 **GNBI Good Practice**

GNBI Performance Evaluation



This article shows how to gather performance information to guide the continuous improvement of an incubator. The article summarises the components of an evaluation system and the steps required to implement it.

**Objectives**

This Guideline discusses the importance of evaluating an incubator’s performance, how to do it and how to use the results.

Evaluation and reporting is an important step as it can provide qualitative and quantitative information on incubator performance over a given period. Evaluation and reporting should consider cultural, economic, social and technological performance within the incubator’s region of operation.

According to the European Commission’s Final Report *Benchmarking of Business Incubators* (2002), “the performance of business incubators should be judged primarily in terms of the results achieved, i.e. the impact they have on businesses, wider economic development and other priorities. An important lesson to be learned is that an incubator can only be assessed by obtaining information from companies. Feedback from companies is also important from a more practical point of view, i.e. client management and networking with graduates”.

**Key Issues**

The key issue is development and adoption of an incubator performance evaluation *system*. Such a system must be useful for the program monitoring manager, managing entity and supporting bodies (partners). A performance evaluation system should also consider development of each economic segment of the incubator and any regional peculiarities.

A performance evaluation system which collects and analyses quantitative and qualitative data is preferable. A system which considers only success/failure or negative/affirmative answers should be avoided.

A continuous performance evaluation system will allow weak points in the incubation process to be identified. This is an important benefit as identifying or foreseeing weaknesses in a timely manner can prevent possible losses.

Within an evaluation system, it is important to develop evaluation criteria. Structured criteria can assist agencies in allocating award incentives. Structured criteria can also assist non-government sponsors in evaluating the efficiency of financial support provided to business incubator(s). A lack of structured criteria may result in reduced award incentives and/or reduced non-government financial support.

A performance evaluation system should also include performance indicators. Performance indicators are tools for planning and control/decision making and therefore should be simple to apply.

By measuring the performance of incubator activities, an evaluation system can assist in decisions on the continuation, interruption or modification of incubator activities.

Generally, an evaluation system includes assessment of the following four components:

* results or outputs of companies and incubators;
* resources used by the incubators - financial, technological, material, human;
* organizational processes; and
* Socio-economic, political and cultural context of institutions most directly involved in the incubation process.

**The basic steps to an incubator evaluation system are:**

* identify relevant incubator partners/stakeholders who want to be informed of evaluation results;
* identify and characterize major benefits expected by partners/stakeholders;
* define indicators that relate to benefits expected by partners/stakeholders;
* define indicators that relate to the needs of the incubator;
* establish and adopt indicators and their goals;
* define a clear system for collecting data for the indicators;
* prepare a six monthly report documenting results;
* seek partner/stakeholder input to identify weaknesses and discuss progress, holding meetings where possible; and
* Develop and implement an Improvement/Corrective Action Plan for the next period.

**Responsible Parties**

The responsible party should be a professional or team with the capacity and autonomy to make strategic decisions based on the results of the evaluation system. Generally the responsible party is the incubator manager and/or coordinator, and in some cases is supported by a specialist in evaluating the performance of micro and small companies.

**Indicators**

Number of institutions supporting the incubator

Number of sponsors/partners attracted

**Results**

The implementation of an incubator performance evaluation system should result in increased effectiveness in decision making and/or coordination by the incubator management. It should also assist in avoiding weaknesses and losses within the incubator and its various partners.