

Incubation in the Creative Industries

Creating Value through Non-profit Incubation

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Master Thesis

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Abstract

What values does a non-profit incubator in the creative industries produce? and Who are the beneficiaries of this?

An Incubator is often regarded as a tool for stimulating entrepreneurship. An incubator seeks to provide a value for, among others, entrepreneurs, governments, partner companies and itself. The beneficiaries of these values depend on the model of incubation.

This thesis studies how, where and for whom a non-profit incubator in the creative industries is able to create a value. Besides that, it also discusses the ways in which these values can be made visible and quantified. This is done by building on the existing body of research that focuses on university and for-profit incubators. The main challenge is to see whether and where this research applies to a non-profit incubator that is not related to a university. Contrary to most incubation research this thesis uses an ethnographic approach. By residing in an incubator (MediaGuild) for a period of three months it was possible to make observations and study daily routines. This data has been combined with the qualitative interviews that have been conducted with the incubators founders, managers, incubatees and others.

An incubator can create values in the incubation process through its entry and exit procedure and by providing incubatees with facilities, knowledge and networks. At the same time an incubator can provide a service to society by moderating between education and business.

Preface

The Master program, *Cultural Economics and Cultural Entrepreneurship*, has helped me to broaden my knowledge of the creative industries by allowing me to support it with economic theories. This peculiar combination of creativity and economy has provided problems as well as opportunities. Throughout this year I have both acknowledged and defied the ‘special’ position that many researchers have reserved for everything that is cultural or creative. This thesis is a product of that struggle.

My interests have guided me towards an area that is on the periphery of the cultural sector: the creative industries. In this area entrepreneurs have to be able to survive the free market economy. At the same time they produce sufficient external benefits to qualify for subsidization. In the planning stages of this thesis, I looked for a place where this struggle between economics, creativity, the market and subsidization could be observed. I was able to find what I was looking for, and much more, at MediaGuild, a non-profit incubator for start-ups in the media sector.

At the Erasmus University I would like to thank all my classmates, many of whom I was able to share thoughts with that have helped to shape this thesis. I am also grateful to Professor Dr. Arjo Klammer whose questions and insights have proved to be as challenging, and sometimes even more challenging, than I had expected. His advice and that of the other members of the thesis group have been of great value for this thesis.

I would like to thank everybody at MediaGuild and Waag Society for the support and interest they have shown in this project. Special thanks go out to Auke Ferwerda and Edo Broeksma for all the time and effort they have invested in showing me how MediaGuild operates, for assisting me in pin-pointing the problems and challenges of this industry and for their jokes that offered distraction from the hard work that went into this thesis. The help and openness I received at MediaGuild was overwhelming.

Last but not least I would like to thank my mother, Chris Reinewald, Auke Ferwerda, Esra Wedam and Barbara Ciccarelli for their careful reading and insightful comments.

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1 Introduction

Incubators are increasingly regarded as a solution for effectively stimulating entrepreneurship and thus (local) economies. Although this notion might be true to some extent, it must be noted that there are various types of incubators. These can range from commercial initiatives, started by large companies or venture capitalists, to non-profit organizations founded by a collective of artists. There are incubators that support start-ups with the goal of developing new technologies, but also those that provide a space for artists to work and share facilities. This diversity makes it difficult to assess the value of incubators in general. Therefore this study will focus on a specific type of incubation model: the non-profit incubator in the creative industries.

The type and focus of an incubator depends heavily on the region it resides in. Although the Netherlands is home to many different types of incubators, most of the incubators in Amsterdam are focused on the development of the creative industries, an area that Amsterdam aspires to excel in. The purpose of creating a strong creative industry in Amsterdam is to gain a competitive advantage over other cities and regions. The Amsterdam based incubation organization *Project Broedplaatsen Amsterdam* (PBA) defines incubators as follows:

‘An Incubator is a (life-)workspace for a cooperating group of primarily cultural entrepreneurs (including artists, crafts businesses, service providers and technicians), aimed at living and working together to reach synergy and cross-fertilization, part of a subculture, with an economy of it’s own, not directly aimed at commercial success.’¹ (PBA, 2001)

The definition above suggests that incubators in the Amsterdam region are primarily regarded as non-profit organizations. These are expected to constitute an environment in which creativity can flourish. This is done by working towards synergies and promoting cross-fertilization. The city of Amsterdam alone has over 40 of these incubators on different locations throughout the city. Although they vary tremendously in size and objective, all of them (in-) directly support the mission of the local government by contributing to the development of the creative economy of the city.

¹ Original quote in Dutch: Een broedplaats is een (woon-)werkplek voor een samenwerkende groep van overwegend culturele ondernemers (waaronder kunstenaars, ambachtelijke bedrijfjes, dienstverleners en technici), gericht op het samen leven en werken om tot synergie en kruisbestuiving te komen, deel uitmakend van een subcultuur, met een eigen economie, niet direct gericht op commercieel succes. (PBA, 2001)

The focus of the government is on creating infrastructure; they generally focus on providing a building and do not subsidize operating costs or individual companies. Because the buildings that are made available to incubators are often on the verge of being demolished² or unsuitable for other uses³, this is a relatively 'cheap' solution. This also entails that the influence of the local government on the further development of the incubator is usually relatively low. So the government allows the incubator to work autonomously, usually only with restrictions such as: Provide at least 70% of available floor space to start-ups in the creative industry, or: The building will be demolished after five years. Although it is often not necessary for the incubator to maintain ties with the (local) government after the initial start-up phase, it can be of value for them since both parties have an interest in the proper functioning of the incubator.

The main goal of a non-profit incubator is to fulfill its mission while being able to keep its operation sustainable. The challenge for these incubators is to strike the correct balance between these two objectives. It is thus often the incubator's desire to be sustainable that puts restraints on its social or cultural mission. The other way around, the social or cultural mission makes it more difficult to operate an incubator in a sustainable way. This struggle between achieving its mission and becoming sustainable reveals that incubators are expressing their success in more ways than money alone. But what are these terms? Which values do non-profit incubators produce? And how can these values be measured? This thesis will explore how the values that are produced by an incubator can be made visible in terms of outcomes. From there it will attempt to ascribe a value to these outcomes by putting them in relation to the objectives that the various stakeholders of an incubator have. This is all done as part of an attempt to grasp the fundamental tension that lies between the fields of culture and economics.

Most incubation studies assess a number of incubators on the basis of a list of performance outcomes. Although this gives a general idea of the performance of an incubator and results in valuable data, it does not always show whether these incubators are achieving the objectives they have set. This is peculiar since most incubators have a lot of stakeholders with varying and sometimes even conflicting goals. Governments, for instance, are focused on improving the economy, and try to do so through the

² For instance in the case of *Pakhuis de Zwijger* and *het Volkskrantgebouw*.

³ For instance in the case of *de Westergasfabriek* area and *Pakhuis Wilhelmina*.

stimulation of entrepreneurship and innovation. Incubators can contribute to this mission directly, or might do so in a more indirect way. However, a government subsidy does not necessarily guarantee that an incubator contributes more to the government's goals than it would have done with private funding. Attaching a meaning to an incubator's outcomes and especially to their desirability by the various stakeholders might reveal important information about the workings of an incubator.

As the literature review will show, much research on incubators has been exploratory. Although progress towards developing the tools to measure certain effects of incubators has been made, research on non-profit incubators, and especially those that are not related to universities, remains scarce. Besides offering an in-depth study of the workings of an incubator, this thesis aims to add to the existing body of research by providing an in-depth analysis of a non-profit incubator in the creative industries. It will look at the process of incubation from entry to exit, as well as the position of an incubator in the public landscape.

The main questions here are: *What values does a non-profit incubator in the creative industries produce?* and *Who are the beneficiaries of this?*

Numerous articles have appeared in newspapers and (business) magazines that question the value that is being provided by the non-profit incubator model that is currently so dominant in the Netherlands. However, as can be seen in the literature review, there is a lack of theory and research on the subject. Because so little theory exists and most research is scattered, it is important to provide answers to a couple of general questions before answering the main question; this is done throughout this thesis. In the following chapters the workings, motivations and values of a non-profit incubator and its entrepreneurs will be discussed. In this process answers to the following questions are sought:

- How does an incubator work?
- Why do entrepreneurs join an incubator?
- From where does the non-profit incubation model originate?
- How does the selection process of an incubator work?
- In which ways does a non-profit incubator differ from a commercial incubator?
- How can a non-profit incubator become sustainable?

- How do the economic and social mission of the incubator relate?
- What value does location have for an incubator?
- Who are stakeholders of an incubator?
- What values does an incubator produce for its stakeholders?
- Which values are replaceable and which are important?
- How can these values be measured?

Incubators are able to create value because they can take advantage of economies of scale and, thus, provide resources that would otherwise be unavailable or, at the least, more difficult to attain. In return for this, incubatees either pay rent or give a part of their shares to the incubator. This way the incubator benefits from a good performance of its incubatees, and vice versa.

An incubator is only of value for entrepreneurs if it is able to contribute something to their ventures. Incubators can provide values in three ways: facilities, knowledge and networks. Valuable facilities can be assets that are difficult or costly to obtain for start-ups, such as a conference room or a fabrication laboratory, but also something more abstract such as an inspiring place to work because of the vicinity of like-minded people. Knowledge can be provided in the form of business advice by the incubators management or through other sources. Incubators also create value by spending more time on building networks and valuable relationships than individual start-ups are able to do. As Peters et al. (2004) point out, start-ups do generally not have all the resources required to make their venture a success. It can therefore be expected that the most important values that are provided by incubators are also the ones that are needed most by the entrepreneurs: the ones they cannot provide for themselves.

An incubator is also in a constant process of incubating itself. Not only does it have to assess and adjust the process of incubation itself, it also needs to be aware of and, perhaps even more important, be able to adjust its position in the educational field, an ever-changing economy and society in general.

2 Theoretical Framework

An increasing amount of governments are focused on finding ways to stimulate entrepreneurship and encourage the growth of the creative industry. This theoretical framework will start off by discussing the theories that have caused this trend. This will be followed by a review of previous research that has been done on incubators. From there a closer look will be taken at the various measurement methods that have been developed to assess incubators.

2.1 Towards a Creative and Entrepreneurial Society

Researchers increasingly point to entrepreneurship as a solution for the stagnating growth in national economies and as an important source for innovation (Audretsch, 2007; Drucker, 1985; Thurik, 1995). This has not remained unnoticed in the political field, where entrepreneurship has been adopted as a tool that will do wonders for the economy. Another concept that has been embraced by the politicians is that of the creative class (Florida, 2002). This class consists out of a 'super-creative core', which includes a wide range of occupations such as designers, architects and computer programmers and 'creative professionals' such as doctors and lawyers. Florida believes that they are the driving force behind economic development in cities (Florida, 2002).

Although Florida's work certainly has been criticized, mainly because it does not fully succeed in proving causality, it has retained its popularity especially amongst local governments that are trying to develop centers of creativity by stimulating all kinds of creative companies to reside in their cities. It has already been proven in the United States that the combination of a high degree of entrepreneurship and a large pool of creative people can become an economic success story. For example, this is the case with Silicon Valley and the computer industry. Due to a high level of entrepreneurship, an abundance of informal investors, flexible labor markets and highly educated immigrants, Silicon Valley has become an example for policy makers throughout the world (Saxenian, 1996).

Perhaps trust in the power of entrepreneurship is so strong because of the, almost mythical, status of the entrepreneur. An entrepreneur is different from a small business owner. Schumpeter, who made the clear distinction between the two, noted this as early as 1934. Entrepreneurship is about identifying an opportunity and pursuing it (Schumpeter, 1934; Kirzner, 1973). It is the entrepreneur

who drives innovation and growth, not the business owner. A person who owns an enterprise is thus not by definition an entrepreneur (Carland et al., 1984). Entrepreneurial behavior can be found in small companies, but also in large ones (Guth & Ginsberg, 1990).

A relatively new concept that is receiving an increasing amount of attention within the field of entrepreneurship research is that of social entrepreneurship. This term has been defined by Dees (1998) as follows:

‘Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.’ (Dees, 1998: p4)

Because this is an idealization of the term, not every entrepreneur has to comply with the full definition in order to qualify as a social entrepreneur. The concept of social entrepreneurship shows that the attention for the social aspects of entrepreneurship is increasing. The connection between social entrepreneurship and the creative industries is often made. A reason for this can be that the creative industries consist mostly out of young entrepreneurs who try to combine their entrepreneurial drive with the increased awareness of the energy crisis and the green movement.

It remains difficult to prove that a larger number of entrepreneurs in the creative industry does actually help to stimulate the economy. However, research has shown that innovation can be stimulated by entrepreneurship (Drucker, 1985) and also leads to growth of the economy (Audretsch & Thurik, 2001). Although, it must also be noted that the effect of entrepreneurship is difficult to measure and that causality cannot always be proven (Stel, Carree & Thurik, 2005). With this being said it can be concluded for now that a high level of entrepreneurship is something that is potentially of interest to every industry; whether it is entrepreneurship that stimulates growth, growth that stimulates entrepreneurship or the correlation is caused by a third (unknown) factor.

An important factor in the success of an entrepreneurial venture is its degree of creativity, because being creative can result in innovative products and solutions. There are, however, limits to this

creativity. On the one hand a company cannot only be creative, because it also needs to harvest this creativity. On the other hand a company cannot only harvest without being creative, since it would quickly become obsolete this way (Jacobs, 2005). For a student of *Cultural Economics and Cultural Entrepreneurship*, one of the big questions is if the addition of the word creative makes a difference for the theories that are used. Is the creative sector so different from other sectors that it needs theories of its own? The definition of the term creativity needs to be clarified further before this question can be answered.

The creative industries are also frequently referred to as the copyright industries (Flew, 2002). This is because the word creative in creative industries refers to the product that is, for a large part, the result of a creative process. The most important asset that is being created by companies in the creative industries is their intellectual property (IP). This does, however, not mean that other industries are not creative. It is very important to clearly distinguish the product of the industry, which is produced by creativity, and the business practice of being creative.

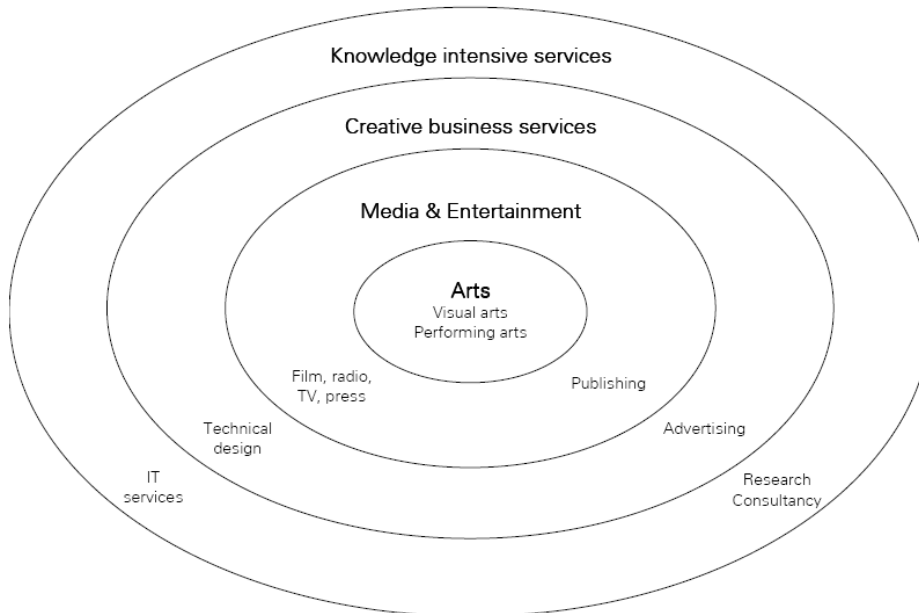
In this thesis the term entrepreneurship will be used when talking about creativity in the business sense. This is convenient because often entrepreneurship is exactly what is meant by creativity. Entrepreneurship is seen as finding and exploiting new ideas and opportunities and creativity is often regarded as one of the entrepreneur's most important characteristics (Carland et al., 1984). An often-cited definition of creative industries is that of the UK government's Department of Culture, Media and Sport (DCMS). This is also the definition that this thesis uses when referring to the creative industries:

'Those activities which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property.'
(DCMS, 2001)

The creative industries, sometimes also referred to as cultural industries, can further be divided in the following sectors: arts, media & entertainment and creative business services. Some examples of activities are visual arts and performing arts in the arts sector. Media and entertainment consists of film, radio, television, press and publishing. Creative business services include technical design and advertising. A schematic view of the structure of the creative industries, by Jong, Fris and

Stam (2007), can be found in *Figure 1*. They also include knowledge intensive services at the very periphery; this covers activities such as IT services and research consulting. Although these are, at least partly, creative activities, they are not covered by the definition of creative industries used in this thesis, unless this is explicitly mentioned.

Figure 1 Schematic view of the cultural industries by Jong, Fris & Stam (2007)



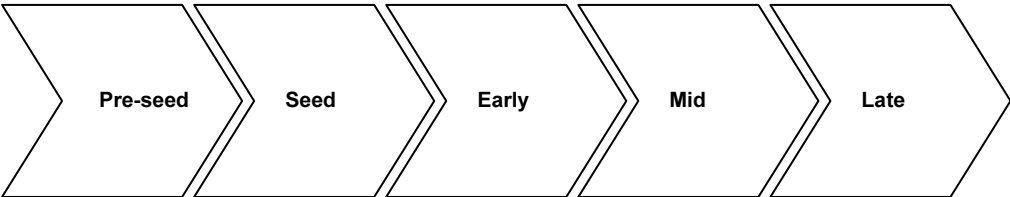
Jeffcutt and Pratt (2002) discuss the difficult position of the creative industries. They state that it occupies the domain between culture and industry and, therefore, is in a continuing struggle between creativity and management practices. This tension makes the creative industries an especially attractive and interesting field to study.

2.2 Literature Review

Of course research on incubators has been conducted before, however, not as much as one might expect. First of all it is important to distinguish the different types of incubators and look at the ways in which they are classified by other researchers. There are several studies that have been dedicated to doing so in various ways. Grimaldi and Grandi (2005) identify four types of incubators: Business Innovation Centres, University Business Incubators, Independent Private Incubators, and Corporate Private Incubators. These different types all have their own set of characteristics that separates them from the others. Grimaldi and Grandi state that this variety of incubation models is much needed to respond to the different needs and requirements of companies. Chinsomboon (2000) uses a different classification in his research on incubators in the new economy. He separates the different types of

incubators by their levels of involvement. He segments the venture incubator, venture accelerator, venture portal, and venture network. Another way of categorizing different types of incubators is by looking at the stage of development in which a company enters the incubator; Chinsomboon (2000) also refers to this as ‘the point of intervention’. We can distinguish the following stages: Concept (pre-seed), seed, early, mid and late. These are visualized in *Figure 2* below.

Figure 2 Stages of start-up development by Chinsomboon (2000)



While we might have a clear sense of the different types of incubators that exist, only little research has been conducted on the effects of incubators. Some examples are Aernoudt (2004), who researches the use of incubators as a tool for entrepreneurship, and Martin (1997), who studies the success factors of incubators in trying to develop enterprises. These studies often remain of an exploratory nature. Most research has been focused on measuring the financial results and the influence an incubator has on the economy. Measurements of variables such as success rates, growth and turnover have been done, but provide a limited view of reality. The most complete work on measuring the effects of incubators has been done by Mian (1997). Mian proposes a performance assessment framework for University Technology Business Incubators. His framework allows the program directors to measure the outcomes that are produced by their incubators.

A model for measuring the performance of an incubator in the creative industry that allows for the inclusion of more than only financial results does not exist yet. There have, however, been studies on specific benefits that are generated by incubators, such as the developments of urban areas or regions (Kuratko & LaFollette, 1987), increased employment (Markley & McNamara, 1995), networks (Hansen et al., 2000), and the use of incubators as transfer mechanisms for technology (Phillips, 2002). Thus the current state of research on incubator performance leaves plenty of opportunities.

Because of the many different types of incubators it is important to know about their historical background when researching them. The next chapter provides an overview of a number of historic developments that have lead to the state in which incubators in the Netherlands currently are.

3 Historical Framework – A Short History of Organized Creativity

This thesis is not a manifesto to discredit the new and romanticize the old. However, the current forms of business incubation are the result of a number of developments. This historical framework shows the events that have preceded the popularity of the governmentally founded and/or funded non-profit incubators worldwide and in the Netherlands.

The American National Business Incubation Association (NBIA) has estimated that there are about 5000 incubators worldwide, of which 1115 are located in the United States of America (NBIA, 2006). In the Netherlands, the Amsterdam region alone currently has around 40 incubators ranging in focus from visual artists to life sciences, the majority of which are non-profit organizations. The success of the model reveals that they fulfill a need, but which need? And, which other models have achieved (or tried to achieve) the same effect?

By looking at several predecessors of the current incubation model, it is possible to get a better understanding of its core-values. Different models of incubation have shown results varying from huge successes to complete failures. In this chapter several different cases, that are either models of incubation or closely related models, are studied. This is done to see the origins of the currently popular incubation models and to understand what their motivations are. This historical background will be used later for defining the variables with which incubators and policy makers can measure and monitor the values that are being produced by incubators. In addition it will be shown how the non-profit business incubation model has roots in both the creative and business side of incubation.

3.1 Places of Freedom & Creativity

The incubator model has a long tradition in the arts, be it in a less institutionalized way. This can be observed in the case of Amsterdam. In the 70's and 80's there was a shortage of housing and affordable workspace. At the same time the city government and property speculators possessed many buildings that had no purpose. Alternative communities made use of these abandoned places, out of a need, but also to make a political statement. In these communities⁴ they practiced art forms that did not have any commercial potential, such as installations and experimental performances. At the time there was no room for this in museums and galleries. These communities were also based on a Marxist

⁴W139, which still exists today, is an example of such a community.

understanding of art and culture. They believed that art and culture did not have a financial value and must therefore be protected from capitalist influences.

So before the city government started to interfere, dozens of squatted buildings throughout the city offered artists and creative people a place to work. In these buildings artists worked and lived together. By living in a community, they were surrounded by an atmosphere of creativity, something that resulted in more creativity. Remaining true to their Marxist values, recognition from fellow artists and being truly creative was regarded as more valuable for them than financial success.

Because of the rapid growth of the city, these places of freedom⁵ started to disappear. They were not able to support themselves in the free market economy. They were also forced out of their squatted buildings due to new rules and regulations and to make room for apartments and offices. Their communities could often not be sustained without any form of subsidization or other income. There did however appear to be a flaw in this, more market orientated, way of thinking. Mainly due to the influence and popularity of the theories of Richard Florida (2002) in his book *The Rise of the Creative Class*, Amsterdam and other cities started to create new places for artists. The government realized that creativity could perhaps have a positive effect on the economy and the image of the city, even without directly resulting in sales or profits. As before, the artists were often provided with old warehouses or other abandoned buildings such as schools or factories. These new insights of the government do not mean that everything was returned to the way it was. The facilities are back, but in a more organized and, most of all, more controllable setup. It has since been questioned if these new incubators are a good substitute for the old places of freedom (Couprie, 2002).

It seems that these squatter communities have served, in way, as an inspiration for business incubators. They, too, provide an environment in which people can work on developing their creative ideas while protecting them from the forces of the market. This is being done by providing an inspiring place to work with the opportunity for the creation of informal networks between like-minded people. The difference is that a business incubator prepares its companies to be able to function in the market when they become independent from the incubator.

⁵ Translation of the Dutch word 'vrijplaatsen'

3.2 R&D Labs

Research and development labs (R&D labs) are (a part of) major companies that focus on innovation. Here the innovation does not come from outside, as is the case with entrepreneurship, but from within. Since the most important objective of R&D labs is innovation, foremost a creative process, they have a lot in common with incubators. Most notably is the similarity of the workspace setup of incubators and some R&D labs. The organization of the workspace is not done scientifically as is common practice within factories (Morgan, 2006). Instead, spaces are organized in a more flexible way to stimulate interaction with co-workers, but at the same time to allow room for seclusion (Florida, 2002). R&D labs form teams that operate independently from each other, very similar to teams of entrepreneurs in an incubator. This form of intrapreneurship (entrepreneurship within a company) does however differ from entrepreneurship because entrepreneurs put their products on the market themselves. The ideas of the intrapreneurs in R&D labs are judged by managers, executives and marketing people and not directly by the market. Although it might seem logical to let everybody do what he or she does best, this causes a huge waste of knowledge. Even though companies like Xerox spend huge amounts on their R&D labs, the results are often not monetized (Smith & Alexander, 1998). Intrapreneurs in R&D labs sometimes even need to take extreme measures to convince their companies of innovative ideas. This is because it is often difficult to explain innovative products, let alone ideas, to people who do not directly take part in this process. With intrapreneurship, innovation comes from the bottom and not the top, but the problem is that the innovation often stays at the bottom.

The problems faced by an intrapreneur can be seen in the story of Charles House. He developed a new computer screen at the Hewlett-Packard R&D lab. After he showed it to the marketing staff, they conducted a study and concluded that there was no room for it in the current market. House, being a true intrapreneur, did not believe this. He took the screen and found a completely new market for it. At first his superior was convinced by his evidence and let House continue the development of the screen. He was stopped later by chairman David Packard, who had spoken with the marketing department and ignored the findings of House. Fortunately, this did not stop House from continuing the development of his monitor. The product turned out to be a great success and was used in, among many other places, the first manned moon landing. Packard later awarded House with the *Hewlett-Packard Award for Meritorious Defiance*: "For contempt and defiance above and beyond the call of

engineering duty" (Pinchot, 1987). This example shows that research in R&D labs can lead to great innovations, but that there are many pitfalls in the further development of a product.

Within an incubator, an entrepreneurial climate is already present. Although there is plenty of room for creativity, the focus on the commercial possibilities of a product will be maintained since the new ventures, and thus the incubator, can only succeed if they become successful in the market. Besides that, the future success of a start-up is also tightly connected to the future of the entrepreneur. Because of this they are forced to take responsibility and 'fight' for their products.

3.3 University Spin-offs

Technical universities have been centers of innovation and creativity for centuries. However, harvesting this knowledge and technology has not always been at the centre of attention. Nowadays, universities do increasingly assist researchers in their entrepreneurial activities by setting up incubators or other forms of help. This development is being lead by the technological universities. One of the most successful programs in the Netherlands is the TOP (Temporary Entrepreneurial Placements) Program at the University of Twente (Grimaldi & Grandi, 2005). These kind of programs use knowledge or technology that has been developed by students or researchers at the university in order to form spin off companies. The goal is to put knowledge and technology into practice and thus to allow the university to be entrepreneurial. This is often done by setting up an incubator that is directly related to the university: the university business incubator (UBI).

UBIs can produce large amounts of companies. Successful UBIs in Europe named by Grimaldi and Grandi (2005) are, among others, Cambridge in the UK (on average 1,5 companies every month since 1978), The University of Linköping and that of Chalmers in Sweden (has hosted well over 600 companies) and that of the University of Twente (incubated more than 300 companies). Incubation remains a popular model for exploiting university knowledge and technologies; recent initiatives in the Netherlands include Science Park Amsterdam and YesDelft!

In the United States, universities have historically been more business oriented because of the Morrill act. This act donates land to the senator and representatives in office in exchange for founding a college where research related to agriculture and mechanics will be conducted. This research was

supported because it would result in practical knowledge and innovations for the lower class, such as the farmers (Audretch, 2007). But even this historical affiliation with the practical application did not always result in an encouragement for entrepreneurship. This is shown by Audretch (2007) who describes how Ed Roberts, a professor at MIT Sloan School of Management, was prohibited from owning a company while being a professor. Nowadays it might seem odd that it was forbidden to start a business at a business school, but it clearly was not odd in the 1961 case of Ed Roberts.

In the academic world, the demand for bridging the gap between the acquisition of knowledge and exploiting it remains. UBIs offer a solution for this problem. It is simply easier for academics without business experience to explain a problem to an organization that is related to the university instead of a bank or venture capitalist (Audretch, 2007). The success of UBIs shows that the incubator model can successfully help people to develop their business skills and business at the same time. It can help inexperienced entrepreneurs to avoid making the mistakes others made before them. On the other hand, it can help universities with commercializing knowledge and technology and stimulating (the local) economy (Allen & McCluskey, 1990; Smilor & Gill, 1987).

3.4 New(e)conomy failures

Before the big dot-com crash on the stock market, most incubators that were not related to a university were privately owned. These incubators, such as Newconomy founded by Maurice de Hond, Oscar Appeldoorn, Lex Mossel and Ruud Smeets, were modeled after the successful venture capitalist incubators in the United States. Although their mission included that they offered support to Dutch companies exclusively, the main goal was making a profit, not stimulating the economy. A few months after a very successful introduction on the stock market, the 'bubble exploded' and stocks quickly plummeted. This failure might be an explanation for the lower popularity of the for-profit incubator model in the Netherlands in contrast to the United States, where it is more common as can be seen in Chinsomboom (2000).

3.5 Non-profit Incubation

Since the example mentioned above and other failures of commercial incubators, the dominant incubation model in the Netherlands has been the non-profit incubator. According to Lalkaka (2002) this applies to a majority of the incubators worldwide as well. Lalkaka notes that most incubators in

developed and developing countries are non-profits who pursue economic development goals. Their income comes from rentals and providing services, which is further supplemented by subsidies.

History shows that there are two categories of non-profit incubators. The first is the university related model. This incubator directly feeds of university developed technologies and talent. The second is the regional development model. These incubators usually have developed close ties with the regions they reside in and are not directly related to a university. This study is limited to the second category.

4 Methodology

As the theoretical framework has shown, quantitative research on the performance of incubators has not always provided the expected or needed results. This is, for a large part, caused by the diversity of incubators; it is difficult to quantify something that has such specific characteristics. In practice this only leads to very general statements. Therefore this research is concentrated on only one incubator instead of a (large) number of incubators. Another factor that limits the validity of most incubator research is the number of firms residing in the incubator, which is often relatively small; this makes it difficult to make statistical comparisons. As Chinsomboon already notes: ‘Meaningful measurements in terms of numbers of firms or statistics are not available because the variance was great, sampling size was small for each of the different models (they just don’t exist yet), and numbers are rapidly changing from month-to-month.’ (Chinsomboon, 2000: p10) Therefore both qualitative and ethnographic research methods will be used.

Using this approach limits the statistical validity and applicability of the research results. In other words, it does not validate any conclusions based on representative sample sizes. Despite this, it does allow an in-depth look in the workings of a non-profit incubator. This might deliver results or insights that a large quantitative research project cannot give. Since each incubator has its own mission and objectives, it does seem more useful to explore ways that allow the assessment of their individual performance, instead of making ungrounded comparisons and producing data that is generalizing. This thesis attempts to find and test a method for an individual assessment based on the following two assumptions:

1. An incubator produces outcomes
2. These outcomes are values when they are corresponding with the goals of the incubator’s stakeholders

4.1 Combining an Ethnographic and Qualitative Approach

Confining the research area for this thesis to only one incubator comes with opportunities as well as limitations. (Semi-) structured interviews are combined with the ethnographic research method of participant observation. This is done by being physically present in an incubator for a period of three

months in the role of a researcher and part of the incubator's staff. This has made it possible to observe the workings of an incubator from up-close.

Incubators are typically closed communities, and their value is difficult to judge for an outsider. This is especially true for pre-seed incubators where the intellectual property of the entrepreneurs, their most valuable asset in this stage of their business, is rigorously protected. In the literature study that preceded this thesis only one other ethnographic study of an incubator was found. Bøllingtoft and Ulhøi (2005) applied ethnographic methods to incubators for a period of six months, one day a week. The study included taking field notes of observations done at business meetings, events, documents and other interactions. It is peculiar that this is one of the first studies to apply ethnographic research methods on incubators. Interacting with people and witnessing events will show how an incubator really operates; instead of asking for an obscure fact such as 'the amount of informal meetings between entrepreneurs while they are getting coffee', these informal meetings can simply be observed. The downside to ethnography is that it does not distinguish the stages of theorizing hypothesis construction, data gathering or hypothesis testing (Seale, 2004). Therefore the ethnographic research methods are combined with the more common qualitative research methods. The qualitative part of this research consists of data collection by conducting (semi) structured interviews. These interviews also helped to reveal the motivations behind the events that were observed.

Data has been gathered by using ethnographic and/or qualitative methods; the following (groups of) people and organizations have participated in this study:

- The founders of the incubator
- Incubator staff/management
- Entrepreneurs residing within the incubator (Guild members)
- Entrepreneurs that have entered the selection process
- For-profit and non-profit partners
- Contributing individuals (Guild masters) and organizations

The questions that have served as the basis for the interviews with the entrepreneurs can be found in appendix 1.

4.2 Finding a Framework for Assessment

By focusing on just one incubator and combining ethnographic and qualitative research methods this thesis attempts to reveal how an incubator can produce values for its stakeholders in several stages of the incubation process and how these values can be made visible. Obviously it is not possible to develop such a method from scratch in the time that is set for a Master thesis. Therefore, the starting point for this will be the framework for university incubator assessment developed by Mian (1997). This specific framework has been selected since it is one of the most comprehensive ways to measure an incubator's results. Besides, it is to be expected that university incubators share many characteristics with non-profit incubators.

This framework is based on the extensive research that has been done on university technology incubators. Mian has developed a method to conduct a complete assessment of an incubator. He uses the salient features of four program effectiveness approaches to hypothesize his framework. These approaches are: the goal approach, the system resource approach, the stakeholder approach, and the internal process approach. The individual components of this framework are based on a large number of studies and divided by Mian into three categories: (1) Performance outcomes; (2) Management policies and practices; (3) Services and their impact. His framework provides one of the most complete methods to measure all the outcomes of an incubator that is currently available.

Besides measuring these outcomes the framework does something else; it helps to define the stakeholders and their objectives. This is important because, as can be read in the beginning of this chapter, the values that are produced by an incubator can only be revealed when they are related to the goals of the stakeholders. Although the framework reveals all this information, it does not draw any conclusions. This can be noticed in Mian (1997) where the conclusion is a list of outcomes.

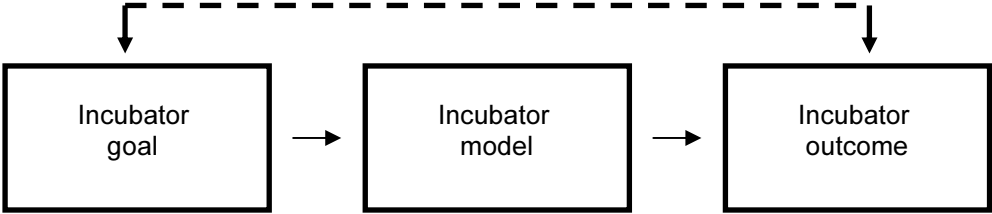
Another problem is that the framework is specifically built for assessing university business incubators; because the characteristics of a university related incubator differ from general non-profit incubators, it cannot instantly be transferred. Thus Mian's framework will be used as a starting point.

From there, a similar framework will be constructed that can be used by non-profit business incubators that are not related to a university.

It is, however, no coincidence that a framework constructed for the assessment of university business incubators forms the basis of that for the assessment of non-profit incubators. Although there are numerous differences, there are also many similarities. Both will become apparent with the adjustment of the framework for non-profit incubation.

After the adjusted version of Mian’s framework has helped to reveal the incubator’s outcomes and stakeholders, the next step is to relate the two in order to be able to attach a value to what is produced. This must be done over time since different stages of the incubation process have different stakeholders. Because this method relates the goals of an incubator to its performance, it can put the value produced in the incubation process in relation to the goals. The workings of this can be seen in *Figure 3*, an evaluation model that is provided by Bergek and Norrman (2008).

Figure 3 Incubation evaluation model by Bergek and Norrman (2008)



4.3 Adjusting the Framework

In order to be able to use Mian’s framework, some adjustments have to be made. Non-profit incubators in the creative industries have characteristics in common with university incubators, but because the models have different kinds of stakeholders and objectives, changes are inevitable. A modified version of the table with the ‘*Operationalization of the salient features of the selected approaches to UTBI assessment*’ by Mian (1997) can be found in *Table 1* below. This table shows the features that indicate the effectiveness of an incubator in different areas of the incubation process.

Mian describes how these four approaches work together towards creating a complete overview of the organizations effectiveness.

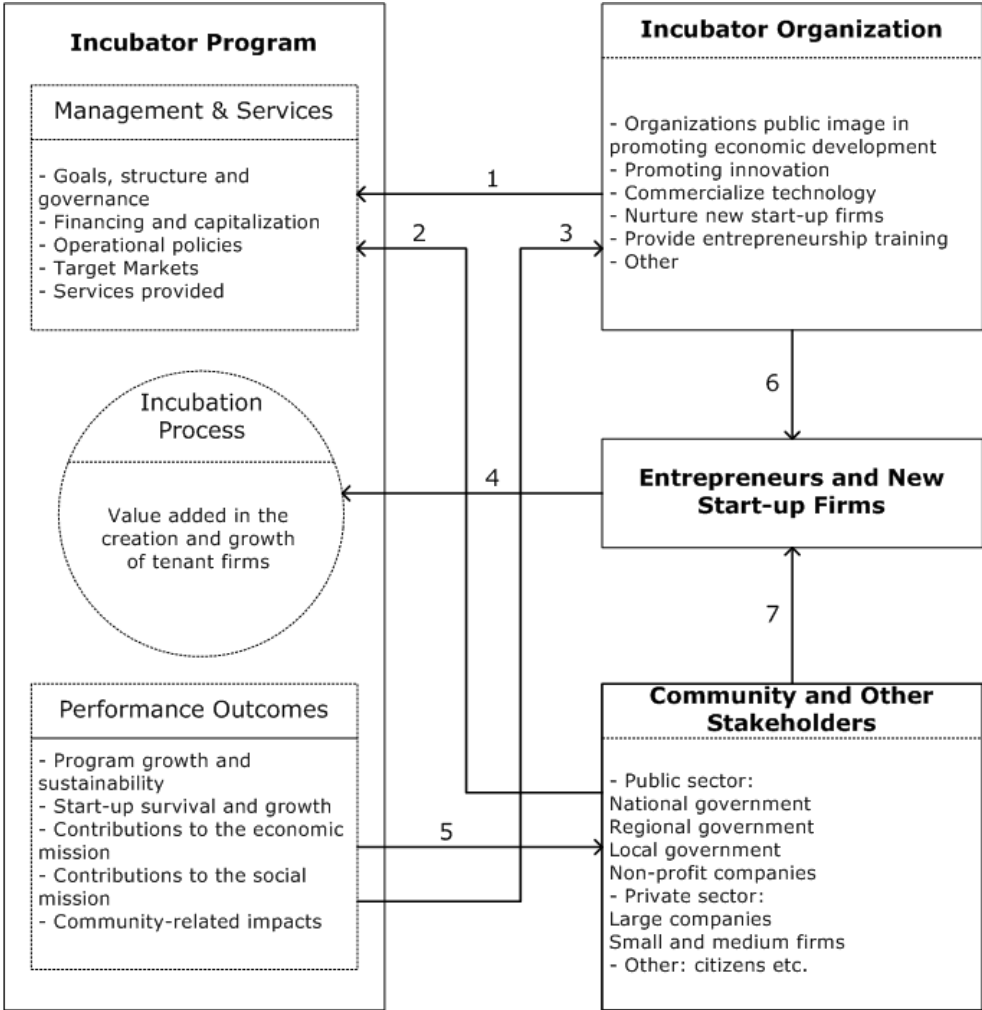
‘According to the goal model, an organization is effective to the extent it accomplishes its stated goals; the systems resources model reviews the acquisition of needed resources; the stakeholder model requires the satisfaction of its constituencies; and the internal process approach looks at the human relationships within the organization.’ (Mian, 1997: p256)

Table 1 The salient features of the selected approaches for non-profit creative industry incubator assessment

<p>Goal Approach – It articulates and accomplishes its stated goals</p> <ul style="list-style-type: none"> • Clarity of the incubator’s objectives (economic and social) • Realization of these objectives • Organizational structure/strategy • Sustainability/growth
<p>System Resource Approach – It acquires needed resources</p> <ul style="list-style-type: none"> • Acquisition of financial resources • Facility management team • Securing the entrepreneur incubatees • Securing knowledge/equipment • Securing network relations • Securing prestige/image
<p>Stakeholder Approach – Its constituencies are minimally satisfied</p> <ul style="list-style-type: none"> • Satisfaction of the founding organization (if any) • Satisfaction of the facility management • Satisfaction of the entrepreneur incubatees • Satisfaction of government stakeholders • Satisfaction of private stakeholders
<p>Internal Process Approach – It has smooth internal functioning</p> <ul style="list-style-type: none"> • Effectiveness of managerial support • Effectiveness of decision making and policies • Effectiveness of networking among incubatees • Effectiveness of communication/teamwork • Success in firm creation/growth

From these features follows Mian’s ‘Conceptual model for assessing and managing the performance of UTBIs’. The version of this that has been adapted to apply to independent non-profit incubators can be found below in *Figure 4*. This schematic shows all the stakeholders of the incubator on the right side, while the left side shows the process in which value is added. The arrows reveal the connections between the two and show the process in which the incubator program provides an added value for the stakeholders and vice versa.

Figure 4 Adjusted version of the conceptual model for assessment of incubators modified for assessing non-profit incubators in the creative industry by Mian (1997)



4.4 Application of the Framework

This thesis demonstrates how the theories and tools above can be used to measure and monitor the values produced by a non-profit incubator in the creative industries. Besides that it also looks for any pitfalls and solutions that come with this method. In order to do so, one incubator (MediaGuild) has been selected as the object of study. A detailed analysis of this incubator and its incubatees can be found in chapter 5 and 6. Chapter 7 will show the comparative assessment characteristics and their outcomes based on the data provided by the analysis and other findings from the research. It will also study the value of these outcomes by studying which outcomes are valuable for particular stakeholders. Chapter 8 examines how MediaGuild produces values in the incubation process itself and through its position in the landscape of education and business.

5 MediaGuild: The Organization

Some of the (big) problems governments have to deal with these days are the lack of innovation and entrepreneurship. MediaGuild is trying to contribute to the solution of this problem in the Netherlands. MediaGuild is a new media and creative business incubator in Amsterdam that strives to realize the full innovative potential of the creative, ICT and new media sectors (MediaGuild, 2008). When an incubator tries to generate more than only a profit, it is important to reveal what else is produced. While there is an abundance of tools for measuring the financial value of a company or incubator, tools for measuring the other values that are produced are scarce. Especially with non-profit incubators, it is also important to know if the results correspond with the incubator's non-financial objectives. The adjusted version of Mian's (1997) framework will be tested using MediaGuild as a case study. In this process it is attempted to discover what the position of MediaGuild is in the Dutch business and educational landscape.

5.1 A History of MediaGuild

MediaGuild is a spin-off from the Amsterdam based medialab Waag Society. This foundation has originated from the project *Digitale Stad* (Digital city) of which Marleen Stikker, the founder of Waag Society, was the "Major". Waag Society started in 1994 as *Maatschappij voor oude en nieuwe Media*. The mission of Waag Society is to make new media accessible for audiences having difficulties with using internet and computers in order to enhance their joy in life. The projects by Waag Society are not aimed at making a profit, but have a social focus. Sometimes, however, these projects result in products that can be more successful in achieving their social mission when they are developed into companies. Waag Society recognized this and started to create companies around their products. These companies do not necessarily have to pursue a profit; they can also be non-profits that rely on subsidies. According to Marleen Stikker the main goal is to spread technology in order to support the mission of Waag Society. The new companies developed by Waag Society are made part of a firm called Waag Products. Any profits that are made by these start-ups are used to support the mission of Waag Society. When Waag Products started to become successful, applications from external start-ups began to come in an increasing rate. Marleen Stikker noticed this and recognized a need for an institution that could offer support to these companies in a more organized way. This resulted in the founding of an incubator: MediaGuild.

MediaGuild's initial funding is a mix of public (about one third) and private (about two thirds) capital. Both types of funding come with different responsibilities and expectations. Finding the right balance between the two is a challenge, according to Andrew Bullen, former and first director of MediaGuild. The argument for public funding rests on the vision of the Lisbon convention regarding responsible economic growth. This vision is based on the idea that a knowledge-based society has to be realized in order to stimulate growth. This has to be done by the support and stimulation of innovation (Commission of the European Communities, 2005). These subsidies are provided by the city of Amsterdam through the 'HERMEZ' program and from the Dutch government through the 'Pieken in de Delta' program. Private funding is obtained from two sources: sponsoring companies and funds generated from providing services and facilities to others. Companies can sponsor (individual) projects within the incubator and engage in a long lasting relationship with MediaGuild through activities such as innovation workshops or by cooperating on projects. Services and facilities include: the exploitation of a hosting service, the rental of office space or conference rooms, and selection services for other incubators.

5.2 Mission and Objectives

MediaGuild incubates companies in the creative industry; they operate in the area where creativity and business meet. This means that MediaGuild operates on the second (Media & Entertainment) and third (Creative Business Services) level of the creative industries as described by Jong, Fris and Stam (2007) in Figure 1 above.

MediaGuild describes their mission in their application for a 'Pieken in de Delta' subsidy as follows:

'The MediaGuild is aiming to reach the maximal innovative potential of the creative industry, ICT and new media. They will do this by:

- Bringing together, coaching and facilitating talented starters, creative entrepreneurs and professionals with the development and realization of their innovative ideas to a prototype and product.
- Stimulating ICT and new media innovations within companies, especially MSEs, by organizing interdisciplinary seminars and knowledge exchanges.
- Organizing and facilitating an international and national network for the creative industry, ICT and new media.'

(Mediagilde Amsterdam, 2006: p3)

MediaGuild specializes in a number of areas including, but not limited to: serious gaming, location-based software, social networking and the future of search engines. It tries to fit its activities into the four domains of Waag Society: culture, society, healthcare and education.

The emphasis of MediaGuild is on new media and ICT, which they believe to be important catalysts of the knowledge economy. They stress the use of interdisciplinary relations. The new media and ICT structures help to dissolve the traditional borders between the fields of culture, art, science and economics. This mission is thus closely related to that of Waag Society, the knowledge institution of which MediaGuild is a spin-off. Although MediaGuild shares office space and knowledge with Waag Society, they form two separate entities.

MediaGuild is, as they state themselves, also in the process of incubating itself. An incubator, and especially a recently founded one, will learn and gain experience by helping more companies. A striking analogy between incubating and baking pancakes has been made by Tom Emerson of the Arizona Technology Incubator in Chinsomboon (2000: 28): 'The first pancake never comes out right, and sometimes it takes one or two, but once you've got them down, the rest become a lot easier. This is the benefit of working with an experienced incubator; they've done it multiple times before.' So if an incubator has experience with incubating, the chances of success become higher.

5.3 Organization Structure

5.3.1 A Firm and a Foundation

Just as Waag Society, MediaGuild is a non-profit organization set up as a foundation (stichting). In order to support the social mission of this foundation MediaGuild has also founded a firm (BV). This helps to place the risk and liability, which comes with the participation in start-ups, away from the foundation. The mission of the firm is to make a profit that can be used as a financial support for the foundation. While the foundation helps the start-ups by providing services and facilities, the firm participates in the company. If money is made from this it can flow back to the foundation. The initial capital of the firm comes from an initialization subsidy (opstartsubsidie).

MediaGuild is financed through:

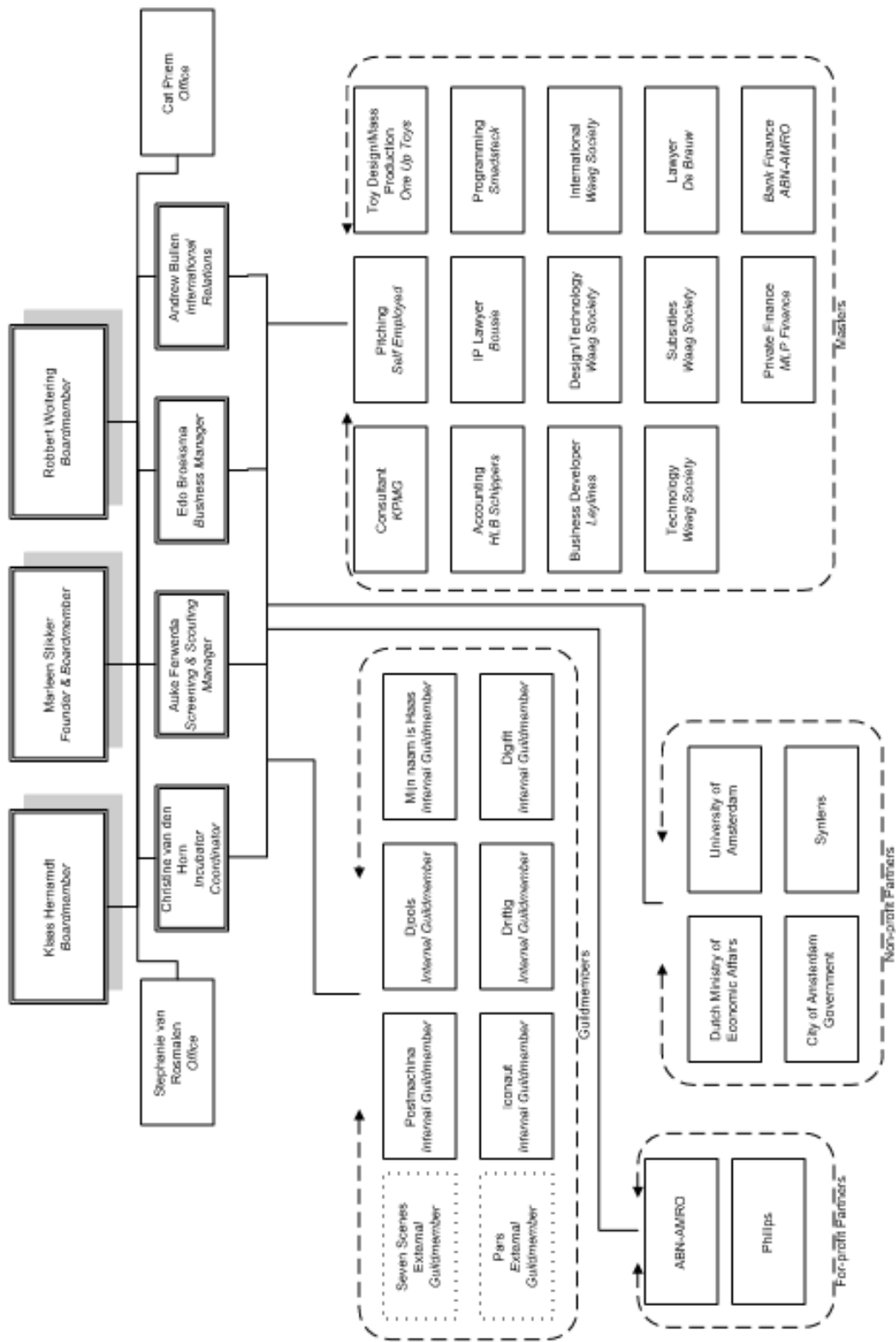
- Rental of spaces (such as their conference room)
- Giving innovation workshops
- Exploitation of their server/internet connection (through Culture Grid)
- Partners

MediaGuild is a pre-seed incubator. This means that start-ups enter MediaGuild in the pre-seed phase, in which their most important asset is intellectual property. This makes it difficult to find investors. The pre-seed phase requires only small investments (up to €50.000), which are not very common; most investments are done with larger amounts. It is also important to recognize that an investment comes with the involvement of the investor. The person or organization that makes the investment wants to be able to monitor it and will thus have to be involved in the company. This can result in a situation in which the investor wants to take the company in a different direction than the founders. This seems especially true when a social mission is involved, since this does not directly result in a profit for the investor. MediaGuild makes a physical investment, but mostly in the form of workspace, supplies and knowledge. The value of this can however add up to thousands of euros.

5.3.2 Organogram

Just like a traditional guild, MediaGuild works with guild members (the start-ups) and guild masters (the experts). The incubator staff forms the connection between these groups. They are also the ones who decide which start-ups are allowed to join the guild. The management of the incubator also connects the incubators partners, both profit and non-profit, to the guild members until direct relationships are established. The organizational structure of MediaGuild can be seen in *Figure 5* below. The list of guild masters and partner organizations in the organogram is not exhaustive, but gives an indication of the different types of partners and shows how they are connected with the incubator.

Figure 5 Organogram of MediaGuild



5.3.3 Organization Size

Because of its tight relations with Waag Society and its reliance on knowledge and expertise from outsiders, MediaGuild is able to maintain a lean organization. There are only a couple of fulltime employees running the daily operations of MediaGuild. The rest of the organization is structured in a very ad-hoc fashion; knowledgeable people are attracted to consult on specific projects whenever they are needed. The organogram shows that there are many people involved with MediaGuild, but only a few are needed to run its daily operations.

5.3.4 Network

As has been said above, MediaGuild relies on external knowledge and expertise. This is done through its network. Apart from the individual help from the masters, organizations also play an important role in this. Like most partnerships, the partnerships that MediaGuild makes work in two directions. MediaGuild can provide its partners with:

- Contacts with innovative start-ups
- An insight in the new media and the creative industry
- Innovation workshops
- Access to the MediaGuild network
- Screening and selection services (judging the creative potential of companies)

The benefits mentioned above are all values that are produced by MediaGuild. Large companies are struggling with innovation and realize that this is hurting their business. On the other hand, incubated companies have problems with growing their businesses quickly and making a profit. This is why a partnership can have benefits and create value for both. A partner can contribute by either helping MediaGuild (and thus the start-ups) or by helping the start-ups directly. In the same way MediaGuild can help its partners directly, for instance by giving innovation workshops, or can do so by establishing connections between its start-ups and partners.

Measuring the values received by the partners is difficult; it is easy to see what they receive from MediaGuild, but not so easy to value these benefits. We can conclude that MediaGuild provides a value for its partners and vice versa. This makes the partners stakeholders and affirms their position in the conceptual framework.

Nobody knows exactly what the value of innovation or creativity can be for a partner; let alone what part of this value can be attributed to MediaGuild. Because of this lack of information on both the side of the partner as on that of MediaGuild, we can only approach the value of these services by valuating what MediaGuild receives in return for their services. The downside of this method is that this is just an approach of the real value of the services that might be lower or higher.

Returns MediaGuild can receive from partners:

- A partner for their start-ups to enter the market with (faster time-to-market, financial injection, knowledge, bargaining power)
- Money (investment, partnership or subsidy)
- Networks (connections with the right people)
- (Technical) knowledge

Examples of MediaGuilds partners and benefits that can be received from them are:

- Syntens: An innovation network founded by the Kamer van Koophandel (the Dutch Chamber of Commerce) that can provide start-ups with subsidies.
- Maxwell Group: Contributes with their knowledge of business proposals and finance.
- Universities: MediaGuild might be able to support in exploiting patents, but could also attract talent from universities.
- Science Park Amsterdam Center for Entrepreneurship: An incubator that is part of the University of Amsterdam for which MediaGuild has provided screening services.

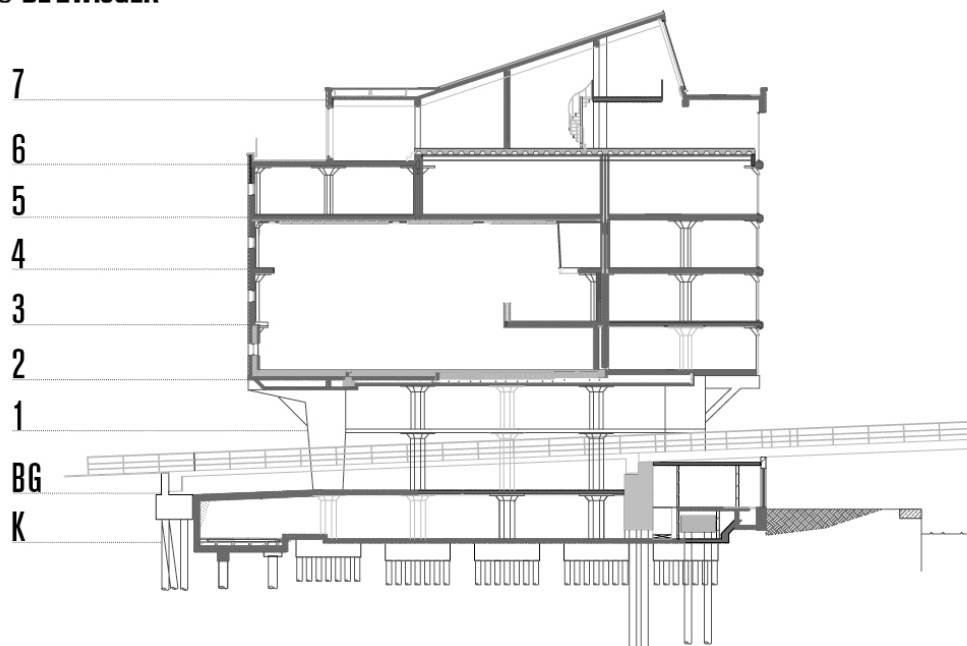
The aim of MediaGuild is to be financially independent by the end of 2008. As has been mentioned before, MediaGuild has received subsidies from the city of Amsterdam through the HERMEZ program (Gemeente Amsterdam, 2006) and from the Ministry of Economic Affairs through the program for regional subsidies 'Pieken in de Delta' (2006). How these subsidies are justified in relation to the location of MediaGuild on various scales is studied in the next paragraph.

5.4 Location & Policy Relevance

Location is regarded as an important factor. Even though a digitally orientated organization such as MediaGuild could, in theory, operate from anywhere it is important to be physically close to partners, competition and talent. In the 1990's authors have predicted the 'death of distance' and the 'death of geography' (Gates, 1995; Cairncross, 1997). They believed, due to technological developments, cities would disappear and no longer be of importance. Today, despite the opportunities technology offers, this does not appear to be true. This paragraph will discuss the various levels of location that have an influence on MediaGuild and which, in turn, MediaGuild can have an influence on. This will be done by starting to look at the building in which MediaGuild and other organizations reside. From there the area, city and country MediaGuild is situated in will be discussed. The international position of MediaGuild will be reviewed as well. These various circles of influence will help to reveal the stakeholders of MediaGuild, especially those in the public domain.

Image 1 Pakhuis De Zwijger schematic – dezwijger.nl

PAKHUIS DE ZWIJGER*



*WAREHOUSE FOR MEDIA AND CULTURE

5.4.1 Building

MediaGuild is located on the 6th floor of *Pakhuis de Zwijger*, a renovated warehouse with a rich squatter history. The guild members are located on the 5th floor where they share office space and other facilities. The close proximity of organizations such as the *Amsterdams Fonds voor de Kunst* (Amsterdam Fund for the Arts) that is able to provide subsidies, and *Cultuurfabriek*, a major organizer of cultural events in the city, is another benefit of being located in the warehouse. The warehouse also provides a value by giving the participants access to various rooms such as an auditorium, meeting room and a television studio. Apart from the facilities that are provided in the building it also offers the start-ups a more professional appearance than an attic or garage would.

5.4.2 Area

The warehouse is situated in the centre of Amsterdam in an area that used to be mostly inhabited by squatters who occupied the old warehouses. Currently the area around the harbor is being rapidly developed and offers expensive apartments and office space. The area seems to follow the development pattern that is described by Richard Florida (2002). Apart from the companies in the warehouse there are numerous 'creative' companies in the area such as advertising agencies and the television companies IDTV and MTV. But also offices of companies such as that of the supermarket concern AHOLD have resided in this area. The warehouse profiles itself as a meeting place for creative and socially engaged people. This also had an influence on the perception of MediaGuild as a creative and innovative place. There are numerous cultural attractions in the area such as concert halls (Muziekgebouw aan 't IJ & Bimhuis), clubs (Panama & 11), a science centre (NEMO) and museums (Shipping Museum & Stedelijk Museum) that fulfill similar functions. Because of this the area is also typified as a 'cultural boulevard'.

There is also a large activity in the development of housing projects in the area. Whether or not this is causal or correlated to the cultural development of the area remains a question. The development of the area as a living space does however provide an audience for the cultural attractions, which makes the area livelier in return. It is important to know that the rapid development of this area can also, at least for a part, be attributed to the booming housing market in Amsterdam and the fact that these are almost the only new housing projects that are located so close to the centre.

5.4.3 City

Amsterdam is the largest city in the Netherlands and is working on establishing and improving its position as a creative city. This is done through a variety of programs established by the local government. Two projects that have had a direct influence on MediaGuild are: *Project Broedplaatsen Amsterdam* and the HERMEZ program.

The creative industry is an important provider of jobs in Amsterdam. 6,8% of the jobs in Amsterdam were provided by the creative industry in 2007. This means 32.813 people on a total workforce of 480.295 people. Recently this number has also started to grow again (Groep et al., 2007).

Project Broedplaatsen Amsterdam is supporting incubator like facilities that are focused on stimulating the creative industries. Its mission is:

'To find and develop more affordable studios and living/working spaces for artists and alternative cultural entrepreneurs.' (Gemeente Amsterdam, 2008)

The users of these 'breeding grounds' can range from sculptors to software developers. MediaGuild is one of these incubators and is more on the business end of the spectrum. The presence of Project Broedplaatsen Amsterdam has enhanced the climate for incubators in Amsterdam, since it supports the positive effects they can have.

The HERMEZ program is a program initiated by the Amsterdam city government in order to strengthen the economic position of the city. By giving financial impulses the program aims to stimulate the economy, this is done in cooperation with the central government through the Ministry of Economic Affairs.

With two universities, schools for higher professional education and a number of art schools Amsterdam can provide companies with a steady supply of talent. This is important for the MediaGuild start-ups since they have the potential to grow rapidly; they need a pool of talent to be able to support their growth. In return, the small companies are valuable for the city, as it does not want its talented workforce to move to other places just because they cannot find the right job in their own city. Aside from providing talent, the presence of higher education also results in a stream of young

entrepreneurs with fresh business ideas and new technologies that they want to develop. MediaGuild can be a training and knowledge centre that can provide assistance in the further development of these entrepreneurs.

5.4.4 Country

The Netherlands is increasingly relying on a knowledge-based economy. Its industry is rapidly relocating to countries where production is cheaper (Poort et al., 2004). Large established companies are not providing the job growth, let alone the right jobs, to make up for this loss (Audretch, 2007). The Ministry of Economic Affairs points to entrepreneurship as an important source for job growth. By assisting entrepreneurs with their growth, MediaGuild is thus supporting the mission of the national government. This has been acknowledged by a subsidy from 'Pieken in de Delta', a program of the Ministry of Economic Affairs, conceived for boosting regional economic growth in specific industries.

Being located in the Netherlands has more consequences than just having a like-minded government. The Global Entrepreneurship Monitor keeps track of entrepreneurial developments in over 40 countries. From the 2007 executive report (Bosma et al., 2007) we can learn that the number of entrepreneurs in the Netherlands is average compared to other developed countries. When we look at nascent entrepreneurs in specific, the Netherlands is ranked very low. These findings are in line with the common perception that the attitude towards entrepreneurship in the Netherlands is not enticing enough people to become entrepreneurs. Especially compared to more entrepreneurial nations such as the United States, the Netherlands has to work hard to keep up. On the positive side, it can be noted that the number of new entrepreneurs has been rising recently.

5.4.5 International

Especially in the field of new media it can be helpful for entrepreneurs to have access to an international network. Many of the MediaGuild start-ups are aiming to sell their project internationally. Media companies, and especially those that develop activities on the internet, can benefit from a large home market (Europe) and the worldwide market. Therefore MediaGuild is maintaining relations with incubators, and thus their networks, in other parts of the world. This allows their entrepreneurs to learn from each other and take advantage of the other incubator's networks.

Other incubators in countries such as Malaysia and Canada have also adopted the incubation model of MediaGuild.

According to Andrew Bullen, responsible for MediaGuild's international relations, being located in Europe offers "incredible" advantages for start-ups. International collaborations can be achieved through initiatives such as the Eurodigimeet. So there are many possibilities on both a best practice level as on a practical development level.

5.5 Stakeholders

This brief location analysis of MediaGuild revealed numerous stakeholders with a large variety of interests. Commercial partners consider MediaGuild as a source of innovation, while Waag Society regards MediaGuild as a tool for supporting their social mission. Guild masters provide assistance, but could benefit from the success of these start-ups in the long run. When it comes to location it can be seen that: *Pakhuis de Zwijger* is interested in its innovative image, networks and knowledge. The area can benefit from the image of MediaGuild; this can possibly influence the housing market. The city benefits from a possible pull of creative talent, job growth and extra tax incomes. The Netherlands and Europe can, in turn, benefit from MediaGuild in their transfer to a knowledge-based economy. All these stakeholders have different (and sometimes conflicting) interests in MediaGuild and, therefore expect different things from it. The start-ups, arguably the most important stakeholder of all, will be discussed in the next chapter.

6 MediaGuild: The Guild Members

The success of MediaGuild is, for a large part, determined by the quality of its guild members. Successful start-ups do not only contribute to the financial wellbeing of the incubator, but also add a value by enhancing its reputation. A solid reputation in the industry will help to attract and contract more promising start-ups. Therefore it is important to study on which grounds start-ups are granted or declined admission and what is offered to them in return for taking place in the guild. After all, how can we measure what value is added if we do not know what it is added to? Once they are accepted, the guidance provided by the incubator can play a crucial role in the development of the start-ups. Although companies residing within an incubator are by no means protected from making small or even big mistakes, the interferences of the incubator at vital stages in the companies' development can prove to be important. This process in which the incubator tries to add a value to its start-ups is described in greater detail below. At the end of this chapter an overview of the current guild members, including a brief profile of their businesses, is provided.

6.1 Screening and Selection

In the interviews, guild members have indicated they strongly feel the failures and successes of other guild members as they reflect on their own image and that this could even influence the success of their own ventures. This applies for start-ups that precede them as well as for those that come well after they have left the incubator. Screening and selection is an important part of the process of ensuring the quality of the start-ups that leave the incubator. It is also a much-discussed topic in incubation literature. Barse (1998) compares Harvard students and incubated companies. He questions if Harvard students succeed because of what Harvard does for them or because only talented people are accepted to Harvard. The same question could be asked for incubators, whose eventual outcomes are dependent on which entrepreneurs and ideas are accepted and which are rejected.

6.1.1 Acceptance

The process of screening and selection is thus a determining factor for the success of an incubator. It also reveals information about its preferences and the goals that are pursued. Auke Ferwerda, screening and scouting manager at MediaGuild, says that an important selection criterion for new participants is that MediaGuild is able to add something. This can be knowledge, specific facilities,

technologies, or contacts through their network. In this sub-chapter, the processes of acceptance and rejection and the motivation thereof will be studied.

Currently MediaGuild receives one or two applications each week. According to Ferwerda this number is rising and their quality is improving. MediaGuild will be able to further improve this by attracting more attention through network events, improved online presence and by judging competitions. The success of the start-ups that are currently residing in the incubator also contributes to the success of MediaGuild by drawing more attention to the guild.

So it is no exaggeration to state that the success of MediaGuild is for a large part determined by their ability to select the right people with the right ideas for their incubator. This is especially difficult because ‘nobody knows’ (Caves, 2000) which companies will prove to be successful. Ferwerda, the screening and scouting manager and thus the gatekeeper of MediaGuild, explains how this process works. An application for the incubator is judged on five accounts: innovation, market potential, team, stage of the project, and their motivation for choosing MediaGuild.

- Innovation – If a company wants to join MediaGuild it is important that it is innovative. A good method for judging whether or not a project is innovative is by seeing if others recognize it as such. This can be through attention from important weblogs such as *Gizmodo* or *Engadget* or because of recognition from the market. It is also critical that a project is not ‘a paper dream’; it has to be executable.
- Market potential – The main question here is if this project will generate money within a certain timeframe. This can be through investments, sales or subsidies. Looking at the competition, target audience and the experience of the team helps to assess the chances of this. A company should be able to achieve its goal without the help of MediaGuild; MediaGuild’s role is to decrease the time-to-market of their product or service.
- Team – MediaGuild welcomes people who think like entrepreneurs and work on executing a plan, not a dream. They should be motivated to succeed and work on building a business. Another important criterion is the (relevant) set of skills of the team; do they have the necessary knowledge in-house? Do they commit themselves to the project? What are their strongest skills? Can possible gaps in skills or knowledge be added or supplemented?

- Stage of the project – By judging in which stage the project is (idea – description - proto-business plan - business plan) MediaGuild decides whether the project is ready to be judged further or is not yet ready to be admitted to the guild. Here Ferwerda also assesses what is needed from MediaGuild to let the project succeed.
- Motivation for choosing MediaGuild – Why did this start-up choose MediaGuild?

These criteria do not seem to differ much from those of venture capitalists: they are mainly aimed at selecting a combination of the right people and the right idea. A pre-seed incubator like MediaGuild does however tend to choose the right people over the right ideas, since an idea can easily change. These criteria seem to be applied strictly; since MediaGuild has limited spaces, it can only afford to pick potential winners. When put in perspective with the mission this shows that two elements are emphasized:

1. Choosing companies that can help to make MediaGuild sustainable
2. Stimulating innovative and potentially successful initiatives

The first point is aimed at generating income while the second shows the desire to develop ideas that have, as Marleen Stikker says, ‘an impact’.

The selection criteria mentioned above reflect the main part of the mission of MediaGuild, but not all aspects are covered. The environmental impact of a venture is not explicitly mentioned for instance. Ferwerda says that this is an important aspect for MediaGuild, but that it is not always possible to consider it a priority. Another aspect that does not explicitly appear in the criteria is the synergy that can occur by sharing facilities between companies that work on similar projects. Because the companies within the guild are all media related, there will always be some synergies. There might be room for improvement in this area, since synergies are not actively pursued momentarily. More synergy can save costs and improve facilities, but at the same time result in a less diverse set of projects.

Cross-fertilization between start-ups is a benefit of incubators that is often mentioned. The ability for companies to benefit from each other’s knowledge and experiences relies for a large part on the mix of

companies that reside in the incubator. Both Ferwerda and the entrepreneurs admit that it would be positive if companies can learn from each other's presence, although competition within the incubator is something that has to be avoided. This cross-fertilization is also stimulated by putting start-ups together that are in various stages of business development. While some are developing their ideas into a business plan, others are in a stage where they are trying to market their product. Because start-ups all struggle with similar problems; learning from each other can prove to have important benefits. However, these benefits will only be realized when there is enough contact between the start-ups.

Edo Broeksma, MediaGuild's business manager, states that when selecting entrepreneurs, the entrepreneurial personality of a person is a very determining characteristic for MediaGuild's decision. The entrepreneur must have a good idea and be able to execute it, because these factors heavily influence the results of the company. But while ideas can be changed easily, personality often cannot, as this is very difficult to judge. MediaGuild judges the qualifications of the entrepreneurs, their pitch and their response to questions about their project.

After the initial evaluation of a project, the entrepreneurs are invited for a talk with MediaGuild about their idea or business plan. If this is successful, a second meeting will be arranged. In this meeting the entrepreneur(s) pitch their idea to four or five people including a technological, design and business expert, a board member and Ferwerda. After this 'round table' interview is completed successfully contract negotiations can take place.

6.1.2 Rejection

Because new submissions come in each week and MediaGuild only has a limited number of places, not every initiative can join MediaGuild. Bergek and Norrman (2008) define two different approaches for the selection of new incubatees. The first approach regards the choice that is made between selecting on the idea on the one hand and the entrepreneur on the other. This choice reveals whether the qualities of the idea or those of the entrepreneur are regarded as more important. The second approach focuses on the strictness in which the criteria above are applied. This can be either by 'picking-the-winners' in which the incubator tries to choose only those firms that have a high chance of becoming successful, or by 'survival-of-the-fittest' in which a large number of entrepreneurs are

accepted and the market will decide who survives. Together these two approaches form four selection strategies, which can be found in *Figure 6* (Bergek & Norrman, 2008).

Figure 6 Selection Strategies (Bergek & Norrman, 2008)

Selection Strategies	Survival of the fittest	Picking the winners
Idea-focused selection		
Entrepreneur-focused selection		

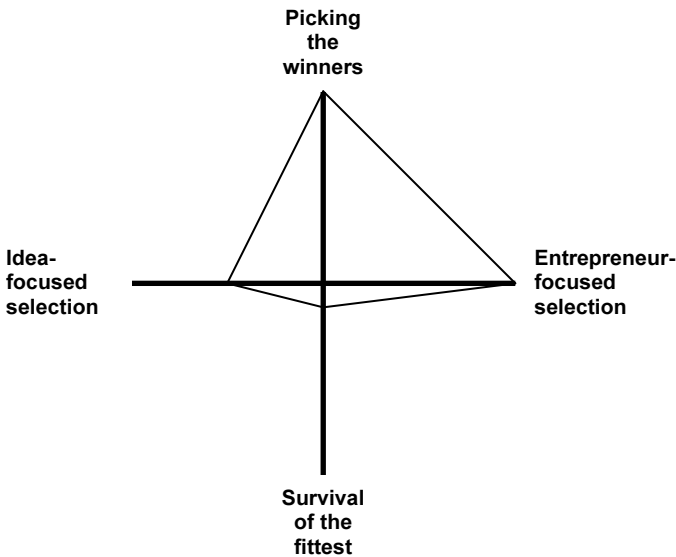
By examining the motivation for the rejection of 13 different proposals, it is tried to reveal what the guild is *not* looking for. Although the motivation for rejection is often subjective it does give a good indication of the motives MediaGuild has. From the analysis follows that the most common reasons for rejection (business plan and competition analysis) are caused by insufficient business skills of the aspiring entrepreneurs. This indicates that although they have an idea, they are unable to turn this into a company. Causes of this can be the lack of a business education or preparation of their pitch to MediaGuild. Other business-orientated reasons for rejection are insufficient financial planning, an incomplete team or the lack of a working prototype. Other rejections are caused by the fact that companies do not add to the mission of MediaGuild by being innovative or creative. Some entrepreneurs are rejected because of the risks that the venture brings to MediaGuild or the lack of expertise of MediaGuild in a certain area.

It is noticeable that the primary reasons for decline are because of a lack of business skills on the side of the entrepreneurs. From this can be conducted that, although MediaGuild helps entrepreneurs to build their business, it is no substitute for a business school. It also shows that the focus is on entrepreneur-based selection instead of the idea-based strategy.

Furthermore the data reveals that MediaGuild regards the innovative character of a start-up as a very important condition for admission. Other parts of MediaGuild’s mission, such as operating in an environmentally friendly way, have not yet been reasons for rejection. This does, however, not mean that MediaGuild is ignoring the environmental impact of their companies, since neither the rejected or accepted entrepreneurs have business plans that seem to be harmful for the environment.

MediaGuild only provides space for six or seven start-ups (depending on the size of the teams); this forces MediaGuild to adopt the picking-the-winners strategy instead of admitting a larger number of start-ups and hoping for success. *Figure 7* below visualizes MediaGuild’s selection strategy. It shows that MediaGuild combines a picking-the-winners strategy and a combination of idea and entrepreneur focused selection with an emphasis on the entrepreneur-focused strategy.

Figure 7 MediaGuild selection strategy



6.2 Provided Guidance

Incubators provide a service to their incubatees. The services vary between different types of incubators, but also between individual incubators. The set of services provided by an incubator seems to be influenced by its objectives and can thus reveal a lot of information about the nature of an incubator. According to Broeksma an important part of the initial attraction to MediaGuild is the possibility to get an attractive workspace for free. One of the most valuable things that MediaGuild provides is not the office space or other facilities, but the free assistance offered to the guild members.

After their screening and acceptance, guild members are expected to hand in a comprehensive planning for their stay at MediaGuild. Through this MediaGuild is able to judge what the start-ups' needs are and act on this.

MediaGuild provides all the basic facilities such as office space, electricity, desks, conference rooms and extremely fast internet. Besides, it also provides facilities that are more specific for the type of companies it incubates. An example of this is the production facilities MediaGuild has in their FabLab (fabrication laboratory). This allows incubatees to develop their products by using rapid prototyping. This helps start-ups to develop products and prototypes without the large investments that are needed to set up a production line.

Apart from this assistance in the form of facilities, MediaGuild also offers practical help. This can be provided by the following: MediaGuild employees, Waag Society, Guild Masters, partners or other relations from the MediaGuild network.

Broeksma states that most of the support is focused on offering help with the business side of the companies, since they are accepted because of their good creative skills and ideas. This also becomes apparent from the interviews with the entrepreneurs. Except for one start-up, none of them have received a business education. There are also no entrepreneurs that have experience with running a company that develops scalable activities.

6.3 The Guild Members

The start-ups residing in MediaGuild are a mix of commercial and cultural initiatives. They operate within the domains that are also targeted by Waag Society (healthcare, education, society and culture) and, thus, either directly or indirectly, create a social value. The entrepreneurs within the MediaGuild are not, by definition, social entrepreneurs. While some of them fit the profile of a social entrepreneur completely, others do not, since their main goal is to generate a profit. This is because MediaGuild aims to incubate a mix of commercial and cultural projects. Social entrepreneurship is encouraged, especially within the domains that are prescribed by Waag Society, but not strictly enforced. If a start-up has better chances of succeeding when it focuses more on producing a commercial value and less on social value, MediaGuild can encourage it to do so. The social values produced by the incubated start-

ups can thus vary widely. However, they all share a passion for, and a strong belief in the success of their product. In order to get ‘the right mix’, the main goal of MediaGuild is to incubate a group of entrepreneurs that ranges from social to commercial.

Short descriptions of MediaGuild’s incubatees are provided below in order to get a better understanding of the kind of projects that MediaGuild is incubating. More detailed information on the projects of the incubated start-ups has no relevancy for this thesis, but may be obtained through MediaGuild or by contacting the Guild members directly.

6.3.1 Digifit

Digifit allows people to do their workout at home by using a combination of hardware and software. The hardware measures the movements of the user while the software keeps track of their progress and shows the workout on a screen.

6.3.2 Djools

Djools is a portal where commerce can meet with art, in reaction to a more market orientated cultural policy from the Dutch government. This portal mediates between artists and the market, by forming the missing link between the two. It is one of MediaGuild’s more commercial companies.

6.3.3 Driftig

Driftig creates software that allows people to build their own social networks. This offers small communities a platform on which they can talk with each other, share content or work on projects. *Driftig* is providing small communities with their own place on the web, something that the big social networks cannot do. *Driftig* also organizes ‘Don’t do it yourself days’, network gatherings on which exchange of services is promoted.

6.3.4 Iconomical

Iconomical is creating visualization software for databases. They developed a model for navigating information through multidimensional timelines. When you’re navigating time-based data you can find things arranged over time and discover relationships between these things. Iconomical is aiming

to sell this software to other companies who have databases that are suitable for this kind of navigation.

6.3.5 Made by Sofa

Made by Sofa is a software development company that has already left MediaGuild. They left the guild with a software package for shopkeepers with which they can run a checkout system on their Mac. In the meantime Made by Sofa has two other software packages and started a design-consulting department.

6.3.6 Mijn naam is Haas

Mijn naam is Haas has developed an educational software program aimed at children from 4 to 6 years old. It allows them to create stories by making drawings that help the main character, *Haas*, to solve problems. This helps children to develop their vocabulary, story comprehension and IT-skills.

6.3.7 Postmachina

Postmachina is developing a product that brings back social networks to the physical world by using a mix of hardware and software. The hardware consists of devices that can, when pushed together, exchange contact information. You can imagine this happening at a conference. When the users of the device come home they can hook it up to their computer and easily add their new contacts to their social networks.

7 Measuring Success

The previous two chapters provided an insight in the mission and objectives of MediaGuild. They also showed how the organization is structured and thus how it tries to achieve its goals. A non-profit incubator such as MediaGuild has both economic and social objectives, of which especially the latter are very difficult to measure. But what consequences does this have in terms of value production? Mian's (1997) framework will serve as the basis for the assessment that follows in this chapter. His framework allows for the measurement of individual outcomes in three categories: performance outcomes, management policies and practices, and services and their perceived value added. By following this framework, the data from the interviews and observations can be used to assess the incubator's performance systematically. At the same time the framework will be tested in order to see if it is suitable for application to non-profit incubators and to reveal the strengths and weaknesses of this method.

The following sub-chapters will each discuss a category of the framework. Each sub-chapter will start with a critical examination of the category its general function and from there the individual outcomes will be discussed in greater detail. Sub-chapter 7.4 provides a condensed overview of Mediaguild's performance in the first two years of operation. Sub-chapter 7.5 connects outcomes with the objectives of Mediaguild's stakeholders. This is done because, as Bergek and Norrman (2008) note, outcomes do not provide the complete picture of an incubator's performance as long as they are not related to the incubator's goals.

7.1 Performance Outcomes

The performance outcomes' category provides information about the actual performance of the incubator. It assesses whether or not the incubator succeeds in generating sustainable and growing businesses and in operating a sustainable operation that is supportive of its mission and the impacts the incubator has on the community. So this category essentially assesses all the outputs of the incubator. Without taking internal factors into account it looks at the results that are produced by the process of incubation.

This method of evaluating performance leaves little room for nuance. Just as in most business literature on performance indicators it focuses on providing results in the form of measurable data.

Because this study aims to evaluate both the economic and the social performance of an incubator it is essential to interpret these outcomes with care.

7.1.1 Program Sustainability and Growth

In 2004 Waag Society started with the development of MediaGuild. In September 2006 MediaGuild moved to *Pakhuis de Zwijger* and started as an incubator. Now, a little less than two years later, the program is still operative. The incubator has been able to sustain its operation with a mix of private and public funds.

As discussed in the previous chapter MediaGuild only has space for a limited amount of entrepreneurs. Therefore, growth is not a priority once the occupancy rate has reached 100%. Currently there are six incubated start-ups and two projects that only rent office space from MediaGuild. The actual occupancy rate (by guild members) is now 75%. There are four options for further growth: (1) Replace tenants by incubatees, (2) Create flexible workspace for part-time incubated companies, (3) Enlarge the office space that is available for incubation, and (4) Incubate start-ups without providing physical facilities. The first two options are to be expected in the future. Although all options are possible, option 3 would only be in line with the objective of being an ‘ivy league’ incubator if enough high-quality start-ups are available. If not, it would change the selection strategy of MediaGuild from a ‘picking-the-winners’ to a ‘survival-of-the-fittest’ approach. The drawback with option 4 is that contact between start-ups is virtually non-existent when they are not located in the incubator.

The occupancy rate and the actual occupancy rate can be seen below. Ideally these are both at 100%. This would mean that guild members who can make a contribution towards fulfilling MediaGuild’s mission utilize all available workspace. Future measurements could also take the number of incubated companies for each calendar year into account; a larger number of companies could indicate that start-ups need even less than a year to find their way to the market.

Table 2 Occupancy rate

Type of occupancy	Percentage
Occupancy rate (%)	100%
Actual occupancy rate by guild members (%)	75%
Occupancy rate by tenants (%)	25%

The sustainability of the program has yet to be proven. If MediaGuild is able to generate sufficient income through their participation in the start-ups and through other activities, it will be able to remain sustainable without receiving public funding. For a large part, this depends on the success of the start-ups they currently incubate. Waag Society, one of the premier stakeholders, is satisfied with the operation of MediaGuild, since the start-ups in the incubator are projects that (in) directly support the mission of Waag Society by aiming to stimulate innovation and by making new technologies available for a large group of people.

MediaGuild shows that not all incubators are alike. While Mian (1997) indicates growth as an important performance outcome, MediaGuild puts an emphasis on quality. MediaGuild has also indicated that it is critical for them to run a sustainable operation. This means that their ultimate goal is not profit, but instead they aim to sustain the organization and work towards fulfilling their mission. This seems to be correlating with the sources from which it receives funding. While MediaGuild has been the beneficiary of subsidies it now aims at being self-supportive. It is thus vital to learn what the objective of an incubator is in order to be able to interpret the outcomes it produces correctly.

7.1.2 Start-up Survival, Sustainability and Growth

Because MediaGuild is a young pre-seed incubator, meaningful data on the success of incubated companies cannot be expected soon. There is a relatively long period between the moment that a company leaves MediaGuild and the moment that it starts to make sales or generates a profit. Over time, there are various outcomes on the basis of which the success of the incubated start-ups can be measured. These include: the number of ‘graduated’ start-ups versus the number of ‘retired’ start-ups, the growth percentage of start-ups measured in yearly turnover, number of employees and profits, and the operational life of graduates measured in years.

Since the founding of MediaGuild one guild member (Made by Sofa) has successfully graduated from the incubator. Today they operate a sustainable business that has been growing organically. They were able to make this step because they found a distributor for their software programs. In the early days of MediaGuild there have been two start-ups that discontinued their companies. Currently there are six start-ups that are still in the incubator. This does, however, not generate enough data to make meaningful claims about the success of an average MediaGuild start-up. At the moment, it can be concluded that MediaGuild cannot ‘magically’ transform each start-up into a successful business. This conclusion is also supported by MediaGuild, which claims to be ‘in the process of incubating itself’.

Table 3 Start-up development

Start-up status	Number
Number of ‘incubated’ start-ups	6
Number of ‘graduated’ start-ups	1
Number of ‘retired’ start-ups	2

The question is if the data on start-up development in *Table 3* would be a good indicator of a non-profit incubator’s success even if it was based on a large dataset. As Peters et al. (2004) suggest, the number of graduated start-ups is not a very refined indicator of the success of an incubator.

Future measurements could include the yearly average growth of guild members in terms of turnover, profit and number of employees. At the moment of writing, these measurements have not yet been conducted. Although this is a more precise manner to measure the impact of an incubator’s graduates, it is limited to economic results. Therefore the social impact of a new product must also be taken into account.

An example of this is the educational software program made by *Mijn naam is Haas*. If this start-up will prove to be successful it will show a growth in sales, number of employees and turnover. Together with the other graduates’ figures this will give an indication of the economic impact of MediaGuild. However, it does not reveal any information about the positive impact that the software might have had on the education of children. These ‘social’ outcomes are difficult to quantify, but must not be overlooked since they constitute a major part of MediaGuild’s mission and that of its stakeholders. The

next two paragraphs attempt to show which outcomes an incubator can measure in order to account for its non-economic value production.

7.1.3 Contribution to the Mission

Unlike the way some university or commercial incubators are for instance, MediaGuild is not connected to a single organization. Therefore, it does not pursue a single mission. A number of stakeholders can be defined for MediaGuild: Waag Society, Amsterdam city government, Dutch national government, sponsoring companies and MediaGuild itself. Each of these stakeholders has different objectives that they try to support or achieve through MediaGuild. MediaGuild actively pursues some of these while others are inherent for the type of business they operate. The importance of these stakeholders for MediaGuild also varies widely.

Waag Society's mission statement is to stimulate the development and usage of new and innovative technologies. MediaGuild has adopted this statement as its own and strives to accomplish it by attracting only innovative start-ups; this becomes clear from the selection criteria discussed above. Interviews with the entrepreneurs have also shown that they are all developing a product that would be regarded as new by their customers and that there is little or no competition from similar products. Another indication of the innovativeness of the start-ups is the (sometimes worldwide) attention they receive on major weblogs. After all, if it is interesting enough to write about, chances are that there must be something new to it.

The governments that have provided support to MediaGuild are interested in the potential economic impact that the incubated companies might have. Besides the impact caused by individual MediaGuild start-ups, they might also benefit from the potential pull-factor that successful new media companies can have on the country and the Amsterdam area in particular. Although it is difficult to measure and prove, it will be interesting to find out whether and how the success of MediaGuild is correlated or causal to the development of the creative industries in Amsterdam. *Amsterdam Innovatie Motor* (AIM) is performing measurements on the development of the creative industries in the region, but does not reveal which effects MediaGuild produces specifically. The contribution of MediaGuild to the creative industries can be measured by the percentage its start-ups represent in the total of the creative

industry. As *Table 4* below shows, AIM measures this percentage in a number of ways, all of which reflect outcomes that are desired by MediaGuild.

Table 4 Yearly growth of creative industry and contribution percentage of the creative industry to the economy of Amsterdam, 2006 and 2007 (AIM, 2007).

	Yearly growth (%)		Contribution to economy of Amsterdam (%)	
	2005-2006	2006-2007	2006	2007
Jobs	0,5	4,2	6,8	6,8
Offices	4,9	4,2	13,5	14,1
Starters	38,8	12,2	13,1	15,5

Changes in these percentages can indicate a number of things. MediaGuild’s contribution to the yearly growth percentage of the creative industries shows the incubators’ influence on the sector. The percentage of MediaGuilds contribution to the economy of Amsterdam shows its influence on the local economy. The division in Jobs, Offices and Starters allows measurement of the qualitative and quantitative success of MediaGuild and can help to provide a partial answer to the question: do incubators help to build more successful companies? This is one of the few ways in which this question can be addressed by the use of data, since finding a control group of non-incubated companies has proven to be very difficult (Sherman & Chappell, 1998).

Other stakeholders are MediaGuild’s commercial partners; they come to MediaGuild for two reasons. The first is because they see MediaGuild as a hothouse for creativity, something that might reflect on or influence the innovative potential of their own organizations. The second reason is that the start-ups might become valuable business partners or clients in the future. Thus far MediaGuild has proven to be successful in satisfying their stakeholders. The challenge in this area is now to attract more companies without letting these contacts conflict with the mission statement.

7.1.4 Community-related Impacts

The community-related impacts of an incubator have been a much-discussed topic in academic literature. According to Mian (1997) there are both qualitative and quantitative ways to measure community impacts.

Data for qualitative measures is hard to come by but includes various conglomeration effects that can be linked to the presence of an incubator. Examples of these effects are the availability of skilled labor, venture capitalists, experienced entrepreneurs, clustering of suppliers and an overall more positive climate for entrepreneurs (Mian, 1997). Besides contributing to a climate that is more appreciative towards entrepreneurship, a non-profit incubator such as MediaGuild generates other community-related impacts, most of which are related to the objectives of MediaGuild's stakeholders. Only after more start-ups have left the incubator and the impact of their products and services can be measured, it can be studied what their impact has been. It can be assumed that products that succeed in reaching a large audience, or an especially hard to reach one, will often have the largest impact on a community. In the case of MediaGuild this could, for instance, become apparent when graduated companies influence society in a positive way by bringing innovation in domains such as healthcare, education or culture.

By supporting the growth and success of companies, MediaGuild also stimulates employment rates and tax revenues in a positive way. This impact of MediaGuild can, partly, be studied by using measurements that are discussed in paragraph 7.1.3. The total contribution of MediaGuild to a more entrepreneurial and innovative society is very difficult to measure, because it is hard to prove the connection between certain outcomes and MediaGuild. Once a method to do these measurements has been found, the next challenge is to combine them with a multiplier to account for the pull function that MediaGuild has in the process of attracting other start-ups to the creative industry in Amsterdam.

The main problem with quantitative data for measuring community-related impacts is not the availability of the tools or methods, but the fact that they are too complex and time-consuming for the study of a single incubator. Therefore their usage will most likely never become viable.

7.2 Effectiveness of Management Policies and Practices

The management of an incubator is there to guide both the start-ups and the incubator itself in the right direction. It does so by creating and enforcing procedures for, amongst other things, the selection process, the treatment of intellectual property and the exit of start-ups. Another responsibility of the management is to secure funds for the operation of the incubator itself. This sub-chapter discusses the outcomes that can be used to assess the effectiveness of the management of an incubator.

While the previous sub-chapter discussed which and how performance outcomes of an incubator could be measured, this sub-chapter will assess if the right internal conditions for an optimal performance of the incubator are present.

7.2.1 Goals, Structure, and Governance

MediaGuild provides its start-ups with a facility and services. These are, as has been indicated by the entrepreneurs, of value to them. Their appreciation of these values is not uniform. Since the activities of the entrepreneurs vary, the appreciation of the provided services is also different. One company has indicated that the FabLab was a valuable service for them; still others might have no use for it. All entrepreneurs regarded the contributed value of the provided office space as high.

The incubatees also indicate that they value the assistance of the incubator's management, in the form of a business manager, incubator coordinator, and screening and selection manager. Observations have confirmed this claim. Both guild members and the management frequently sought contact with one another. The guild structure that relies on outside knowledge, allows the organization to stay lean. It is noticeable that the value of the services provided by MediaGuild is often underestimated by start-ups at the moment of joining MediaGuild. This could be because the value of the services only becomes apparent in later stages of incubation, while the value of the facilities can be experienced from the beginning. Another reason could be that Mediaguild can contribute knowledge more effectively once a start-up has developed itself beyond a certain point.

7.2.2 Financing and Capitalization

Two different parties produce these financing and capitalization outcomes: the incubator itself and the incubated companies. MediaGuild is a non-profit organization aiming at sustainability. The initial funds for this have been secured through subsidies (about one third) and private funding (about two thirds). The main goal of MediaGuild is to operate in a sustainable way, to do so it will need to generate enough income by participating in successful ventures and providing services. Currently it is difficult to measure the success of MediaGuild because its financial strategy has yet to prove itself. It does, however, show that the emphasis is on generating income from the start-ups and services, and not so much on raising capital from commercial organizations. Examples from abroad prove that this

is an area with room for progress. MediaGuilds management has also confirmed that they want to raise more capital in this way. It is also interesting to see whether or not MediaGuild will have to continue relying on subsidies or if they will succeed without them.

MediaGuild operates as a business accelerator; entrepreneurs are able to develop their idea or prototype into a company that can be competitive in the market. Often, however, this is not possible without a reliable partner, distributor or investor to enter the market with. One of the main goals of MediaGuild is, thus, to assist start-ups in finding these contacts in order to help them grow faster and allow them to achieve more. If MediaGuild succeeds in linking an incubatee with one of the above this greatly enhances the chances of success for the start-up. During the period of ethnographic research many observations of contacts between investors and the start-ups have been made. So even though results are limited at this moment, it can be noted that MediaGuild regards this as a priority.

7.2.3 Operational Policies

MediaGuild has, as described in sub-chapter 6.1, a standard procedure for the selection process. Although the application of this procedure can vary on a case-by-case basis, since each start-up is different, the requirements a start-up has to fulfill are enforced quite strictly. The exit policy prescribes start-ups can stay in the incubator for a period of up to one year. This has not been enforced strictly until now since not all the incubation spaces were occupied.

Guild members are being evaluated at least once every three months by the incubators management. The plan that is handed in by the guild members upon entering the incubator serves as a basis for this evaluation. Two persons from the incubator's management are conducting the evaluation. The personal coach of the guild members is not one of these in order to remain an objective view and to allow room for criticism from the guild members as well. During the evaluation new goals are set for the next evaluation. If necessary it can be decided to shorten the period between evaluations.

There is no formalized procedure for maintaining relations after incubatees have left MediaGuild. Currently this is done on an informal ad-hoc basis. Successful entrepreneurs would ideally take on the position of guild master after they have left the incubator, this way the more seasoned entrepreneurs can teach novices based on their own experiences.

7.2.4 Target Markets

As the name suggests, MediaGuild aims to incubate companies that are operating in the media sector. Start-ups have to work on developing innovative and scalable products or services. Within these boundaries they can work on very diverse projects. At the moment of research three start-ups were developing software programs or applications, two were developing a combination of hardware and software and one was developing an online platform.

The audiences that are targeted vary between start-ups; while some focus exclusively on Dutch children within a certain age group, others are targeting a worldwide audience or developing a business-to-business model. Their common denominator is they can all be placed under the banner of one of the four domains in which Waag Society is operating.

7.3 Services and Their Perceived Value-Added

The third category for assessing incubators is aimed at measuring the value that is created by the services offered in the incubation process. The services in a non-profit incubator differ from those in a university incubator. This study distinguishes the service of providing a network, which is especially essential because the incubator is not supported by a university, and the shared and individual services that are provided by the incubator.

7.3.1 Network Activity and Density

While facilities are often the reason for entering an incubator, the network is what helps the start-ups to make a successful exit. MediaGuild has a formal network that consists of guild masters and partnering organizations. MediaGuild also has an informal network of a variety of people and organizations, which can help to solve more specific problems or provide funding. Most guild members indicated they value the network provided by MediaGuild highly. The practical help provided by the masters seems to play an important role in the beginning of the incubation process. Contacts with investors and organizations who are providing subsidies come into play later. However, as has been observed, this can also be done the other way around. The network of masters provides guidance in, for instance, (the areas of) accounting, law and technical development. MediaGuild offers this practical assistance when the needed knowledge is not available in-house. Another part of the network is aimed at finding partners, which could help the start-ups to position their product on the market or through

capital injections. Some of these partners are part of MediaGuild's formal network while others can be attracted ad-hoc for specific projects.

When trying to measure the value of a network the difference between formal and informal networks becomes apparent. Formal networks usually consist out of durable relationships between the organization (MediaGuild in this case) and its partners. While informal networks are structured around a mixture of individual and business connections usually connected to non-consistent factors such as the incubators management or certain guild-members. In the case of Mediaguild it is important to maintain both, since they each have a function of their own. Observations have shown that formal network ties are generally used for contacts on a regular basis or larger deals. Informal networks are used for ad-hoc solutions and when very specific knowledge is needed.

7.3.2 Shared Incubator Services

MediaGuild offers their entrepreneurs free office space and facilities such as a conference room and a kitchen. More advanced facilities like the FabLab for rapid prototyping are also provided free of charge. These services play an important role in attracting entrepreneurs to MediaGuild and are also regarded as important. The idea of sharing facilities in order to promote cooperation is popular in the field of incubation. Marleen Stikker confirms that this is an important reason for letting start-ups share services. It is thus not only the amount of facilities and the frequency of use that have to be measured, but also the degree in which they are shared by incubatees.

In the past MediaGuild also organized plenary sessions in which all the entrepreneurs would gather for activities such as lectures or pitch training. These sessions were appreciated by some entrepreneurs, but took too much time for most of them and therefore attendance was often low. MediaGuild has now switched to a program that leaves room for more individual assistance.

7.3.3 Individual Incubator Services

The most common individual service is (informal) help by the incubation management. During this study virtually no barriers for accessing the incubator staff have been noted. This results in much informal contact between staff and entrepreneurs. Besides informal meetings the incubators management has also joined meetings between potential investors and the guild members. This

individual help is valued highly by the entrepreneurs. Other individual help is received through the network of guild masters and partner organizations.

Since the form and degree of assistance can vary enormously between guild members it is difficult to quantify and almost impossible to generate meaningful conclusions. Therefore the further development of the start-ups is the best indicator of the success of the individual services that are provided.

7.4 Case Study Summary

The table below gives a summary of the results of the MediaGuild case study that have been discussed above. This table shows the results of the assessment in its bare essentials without regarding the problems with the methods that are discussed above. It gives an overview of MediaGuild’s performance in a similar way as Mian (1997) does in his case studies by giving a recap of the outcomes without the interpretation of their meaning.

Table 5 Summary of MediaGuild Assessment

Characteristic	MediaGuild
<i>Performance Outcomes</i>	
Program Sustainability and Growth	The incubator is full. One third of the budget is funded publicly and two thirds privately.
Start-up Survival, Sustainability and Growth	The Incubator is now completely filled with 6 start-ups. There has been one ‘graduate’ and two discontinued projects.
Contribution to the Mission	The mission of MediaGuild and that of Waag Society are supported by the projects in the incubator.
Community-related Impacts	Companies are still too young for the measurement of community-related impacts.
<i>Effectiveness of Management Policies and Practices</i>	
Goals, Structure, and Governance	MediaGuild provides start-ups with the necessary facilities and technologies to succeed. Knowledge transfer between the start-ups and partners is also encouraged. The incubator has a small staff and manages to attract promising guild members.
Financing and Capitalization	MediaGuild has not yet found investors or funding for its incubatees, but there have been numerous contacts. One firm found a distributor, which allowed them to grow organically outside of the incubator.
Operational Policies	Guild members have to leave the incubator after one year: this is not always strictly enforced. There is a written IP policy. Start-ups have to hand in a plan upon entry and the management reviews their performance quarterly.

(Continued on next page)

Target Markets	Media, the main target market of MediaGuild, is spread out over a variety of sectors. The MediaGuild start-ups fit in the fields of healthcare, education, society and culture.
<i>Services and Their Perceived Value-Added</i>	
Network Activity and Density	There are currently 16 masters, a number of partner organizations and many informal connections.
Shared Incubator Services	Fully functional office space including computers, phone, access to technology, etc.
Individual Incubator Services	Tailor-made solutions in the form of 1) knowledge transfer, and 2) network connections.

7.5 From Outcomes to Values

MediaGuild functions as the centre of a network; there are many different groups that benefit from the outcomes that the incubator produces. Some of the network ties are obvious since the beneficiaries are stakeholders of MediaGuild; because they have made an investment in MediaGuild they expect something in return. An example of this is the *Ministry of Economic Affairs* (stakeholder), which wants MediaGuild to give an *economic impulse to the creative industry in the Amsterdam region* (outcome). Besides these obvious stakeholder/outcome relations through formal ties, with often relatively transparent beneficiaries and corresponding benefits, there are also a number of externalities that are produced by MediaGuild. These externalities can benefit groups or people who are not necessarily connected to MediaGuild.

This chapter has given an overview of the outcomes that are produced by MediaGuild. Each stakeholder will interpret these outcomes differently since they have different interests at stake. While a certain outcome might be very valuable to one stakeholder, it could be of little to no value for another. Other outcomes, such as the sustainability of the incubator, are valuable to all stakeholders that are involved; but who takes responsibility for the wellbeing of the incubator when, after the produced outcomes turn out to be non-excludable and non-rivalrous and are accepted as a public good? This is partly done by those (including the incubator itself) who have adopted these public good characteristics in their mission.

A more entrepreneurial and creative society (as discussed in sub-chapter 2.1) is in fact a public good. It is something which benefits the entire society and thus non-excludable (at least for those that are part

of the society). It is also non-rivalrous since making use of it will not prevent others to do so as well. One of the measurable outcomes of an incubator's contribution to a more entrepreneurial society is the number of jobs and start-ups it creates. Although this is a way for an incubator to show the government what it has produced, it is no guarantee for a contribution. This sub-chapter connects the goals and objectives of stakeholders to the related outcomes in an attempt to define how the value that is created by MediaGuild can be measured and how these values are different for each stakeholder.

The various types of incubators have different types of objectives considering the creation of value. In general it can be noted that the process of incubation is almost always aimed at creating a value for both the start-up and the incubator. This is because the two are depending on each other's success. The creation of value always takes place in the incubation process. From here the value is distributed in several ways. This value can flow in three ways:

- To the incubator
- To the start-up
- To an external stakeholder

For a non-profit incubator the goal is usually sustainability of the incubation program. These incubators add value to start-ups and, ideally, receive a larger value in return for this. This value is monetized through contracts with the incubated start-ups and, to a lesser extent, through external stakeholders (by receiving subsidies for instance) because of the increased legitimacy of a successful incubator. The value that is distributed to the start-up is the result of the incubation process and is made visible by the increased size and value of the start-up itself. External stakeholders can benefit from the incubation process in the form of a return on their investment or contribution, but also by reaping the benefits of the externalities that are produced by the incubator.

Outcomes are only values if they have a value for someone. Whether this is the case or not can be judged by relating the outcomes to the mission and goals of the stakeholders. This simple method reveals if there is demand for what an incubator produces and if this demand is fulfilled by ample supply. *Table 6* below gives an overview of MediaGuild's stakeholders, their goals and the outcomes that are related to the achievement of these goals.

Table 6 Relating outcomes with goals

Stakeholder	Goal(s)	Related outcomes
<i>MediaGuild Foundation</i>	<ul style="list-style-type: none"> - Operating a sustainable incubator - Stimulating innovation in media - Supporting entrepreneurship 	<ul style="list-style-type: none"> - Financial success of MediaGuild firm - Developing innovative services and products - Filled incubator - Large and diverse network
<i>MediaGuild Firm</i>	<ul style="list-style-type: none"> - Generate a profit to support the MediaGuild foundation 	<ul style="list-style-type: none"> - Successful participation in start-ups
<i>Guild members</i>	<ul style="list-style-type: none"> - Developing a sustainable and/or profitable business 	<ul style="list-style-type: none"> - Entrepreneurial training - Business advice - Large network - Financial growth
<i>Waag Society</i>	<ul style="list-style-type: none"> - Reaching a bigger audience with new media - Stimulating innovation 	<ul style="list-style-type: none"> - Number of products developed - Success of products - Number of people reached
<i>Government (Amsterdam)</i>	<ul style="list-style-type: none"> - Stimulating local economy 	<ul style="list-style-type: none"> - Number of jobs in Amsterdam - Number of offices in Amsterdam - Number of starters in Amsterdam
<i>Government (The Netherlands)</i>	<ul style="list-style-type: none"> - Stimulating national economy 	<ul style="list-style-type: none"> - Number of jobs in the Netherlands - Number of offices in the Netherlands - Number of starters in the Netherlands
<i>Commercial Sponsors</i>	<ul style="list-style-type: none"> - Profiting from start-ups - Becoming more innovative 	<ul style="list-style-type: none"> - Participation in start-ups - Cooperation with start-ups - Number of innovation workshops

The outcomes above influence the achievement of the goals directly. As the list of Mian (1997) shows, there are many more outcomes that can be measured. By working with a condensed version of this list, it directly becomes apparent which stakeholders are being satisfied and where there is room for improvement. Although most of the other possible outcome measurements are also providing information about the success of MediaGuild's stakeholders, they are only indirectly related to the achievement of the goals set by the stakeholders.

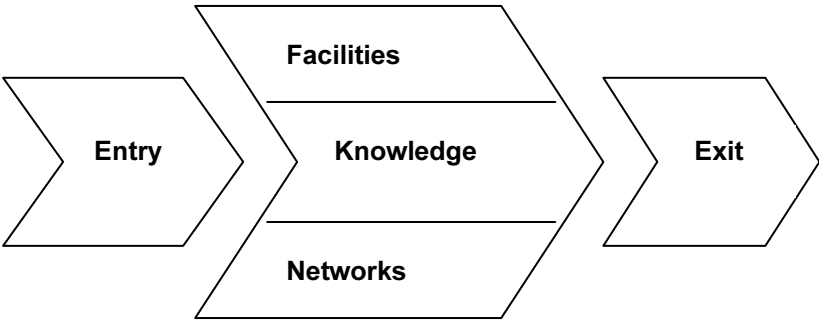
8 Conclusion

An incubator generates values; this is done through the process of incubation, but also by its position in the public landscape. This final chapter will start by drawing a conclusion on the generation of value in the various stages of incubation. From there it will proceed to conclude on the position of non-profit incubators in the creative industries in general and that of MediaGuild specifically and, thus, the value that is produced by the position the incubator takes in the entrepreneurial landscape. It will end with recommendations on policy and further research.

8.1 The Process of Incubation

One of the criteria that start-ups have to meet in order to become guild members is that the incubator must be able to make a contribution in the incubation process. This allows MediaGuild to produce a value for the entrepreneurs. The value produced in the incubation period determines the impact of the values on the incubator’s stakeholders and society. Because of the structure of the incubation system MediaGuild benefits from the success of its guild members; therefore, it attempts to optimize value creation during the incubation process. There are many ways in which an incubator can add value to a start-up; but what are the ‘best practices’ for the production of value in the incubation process?

Figure 8 Stages of creating value in the incubation process



Entry procedure – MediaGuild has a limited amount of places for start-ups. If they succeed in their picking-the-winners strategy, and if their start-ups prove to be successful, MediaGuild can function as a label or brand that indicates a promising start-up. This can result in an addition of value to the start-up as soon as they successfully complete the screening procedure. The impact of this relies heavily on a successful communication strategy for reporting the successes of MediaGuild. This could be measured by (keeping track of) press coverage.

Facilities – The facilities that are offered by MediaGuild are an allocation of resources from the incubator to the incubatees. Especially, if the facilities supplied by the incubator are difficult or impossible to reach for an incubated entrepreneur, the incubator has succeeded in creating additional value. Within MediaGuild, the provided facilities range from being very easy to very difficult to reach for start-ups that are not incubated. Both the entrepreneurs and MediaGuild indicated that the provided office space has made an important contribution towards professionalizing. Not only were the start-ups able to move their companies from their home to a real office, they were also able to share experiences with other entrepreneurs. Marleen Stikker claims it is important for start-ups to be able to see what other teams are doing and to operate in a healthy atmosphere of competition. It also creates an environment that allows them to be more creative.

Knowledge – While facilities often are the initial reason for joining MediaGuild, knowledge contribution is valued highly by guild members already involved in the incubation process. MediaGuild provides knowledge through a number of channels: the incubator's management, the guild masters and its founding organization Waag Society. Interviews with the guild members have shown that this help is regarded as valuable. Most guild members are very creative and possess sufficient technical skills, but lack business expertise. The incubator's management and various masters can advise on subjects like raising capital, accounting or applying for subsidies. This way MediaGuild can make a contribution by filling a knowledge gap. Besides giving business advice, MediaGuild can also assist in the creative process, through the expertise already present in the management, some guild masters and Waag Society. This advice is not always technical, but also deals with practical matters. MediaGuild's strategy of knowledge distribution is focused on individual help instead of organizing plenary sessions. This is valued highly by the entrepreneurs, since they receive the right help at the right time. However, the problem with the distribution of knowledge is that some entrepreneurs quickly specialize beyond the reach of help that can be provided in the technical field.

Networks – One of the goals of MediaGuild is to facilitate a large network of both internal and external guild members, masters, other incubators, companies and non-profit organizations. Constructing a multi-dimensional network that connects formal and informal ties is a tedious process. The results for these efforts can be very rewarding. Although individual start-ups have a network of their own, the ability to expand this network by connecting it with the networks of other guild members and those of

the incubator can have a large impact on the performance of the guild members. The main challenge in this area is to formalize network ties with external guild members and to attract more partner organizations.

Exit procedure – Since MediaGuild is a pre-seed incubator, the incubation process can be regarded as successful if a guild member can advance to a further stage by finding a distributor, investor, partner, or is able to support its further development. In that MediaGuild has opened its doors less than two years ago, results are still too scarce for conclusions on the effectiveness of this procedure.

8.2 The Position of the Non-profit Incubator

The section above shows that an incubator is able to generate a value for entrepreneurs. However, as said before, something is only of value when it is able to add something. In other words: What is the value of incubation if start-ups can achieve the same goals somewhere else? Since it has already been shown that an incubator can make a valuable contribution, it can be assumed that, at least for a considerable group of start-ups, it is better to join an incubator than to figure things out on their own. There are, however, other alternatives that pursue the same or similar goals as independent non-profit incubators do. What is the value of this incubation model compared to other means of stimulating entrepreneurship?

Venture capital – The commercial alternative to non-profit incubation is attracting an investor. As Chinsomboon (2000) has shown, investors come in many different shapes and sizes. Their common denominator is their aim towards making a profit. This generally results in a shift of the entry point towards later stages of a venture. At this point it is less of a risk for the investor (be it venture capitalist or for profit incubator) to invest. Business angels, investors who often invest in the pre-seed phase, are an exception to this, but this is still not very common practice in Europe. While entrepreneurs in Europe often claim that there is no venture capital available, venture capitalists complain about the lack of good projects (Aernoudt, 1998). While the validity of both claims can be doubted, it is clear there is a market dysfunction here since demand and supply fail to meet. Whether this is because of the inherent risk-averse nature of the Europeans or something else, it shows there is a demand for pre-seed non-profit incubators.

The university incubator – One of the main inspirations throughout this research has been the university incubator. This is no coincidence since there are many similarities between university incubators and MediaGuild. The relation between an incubator and its university comes with opportunities as well as restraints. Universities need incubators because they generally do not succeed to educate students as entrepreneurs. While the current university incubators in the Netherlands have shown some successes, they are almost exclusively aimed at technological or life-science start-ups. This leaves space for Waag Society that can take the position of the university and function as a knowledge institution for MediaGuild.

Currently MediaGuild is a small and exclusive domain in which culture, art, technology and business meet. It fulfills a small, but significant, role in its sector by combining a physical location with a knowledge institution and an extensive network. Although no two incubators are the same, MediaGuild shows that a non-profit incubator can create values in many different ways.

8.3 Policy Recommendations

The Amsterdam Center for Entrepreneurship indicated academic education should pay more attention to entrepreneurship (Cardia & Praag, 2007). Universities try to fill this gap by founding and funding incubators. The problem is that this help often does not extend to media studies, let alone arts. Although the economic importance of the creative industries is increasing, and entire cities are hoping to rely on the growth of this particular industry, the attention paid to the entrepreneurial aspects of the trade in education remains notoriously absent. The large number of arts students that have joined MediaGuild is an indicator of this. It is unknown how much students of arts and media have chosen a job over starting a company because of a lack of knowledge, education or guidance, but judging from the lack of infrastructure, this is a number that should not be neglected.

8.4 Limitations and Further Research

MediaGuild is thus able to add value to both the process of incubation and the current situation for start-ups in the Netherlands. Because of the exploratory nature of this research the exact value that is produced remains unclear. Although the application of theories and the method for assessment of university incubators provided promising results, measurements will need to be done for an extended period in order to be able to draw any definite conclusions. The similarities between MediaGuild and

university incubators became clear by the small amount of adjustments that needed to be made for the application of Mian's framework.

In order to make the process of value creation in the incubation process more transparent, further research is needed on the methods and results of knowledge transfer and networks. Contrary to the provided facilities these are more difficult to map and quantify.

The actual value of MediaGuild will become apparent when companies like *Postmachina*, *Djools* and *Mijn naam is Haas* will have had an impact on respectively social networking, the relationship between culture and commerce, and education.

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Images:

- Image 1* Pakhuis de Zwijger. 2008. <http://www.dezwijger.nl>. Consulted on 8-5-2008

Appendix 1

Interview Questions for Guild Members⁶

General

1. Can you give a short description of your company and its activities?
2. Since when have you been ‘incubated’?

Innovation

1. How many potential customers or users would consider your product or service new or unfamiliar?

Choose: All – Some – None

2. How many competitors do you think you have?

Choose: Many – few – none

Entrepreneurial Experience

1. Did you receive business education? For example by getting a degree in business or participating in business courses.

Rate yourself on a scale of 1 (no business education at all) to 10 (MBA)

2. What is your experience with entrepreneurship? Think of activities such as starting new companies or other relevant experiences such as consulting, banking, marketing, technical, or different).

Rate yourself on a scale of 1 (no experience at all) to 10 (highly successful entrepreneur / serial entrepreneur)

Incubator Values

1. How did you come in contact with MediaGuild?
2. Which criteria would you use to judge an incubator? Think of expertise in a certain area, network, marketing, location, technical knowledge or its social mission.
3. Which services do you expect to receive from an incubator? Which of these do you value most? Which services influenced your decision to choose MediaGuild? For example: technology, supplemental management, recruiting, marketing, business development or strategic planning.
4. Why do think someone should consider taking his business within an incubator? Why not?
5. Do you think that a there is a certain type of entrepreneur that chooses to join an incubator? If the answer is yes: describe this type.
6. What is your opinion on start-ups that develop their business on the basis of ‘trial and error’?
7. What does an incubator receive from you for the services it provides? What do you expect from an incubator in return for this? For example services (material or immaterial).
8. On what criteria do you think an incubator selects entrepreneurs?
9. Is it important to you that an incubator is non-profit? Did this play a role in your decision? Does this make an incubator different compared to a profit-orientated incubator? Is this good or bad?

⁶The questions for entrepreneurs in Chinsomboon (2000) have served as an inspiration for this set of questions

10. Are you influenced by the social mission of MediaGuild? And how? Has this been discussed during the acceptance process?

11. Do you prefer knowledge transfers through group sessions or an individual approach?

12. Do you think that the 'brand' MediaGuild reflects on your company?

13. In which ways can you benefit from knowledge that is present in other companies?

Future

1. Where do you see your company in 5 years?

2. Where do you see MediaGuild in 5 years?