

7 June 2017

## **Incubators: Pitch Do's en Don'ts from practical cases**

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Ladies and gentlemen

My name is Peter Ravensbergen and I am part-time business developer for the Post-harvest Network. For the rest of the time I work as business developer for Wageningen University & Research

My pitch has the title Do's and Don'ts from practical cases. The Ministry of Economic Affairs Wageningen has asked the PHN to give them an advice on the 'do's and don'ts of the incubators. The focus of the advice has been mainly on agro innovations. The advice will ascertain as much as possible the location and work theme of the incubator.

We have interviewed 18 entrepreneurs active in the African continent and asked them to give us information on their product and on their lessons learnt. The interviewed entrepreneurs have a different sector background: horticulture, arable production, fisheries, husbandry focussed on improved production techniques or on technical innovations for better quality in the product chain.

The most important 7 lessons, which are also success factors for an incubator, are :

1. Work with a concept of **tested** innovations

Focus on tested innovations. This means: the concept, its product or service has already a proven result in practice. Keep it simple. Start small. This means: do not introduce ideas that still needs to go a long way before it is has an impact for the customers. Better introduce tested innovations with direct impact. Your input of time, money and energy is much more effective when invested in demonstration and upscaling than in introducing new ideas. An example: learn the farmers to use better fodder instead of other fodder together with an innovative feeding systems.

2. Marketing is necessary for the adoption of the innovative concept. Adoption is being regarded as one of the biggest challenges in the acceptance of the innovations. The question is how quickly and what is the reasons why local businesses will change to the new innovation. The experience from the Dutch business is that the innovation has to prove itself once or more to be a reliable and working concept. Find the pioneers of the local entrepreneurs (10%) and then the group of early, middle and late followers of local entrepreneurs (80%) will hopefully take over the newly innovation. Some will never change (10%).

Another question is will the pioneers share their positive experience. Here marketing plays a significant role in the broader implementation of the concept/product. Do not focus on the selling the technology only: selling everybody can do. But moreover information on the total concept is necessary and more marketing is needed to specify the exact added value of the Dutch products and knowhow. An example is that the Dutch companies offer a concept with equipment and services how to improve the quality and amount of milk by hygienic, before it get quickly rancid.

3. Integral and Chain approach:

Working together with other entrepreneurs in the supply chain has the preference. If possible do not interfere nor work together with local governments: only concerning the legal aspects.

For a successful introduction of a new product or service an integral and/or chain approach is needed. For example: introducing high quality new seeds will only have an added value, when the supply chain is organized (otherwise you cannot sell your surpluses), when the growing circumstances (water, fertilization, soil) are OK (otherwise the results of extra value adding benefits will be lost), when the crop management is done right, etc.

Or for example the stimulation of organic sesame production in Ethiopia, for which there is a growing demand in the world. This will only work out when we also arrange market for crops required for crop rotation so for organic mung beans or chickpea. Otherwise the farmers will not change their farmer behaviour which is very logical!!!!

4. Demonstration of the concept locally

It is so important to show the working of the concept to local entrepreneurs: people want to see it work. The demo has to be simple and pragmatic, understandable for local entrepreneurs and preferable at local village circumstances by entrepreneurs with a pioneer mentality. If the people see that their neighbour gets a better potato harvest due to a new concept the first time is regarded as lucky the second time they begin to think and the third time they start to ask what they can do to get the same results (this does not work on a demonstration site far away as these circumstances are made artificially).

5. Access to the concept for local entrepreneurs

If possible bring the concept (geographically) close to your target group, like entrepreneurs: f.e. with mobile units. A local network is crucial. A good network is more important than knowledge as such. Work with a reliable partner or distributor who knows of doing local business. That is the key.

Also no Red tape creates access to the concept. Keep the needed administrative aspects from the incubator as low as possible. Knowledge dissemination is great but if the 'tools' to improve the primary production cannot be bought immediately, the propose change will not occur. An example in the past from the Netherlands: distribution of medicines and farmers equipment, electric tools were brought by experts to the farmers with 'shops on wheels'. Where farmers have immediately access to buy. This comes to the next issue:

6. Access to finance:

Money to invest is needed and access to finance is crucial. Check the local conditions for the local entrepreneurs to get access to finance. Sometimes working with local banks the interest rates are huge and request for collateral are not fair. Sometimes in larger cities there are local investments funds available with fair rate for SMEs. Or work with international banks with fair requirements for access to credits.

7. Accompagnement/support

To use the concept and to maintain it a good after sales and mentorship for entrepreneurs is necessary. Training of the people you work with is crucial. Train them on business plans,

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budgeting and planning. Define clear tasks and responsibilities. Important is to take into account the local culture of the 'extended family' , what results in less qualified people.

Summarizing the success factors for an incubator:

1. Work with a proven concept
2. Marketing improves the adoption of the innovative concept
3. Demonstrate the concept local
4. Integral and Chain approach
5. Access to the concept
6. Access to finance
7. Accompagnement/support

Thanks for your attention and success with the start-ups.