

UNI JPEC's Student Business Incubator Pre-incubation Training

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What is a business concept?

- A business concept (the business idea) is a set of thoughts that communicate to others the precise nature of the proposed enterprise. You need to be able to articulate clearly the nature of the business to demonstrate your understanding of the concept.
- A concept is only an idea until a feasibility study has been conducted to prove its viability and a business plan has been written to demonstrate its sustainability. Successful concepts differ in some way from the competitors. You need to know what is the point of differentiation or the competitive advantage.



The next several slides will explore what are fatal flaws for a concept/business and what makes a business successful.

Conceptual Flaws

- It won't work – cannot be made to work outside the lab, etc.; technology is not sound
- No real need – businesses fail when they do not fill some need perceived by enough people to make operations profitable
- Unfortunate economics – some concepts will work and people perceive a need for them, but the costs are so high that customers will not pay enough to make the business profitable. If a customer will not pay 3 to 5 times the direct product cost, the business will not be profitable.

Conceptual Flaws

- No protection – some concepts, if proven sound, can easily be copied by other companies capable of quickly exploiting the market, perhaps driving the entrepreneur from it. Investors are leery of new enterprises that have no protection, no patents, no copyrights, no trade secrets, no organizational or distributive advantages, no locational monopoly, or no cost advantage. One key is to position your company in such a way that it is really not competing directly with larger competitors.

Conceptual Flaws

- Obsolescence – how long is the concept's life? Some concepts are faddish -- only a few months to make profits. Some concepts have technological obsolescence – they are out-of-date before they leave the lab.
- Inconvenient – the principle of convenience is basic to marketing. People tend to behave in ways that are most convenient to them. People do not change their patterns of behavior. The business needs to fit within the scheme of things.

Conceptual Flaws

- Education – If a new product will be successful only after the consumer has been educated to use it, watch out. Education is a slow, costly process that poses great risks. Not many people welcome being educated to use a new product; there is more comfort in familiar products and old ways. If a company wants to enter a market where education is involved, it is better to be the second player in the market. Let the first company spend its financial resources on educating consumers to the need for a product, the second company simply reaps the rewards – sales with no education costs.

Conceptual Flaws


- Changing Consumer Behavior – This is along the same lines as education. Consumer behavior is learned over time and through experience. Experience teaches consumers how to solve a particular problem in a satisfactory way. Consequently, consumer behavior has much stability and regularity. A new concept that requires a change in consumer behavior will be resisted unless the rewards are obviously sufficient to motivate a change in behavior. Remember, most people fear change.

Successful Conceptual Traits

- Great savings are involved, especially time or money
- Solves a serious problem – cancer, AIDS, etc.
- Fits in with the existing scheme – fits with other products/services
- Rapidly expanding market – gifts and toys always seeking new products or ideas

Successful Conceptual Traits

- Clearly identifiable market – know exactly who will buy the product and why
- Convenience – functions in the way consumers' behave and operate; requires no change in priorities, operations, etc.
- Monopoly or oligopoly



Now that you have evaluated your concept, are you ready to be incubated? No, you need to evaluate yourself. Are you ready to be an entrepreneur?

Entrepreneurial Characteristics

- Desire/passion – this is the foundation characteristic. You must have a passion for/a desire to own your own business, to be your own boss. There are many long hours, lots of hard work, many sacrifices, and delayed reward when one is an entrepreneur. You need the passion to help you through these challenges.
- Initiative – no one else is going to make your business happen; you need to do it/make it happen and be the driving force in the business.
- Energy – you need high levels of energy, entrepreneurs do not sit still; they work long and hard.

Entrepreneurial Characteristics

- Low support needs – you will likely be doing several jobs in your business, especially at first. This means you do not need or expect to have a lot of support staff.
- Thriving on ambiguity – there are few concrete answers in the entrepreneurial world. Environments change frequently.
- Perseverance – keep trying despite set-backs. Entrepreneurs are determined to be successful and will keep trying.
- Self-confidence – believe in yourself, your ideas; be your own cheerleader

Entrepreneurial Characteristics

- Responsibility – entrepreneurs are responsible for the success or failure of the business. You are the business and the business is you.
- Problem-solving – entrepreneurs spend a lot of time problem-solving and troubleshooting.
- Persuasiveness – entrepreneurs need to persuade others to do things and to believe in the business.
- Self-discipline – entrepreneurs have to do things whether they want to or not.

Entrepreneurial Characteristics

- Market awareness – entrepreneurs must be sensitive to market opportunities, such as what customers need.
- Execution intelligence – the ability to fashion a solid idea into a viable business.

Undesirable Traits

- Greed – share the success with those who helped
- Dishonesty – integrity and credibility are important
- Impatience – success takes time; usually 3-5 years to breakeven
- Paranoia – most investors and consultants want to help; not steal your idea.
- Lack of business knowledge – a good entrepreneur understands the business and puts systems and people in place to benefit the business

Entrepreneurial Myths

- Entrepreneurs are big gamblers.
 - Entrepreneurs take calculated risks. Good entrepreneurs are moderate risk takers. They have calculated the risks of the business and their ability to handle the risk.
- Entrepreneurs need great idea.
 - Entrepreneurs need an idea on which they can execute. The hardest part of any business is sustaining and building the venture.
- Anyone can start a business.
 - Anyone who is willing to work hard, make sacrifices, and put in long hours to start and grow a business.

Entrepreneurial Myths


- Considerable experience is necessary.
 - Experience is helpful, but enthusiasm, energy, and dedication can help an entrepreneur learn.
- It takes a lot of money.
 - Strategies such as bootstrapping reduce the costs of starting and operating a business.
- Big business will ruin a small one.
 - Start-ups can compete by maximizing their strengths of flexibility, speed of change, and closeness to customer.

Entrepreneurial Myths

- Entrepreneurs get rich quickly.
 - It usually takes 3-5 years for a start-up to breakeven and 7-10 years for a business to be considered stable.
- Entrepreneurs cannot work with others.
 - The most successful entrepreneurs know the importance of building strong teams and developing effective business relationships. Solo entrepreneurs make a living; savvy entrepreneurs build a team, an organization, and a company.

Entrepreneurial Myths

- Entrepreneurs are born, not made.
 - Some people are born with a desire and the energy to want to create something – for an entrepreneur that is a business or non-profit. People can learn relevant skills, gain experience, and develop an interest for a business. Numerous classes exist to teach the processes, techniques, and skills needed to be a successful entrepreneur. The one thing these classes cannot teach is entrepreneurial characteristics such as motivation, desire, energy, responsibility, and perseverance.



Now that you have evaluated
your concept and yourself,
are you ready to find out
what incubation is?

What is business incubation?

- The National Business Incubation Association (NBIA), the largest international business incubation association, defines a business incubator as an economic development tool designed to accelerate the growth and success of entrepreneurial companies through the use of business support services.
- The UNI Student Business Incubator is an educational learning laboratory where students can explore the development of a business and learn best practices for current and future business success.

The Goal of Incubation


- Produce successful firms that will be able to leave the incubator as independently successful and financially viable companies.

Incubation Statistics

- According to U.S. Department of Commerce Economic Development Administration, incubators have an 87% success rate for helping developing companies prosper outside the incubator environment. What that means for you is companies that are incubated are less likely to go out of business.
- 84% of incubator graduates stay within the communities in which they were incubated. What that means for you is access to the continued resources of the SBI and its partners, the UNI Small Business Development Center and Innovation Incubator.

Incubation Statistics

- Of incubator types, 43% are mixed use. What that means for you is you will be in a space with other growing businesses – some will be in similar industries and some will not, but you will not have a direct competitor in the incubator since that is against our policies.



Now that you have
learned about incubation
are you ready to find out
what UNI offers?

UNI Incubators

- Student Business Incubator – must be a student (preferably UNI) to be accepted in the incubator. Can be a team, but the team must have at least one UNI student. SBI is located on UNI campus. Student tenants pay no rent.
- Innovation Incubator – accepts graduates from the SBI, faculty, staff, and community individuals starting and running businesses. Tenants will pay rent for incubator space.
- Fourth Street, Waterloo Incubator – accepts community individuals starting businesses. Tenants will pay rent for incubator space.

UNI Student Business Incubator

- Educational learning laboratory
- Program of UNI John Pappajohn Entrepreneurial Center
- Primary purpose is entrepreneurship education
- Built with funds from the Small Business Administration
- Gifts from donors support the operations of the facility
- Fully integrated with all of the other programs of the JPEC including the Certificate in Entrepreneurship

Benefits of the SBI

- One-on-one technical assistance provided by expert staff and professional partners
- Reduced rate legal and accounting services
- Seed capital programs
- Market research assistance
- Professional office space furnished with computers and office furniture
- State-of-the-art technology including a Digital Imaging Lab for movies, photos, and high-end graphics
- Dedicated server space

Benefits of the SBI

- Use of meeting facilities and classroom
- Small business resource library
- Educational workshops and training programs
- Mentoring program
- Guest speakers
- Academic program in entrepreneurship
- Networking with other incubator tenants
- Annual conferences
- Various business competitions

Applying to the SBI

- Read and review this PowerPoint presentation
- Prepare application and executive summary which can be found at www.jpec.org/sbi.htm
- Make an appointment with Laurie Watje to take the quiz over information in this PowerPoint and to submit SBI application. Call 273-JPEC (5732) to schedule an appointment.

Types of Admission to SBI

- SBI – a physical office in the facility located in the BCS building plus all of the services noted on the benefits page. There is a 30-day probationary period for all tenants before regular occupancy is offered. Admission to SBI is granted on a semester-by-semester basis and students must earn 50 points each semester and show development/growth in the business to retain space.
- Affiliate – no space, but many of the services of the SBI program. Opportunity to apply for space later.

Getting the most from the SBI

- Utilize the JPEC staff. The staff are knowledgeable professionals with years of experience. They are the best asset/resource of the program.
- Use the materials in the resource library. They have been selected with your business in mind.
- Network with fellow tenants. Businesses are in different stages and many of the other owners have been where you are.
- Attend regular meetings and set goals for your business

Getting the most from the SBI

- Use the 50-point matrix to become a better entrepreneur and to assist your business growth
 - 50-points in the various areas of personal and business development must be earned each semester to retain space in the incubator. All 50 points cannot be earned in one category. The goal is to develop well-rounded entrepreneurs. Business development goals will be set each semester and participation in the program is expected.
- Read, understand, and follow the information in the SBI Policies and Procedures manual.

Successful Graduates

- The SBI has had several successful graduates. Check out the Hall of Fame in BCS 128 for their profiles. Here's what some had to say...

“The UNI Student Business Incubator has provided me with the resources and technical support that allowed me to take ideas and develop them to realities.”

Carlos Arguello

La Prensa Hispanic Newspaper and CAAL Translations

Successful Graduates

“The UNI SBI is a great resource for any student looking to start a business; we would have never been able to grow to the level we are today without the space, professional support, and other resources available.”

Ben Frein
E-Holdings, LLC

“The SBI is an incredible place to learn. It is loaded with resources that you simply cannot put a dollar amount on.”

Jared Enderton
Enderton Strength

“More than just computers, financial assistance, and guidance, it is great because of the creative atmosphere it cultivates.”

Mark Watje
JIT Truck Parts