to pick in advance!**

Selecting firms with high growth potential

Potential for growth	With a history of growth
Talent of team	Easier and less risky
Entrepreneurial traits – psychometric testing – i.e. high potential entrepreneurs	May exclude promising new firms
Business potential – but it may fail	

Other things to consider

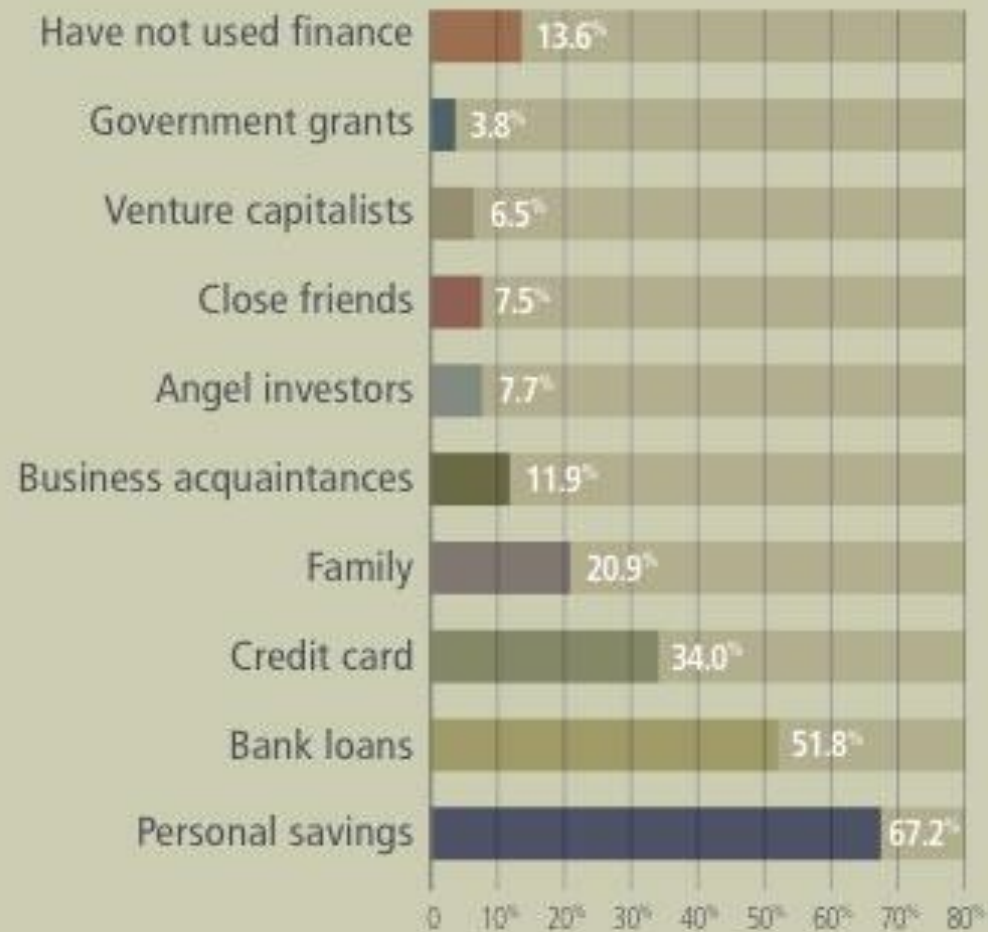
- Growth in both is subject to internal and external factors
- Generic services benefit growth oriented also....but may not be what growth oriented firms need – they are harder to work with!

Is venture capital necessary for high growth firms?

- Ask a VC and they are likely to say yes
- But.....

Each year, *Inc.* magazine lists the 5,000 fastest growing companies in America. In 2014, the Kauffman Foundation surveyed firms listed by *Inc.* since 1996 to learn about their sources of funding.

INC. FAST-GROWING FIRMS SOURCES OF FUNDING



Incubation, acceleration and co-work spaces

Searching for sustainable business models and impact



Lots of buzz but searching for viable business models

ACCELERATORS

What Accelerators Do and Don't Do

Do well

- Market validation
- Business model validation
- Intensity and Speed
- Excellent source of seed capital
- Access to networks
- Generate buzz
- Engage mentors
- Excite investors
- Access follow-on funding
- Certifies start-up quality
- Encourage to fail fast

Don't do

- Build companies
- Follow and engage graduates
- Provide sustained support for companies
- Generate revenue for the program...with exceptions



Accelerators: searching for a viable business model

- Private equity model only viable in a small number of famous but limited cases:
 - Y-Combinator 2005 and Techstars 2007 the first – proven models
- Expect more private accelerators to close
- But models are changing with more non profits

The importance of philanthropy:

latest research from Global Accelerator Learning Initiative (GALI)

Philanthropy Was the Most Common Funding Source

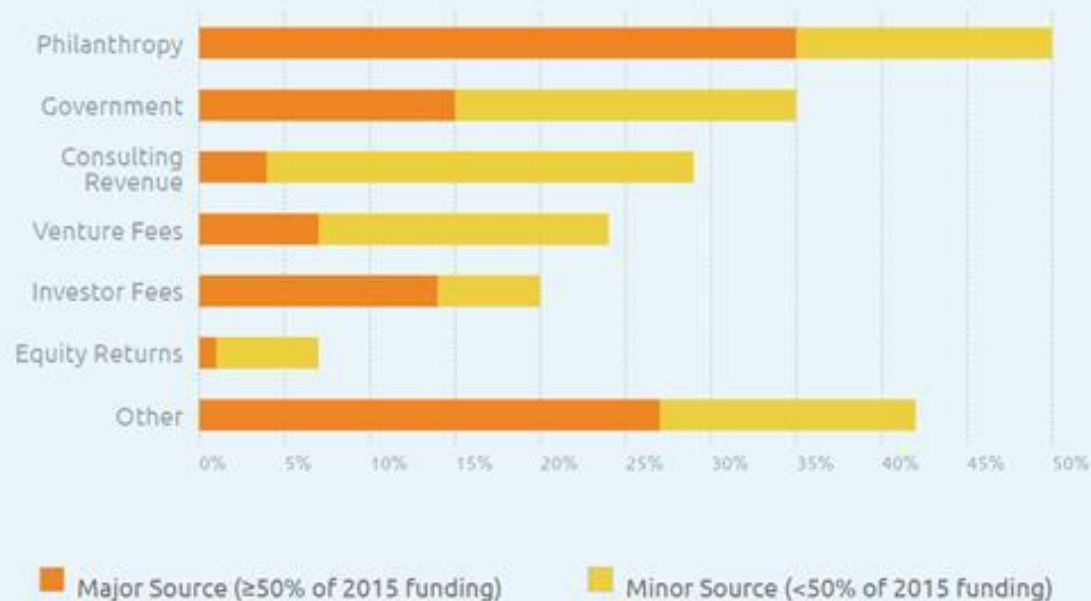
Nearly 50% of respondents received philanthropic funding in 2015, and over 30% relied on philanthropy for at least half of their total funding. Very few respondents (7%) generated revenue from equity returns.

Filter




All Data

HQ Location

Impact



Are they successful and do they generate lasting impact?

- No one knows – too early and models keep changing
 - Y-Combinator, TechStars and a few other **early leaders.. yes,**
 - **Research has only recently commenced (GALI)**
 - but.....
- **Different objectives**
 - Private to make money, e.g.  **Combinator**
 - Non-profit for social/economic benefit, e.g. 
 - For education 
- **Different drivers**
 - To help entrepreneurs develop a business
 - To deliver qualified deal flow to early stage investors
 - Education

But, a great process for market and business model validation

Space, events and networks – keeping it simple

Proliferating everywhere

Impact hard to track

CO-WORK SPACES AND HUBS

Coworking spaces, maker spaces, hubs growing rapidly everywhere!!

- **The Coworking concept shared values:**
- Community, Openness, Collaboration, Accessibility, and Sustainability.
- **A Coworking Space infrastructure** for a new and growing workforce of people who work where, when, how, and why they want.
- **Spaces**
 - Shared office facilities, equipment, networking and meeting spaces
- **Learning**
 - With events, training and networks
 - Peer learning
- **Community**
 - A diverse member community enriching business and social life
- **Revolves around peer learning and networking**
 - Letting it happen naturally without too much process

More than just Co-work Space

41% of estimated 13,800 profitable and
29% don't need to make a profit and 23% unprofitable

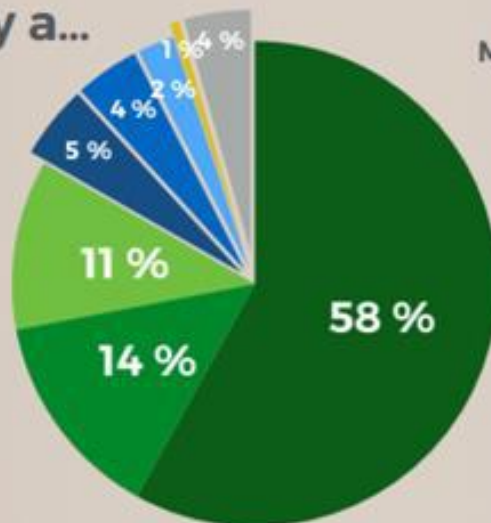
A COWORKING SPACE IS MORE THAN JUST A COWORKING SPACE

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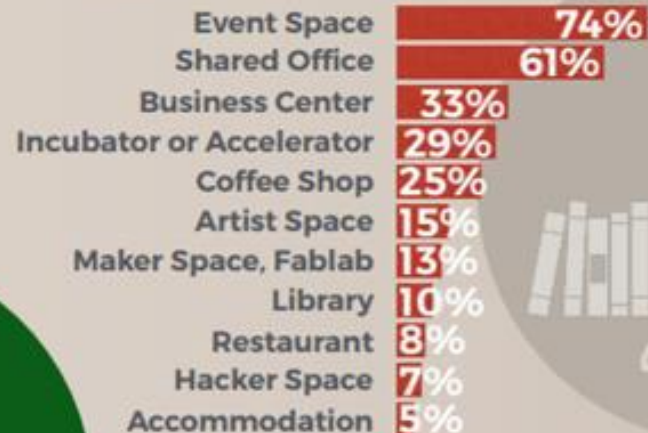


of coworking spaces say they are "more than just a coworking space". 15% are fine with this description, and 6% can't make a decision.

The location is mainly a...



Additional elements*



Members describe their coworking space as

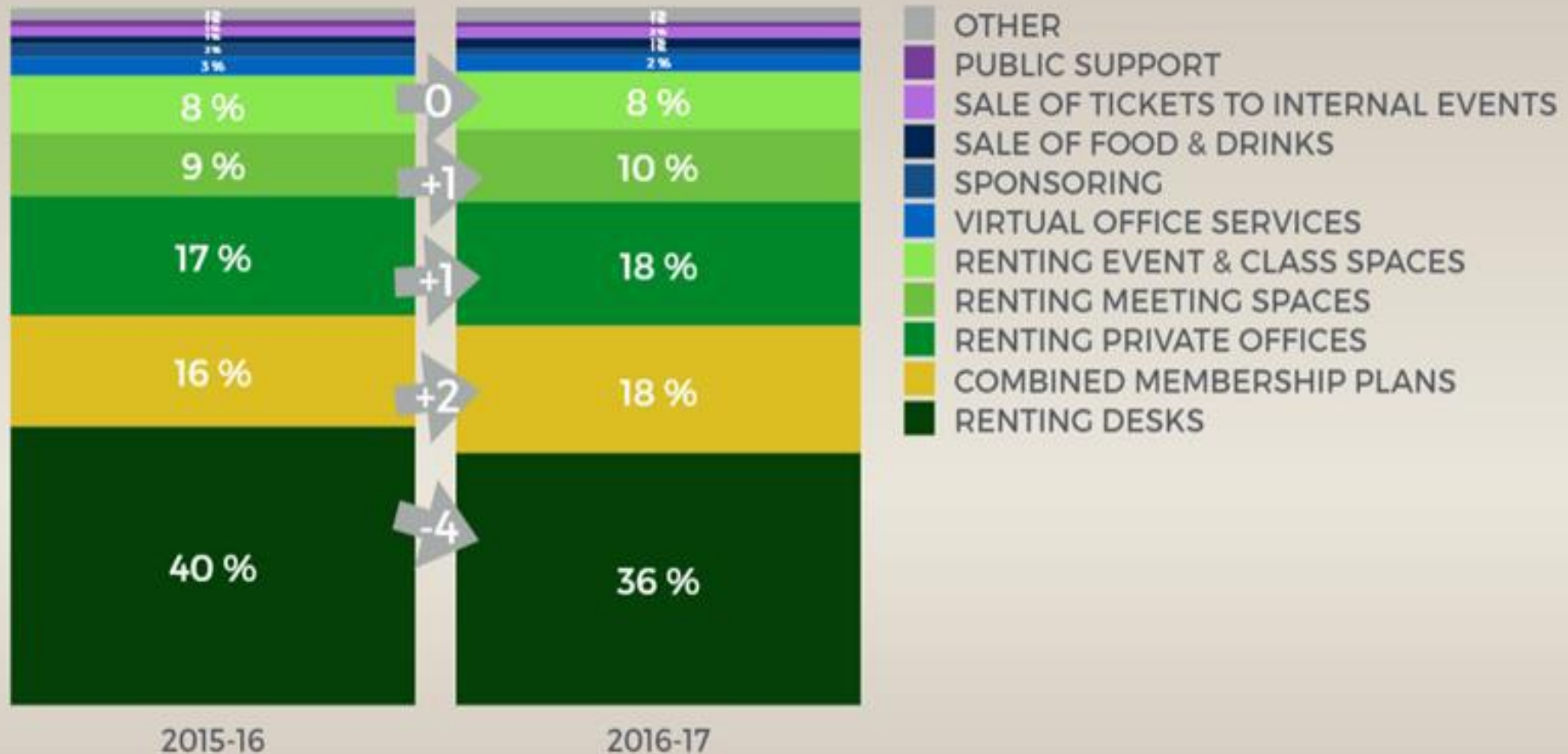


*UNGROUPED, WITHOUT "COWORKING SPACE", EVERY LOCATION COULD CHOOSE FROM ALL ELEMENTS TO ALLOW ALL OPTIONS. THIS MAY RESULTED IN A SITUATION, THAT A SPACE DID NOT CHOOSE AN ELEMENT WHICH WAS ALSO THE PURPOSE OF THE MAIN LOCATION. A GROUPED ANALYSIS WITHOUT THIS EFFECT WILL BE PUBLISHED WITH THE FINAL RESULTS.

Renting space at the heart of the revenue model

INCOME STREAMS OF COWORKING SPACES

deskmag



A DECREASED PERCENTAGE DOES NOT INDICATE A DECREASE IN ABSOLUTE NUMBER; RATHER, IT INDICATES A DECREASE RELATIVE TO OTHER TYPES OF INCOME.



Getting better and better

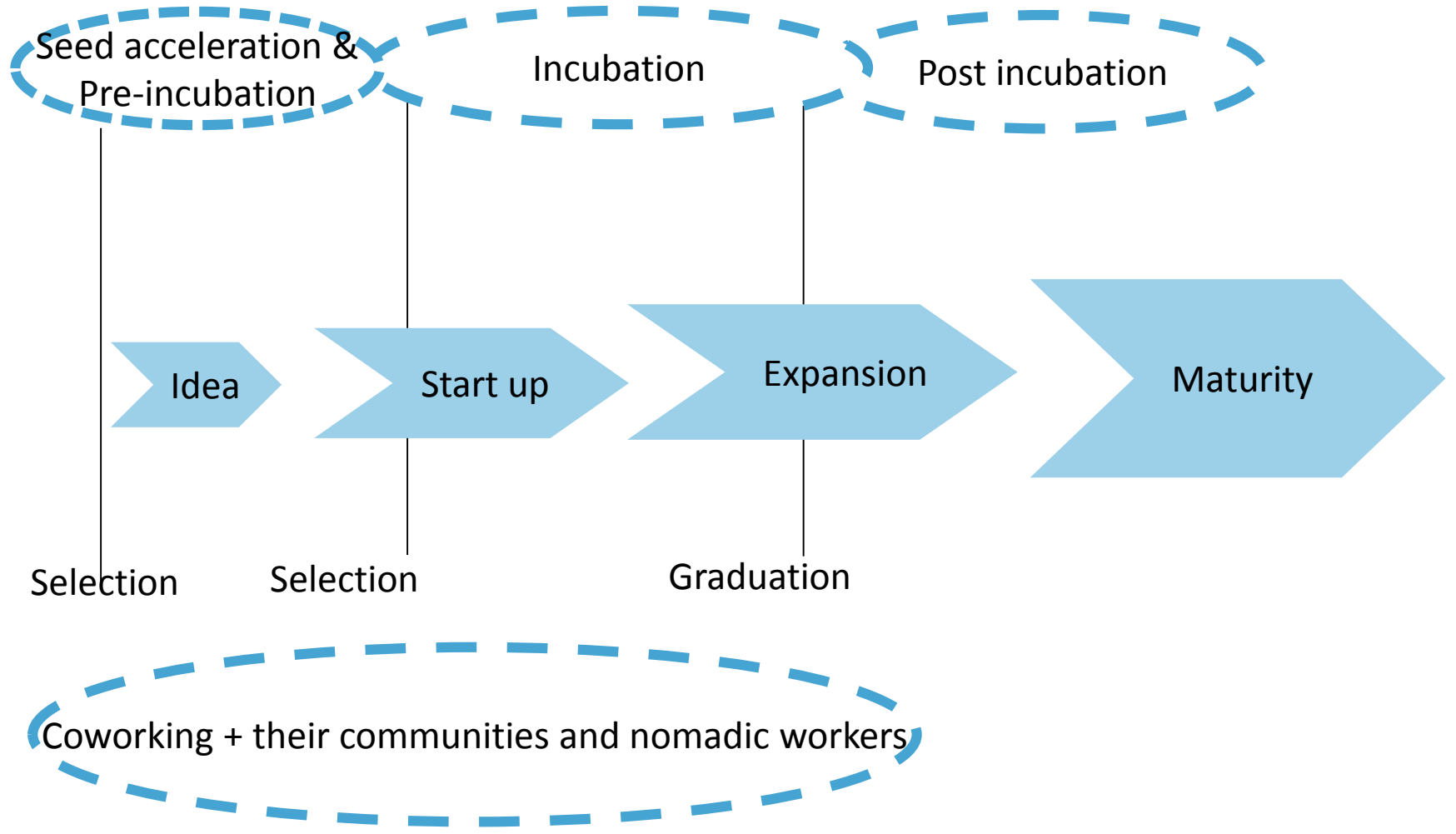
The best encompass accelerators and co-work spaces

Proven business models

Largely non-profit

INCUBATION CONTINUES AROUND THE WORLD

Acceleration, Incubation & Growth Stages



A few features

- Proven outcomes and impact
 - NBIA, EBN, NZ, +++
- The vast majority non-profit
- Supported by governments, universities and other public institutions
 - Start up funding
 - Facilities
- Numerous self sufficient examples
 - China, USA, India +++
 - But in buildings which they don't pay for

Proven property based business model

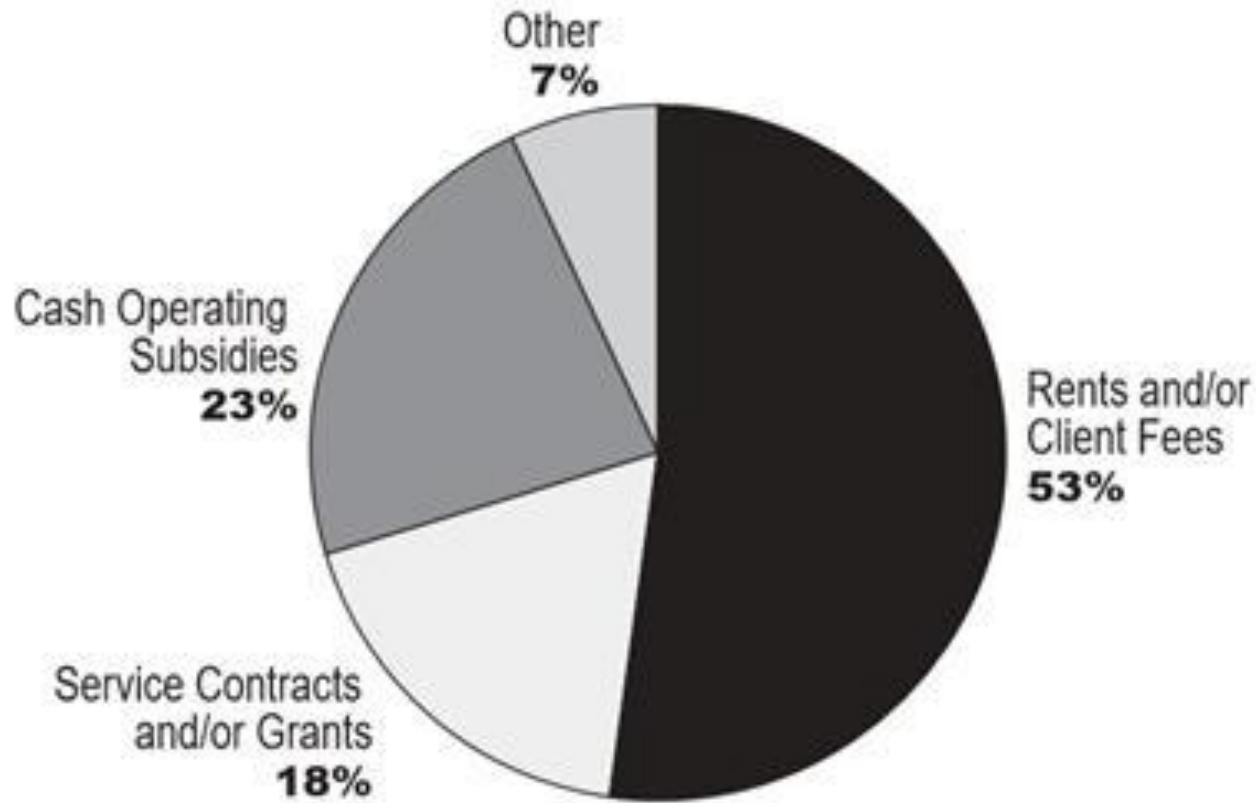
- Most **income from rental**
- Normally done **with free buildings of sufficient scale** to allow rent and associated charges to cover basic operating costs
 - $>3,000\text{m}^2$ (Europe USA), $>10,000\text{m}^2$ China.
 - Buildings from local government (e.g. USA, Australia) or Universities (e.g. India)
- **Business support bundled in with rent**, without a premium.
- **The model used by the vast majority of incubators across the globe**

Property Model

Revenue: USA example

Figure 38

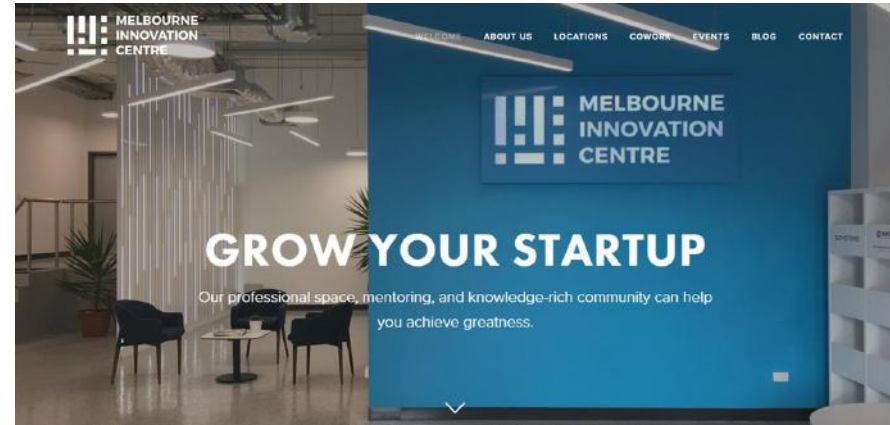
Incubation Program Revenue by Source



** Figures do not add to 100 percent due to rounding.*

The best incorporate accelerators and co-work spaces into incubation

EBN, Cicada Innovations, Melbourne Innovation Centre, Adelaide Business Hub, Bio Commerce Centre (NZ) ++



Start-ups

Innovate Accelerator Business Model Canvas Startup Weekend Market Validation Sprout



What else do we need to consider?

- Climate Change



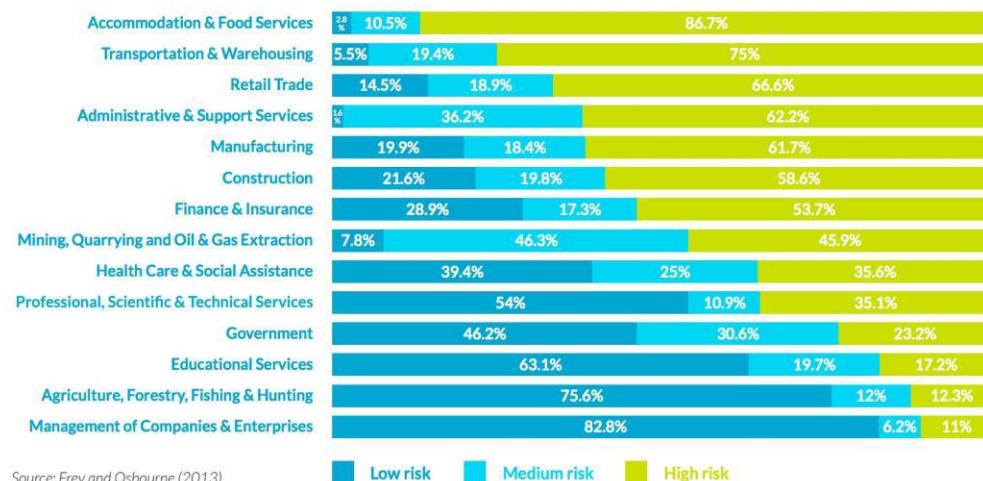
World Bank Climate Innovation Centres, www.infoDev.org

- Regional development

- But new jobs and opportunity focus on ever growing cities
- Regional incubators

- Changing nature of work`

FIGURE 2: EMPLOYMENT SHARE AT RISK FOR SELECTED INDUSTRIES



Thank You

Julian.Webb@creedaprojects.com.au

