

## Ten Years In The System of Entrepreneurship Stimulation

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*Business incubator, established in Kaunas ten years ago, differed from other analogous structures in Lithuania in the way that it was oriented towards high technologies and innovations. Priorities were given to those companies that try to implement scientific novelties (innovations) in manufacture, maintain close relationships with Kaunas Technological University and other scientific institutions in Lithuania.*

*After a successful eight-year work period, this business incubator became KTU regional Science Park. Activity of this incubator concentrates on the development of scientists and businessmen's competences related to technological transfer, intellectual property, commercialization or scientific results, innovational activity in networks and entrepreneurship development. Favorable conditions in the business environment enable start-up companies to use their manufacturing and human resources more effectively and continuously develop knowledge-based business. Training and consultation sessions organized by the Park and available relationships (contacts) with partners from other EU member countries help companies to search for new possibilities for cooperation with partners from Lithuania and foreign countries.*

Keywords: *science and technology parks, business incubators, entrepreneurship stimulation.*

### Introduction

KTU business incubator was established at the time that was marked by huge economic changes in Lithuania, when the whole industry structure was changing and old business relationships were crumbling. Development of new businesses was based on enthusiasm rather than knowledge. Young businessmen lacked simple business management knowledge about the support for starting up business. They could hear about that only from foreign partners. Period of changes also helped to determine the mission and aims of the new business support institution. In 1998 emphasis was laid on the provision of incubation services - rent of premises on easy terms, office services, business primer. Founders and location (business incubator was situated in the KTU student campus) directly influenced the mission of the business incubator. The basic aim of a newly established institution was to provide support for the start of technology-oriented businesses.

During a ten-year period, incubated companies increased and established new needs. The business incubator developed, changed and strengthened together with these companies. Experience in international activities and new knowledge obliged to set even higher aims for the activity.

**Mission** of this Science Park is to support innovative and technology-oriented small and medium businesses in Kaunas and Kaunas region, as well as to stimulate technology transfer processes from science to industry, to ensure sustainable development of the infrastructure of innovation system, technology transfer and commercialization of scientific research results (Y. L. Bakouros, P. H. Hsu, P. B. Milius).

In order to reach its main goals, Science Park attempts to create new services that would satisfy the needs of innovative companies and provide knowledge opportunities for the development of receptive business, as well as raise innovation culture.

Even under very favorable conditions, business cannot develop itself. Human resources remain the main axis of business. Business success depends on the competence, skills and motivation of personnel, as well as many other factors. All people at the KTU regional Science Park purposefully deepen their knowledge and develop new ways and services in order to provide professional support for companies at the Park. Training and consultation system is also being improved in order to satisfy the needs of modern business. The Park also tries to gather and maintain a good team of qualified consultants and lecturers.

Activity of the KTU regional Science Park is closely related to the raising of innovation culture, improvement of the competence of human resources, as well as development of company infrastructure in order to create favorable environment for the development of innovative companies. Currently, the main activities of the KTU RSP are the following: support for the start-up of innovative business, purposeful consultations, seminars and workshops for the development of technological business, entrepreneurship and partnership stimulation.

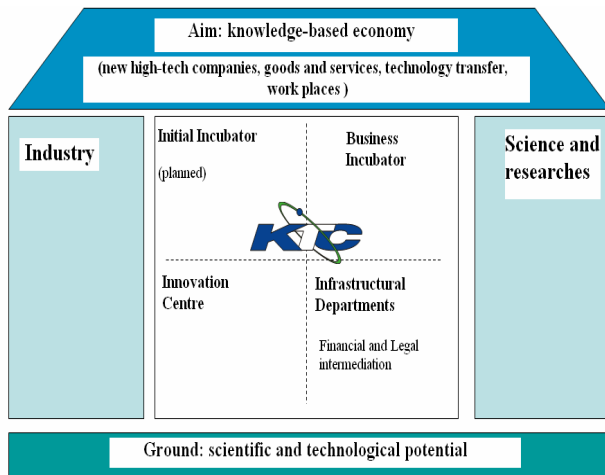
### Science Park Activity

Specialists at the KTU regional Science Park provide individual consultations related to innovation management, technology transfer, commercialization of scientific research results, business start-up and planning, marketing, corporate governance, human resource management, information search and management. They also give valuable advice on the selection of the most suitable financing resources for the business start-up and development, consult while preparing applications for the projects of BP7 and EU Structural Funds programs, and provide intermediation in seeking foreign partners for corporate activities.

Specialists of the Park actively participate in a variety of external seminars and workshops; therefore, they can

provide proper consultations for companies quickly and on time. In order to get companies more actively involved in innovations and technology transfer, in 2003 KTU regional Science Park became a shareholder of Kaunas regional Innovation Centre (KRIC)

This public institution specializes in provision of technological consultations. Cooperating with scientists and experts from a variety of fields, this institution can find knowledge necessary to solve problems that companies face. KRIC, situated in the Science Park, uses various financing resources and successfully creates and offers innovative services for business. Companies can use expert and scientific competence databases, as well as the “Bridge of Solutions” service free of charge.



**Figure 1.** Infrastructure of KTU regional Science Park

Education of the beginning businessmen is one of the priorities of the Science Park. KTU regional Science Park is oriented not only towards the needs of incubated companies, but also to general needs of all small and medium businesses in Kaunas region that are oriented towards new technologies and innovations. Training themes have changed during the ten-year period. Currently, companies are interested in legal questions about foreign markets, characteristics of foreign markets, innovation culture. Since the establishment of the Park, it has constantly offered relevant training sessions related to business start-up, company development, finance management, work safety, preparation of applications for the projects of ES programs and Structural Funds.

Training sessions and workshops are based on innovative learning methods and lead by competent lecturers. Companies are prompted to actively participate in the discussions related to relevant issues. Cooperation with external experts enables current and future businessmen to acquire professional knowledge of high quality, as well as to develop entrepreneurship skills and solve specific problems.

Experience of the Park shows that companies lack creative thinking skills, motivation to improve themselves and invest into human resources, as well as cooperation with colleagues in order to use resources effectively. Training sessions and workshops aim to encourage companies to implement innovative ideas, develop business based on competitive advantages and successfully penetrate in the market.

KTU regional Science Park did not withdraw itself from the initial activity as a business incubator and goes on successfully offering business incubation services. Park experience shows that newly established companies often are not ready for competition in the market; therefore, this incubation system facilitates their way to success.

Incubation program includes rent of premises for offices, laboratories and experimental manufacture on easy terms, complex office management services, rent of conference hall for company presentations, training sessions, workshops, meetings with clients etc., free of charge quick Internet connection. Incubated companies can take part in training sessions and workshops organized by the Park free of charge, get various consultations and with the help of Park experience, find new partners for corporate activity.

Advantage of incubation when compared to traditional rent of premises lies in the complexity of services. It is very important for a newly established company to reduce costs of premises maintenance. However, that is not enough for a successful business development. Participation in training sessions, contact fairs and other events organized by the Park, as well as proper and on-time consultations, enable young businessmen not only to deepen their business management knowledge but also to develop cooperation skills and widen their group of partners. Synergic effect is noted: incubated companies consult not only the Park specialists. They consult each other, share knowledge and services among themselves. General knowledge is increased in such a way. Besides, companies help each other – they save financial resources, time needed to search services of good quality etc.

KTU RCP is the only Science Park in Lithuania that includes business incubator and innovation centre. This partnership ensures specialization of activities while providing services to business and maintaining quality of services.

KTU regional Science Park stimulates entrepreneurship, taking part in a variety of national and international projects, results of which influence not only incubated companies but also search for new solutions in problematic spheres, preparation of strategic and political documents related to business and innovation stimulation, etc. One of the most important results of the implemented projects is *Conception of Lithuanian Science/Technology Parks Development* (2001). This conception generalizes experiences of foreign countries while developing knowledge-based business and foresees the possibilities how to strengthen Lithuanian innovation system. Officials are still using this document. Park specialists and experts prepared a scientific work *Long term perspectives of Lithuanian industry technological development* (2004) which provides a review of Lithuanian high-tech and medium-tech sectors and foresees tools needed to strengthen the sector. Lithuanian innovation strategy for the south-eastern regions (2008) is prepared during the implementation of the international project *Regional Innovation Strategies – RIS Lithuania*. This document is used as a background for the preparation on Lithuanian innovation strategy.

Companies situated in the Park pay greatest attention to their main activity. They lack both time and knowledge for the image formation, production promotion and other marketing-related activity. Besides, it costs much. KTU

regional Science Park gives practical marketing consultations and organizes corporate company presentations for its companies in exhibitions. Each year 2-3 exhibitions in Lithuania are visited. During the ten-year period our Science Park participated in international exhibitions such as Hannover Messe, “Mokslas”, “Balttechnika”, “Infobalt”, “Kaunas” and others.

**Seeking partners.** During the ten-year period Park found reliable partners in a number of foreign countries. Current partnership network is greatly valued as cooperation helps to create new ideas, provides possibility to use good experience of foreign countries and to initiate new projects that help to solve problems relevant to Lithuanian business. Companies situated in the Park and other interested companies are offered intermediation in seeking foreign partners for corporate business and scientific research activities.

One of the most important results of the international activity of KTU regional Science Park is organization of the international conference “Baltic Dynamics” related to innovations. It is an annual international conference organized by rotation in the Baltic States (Estonia, Latvia and Lithuania), which aims to stimulate international cooperation and transfer of good experience in the fields of innovations, technology transfer and support for small and medium enterprises. This conference is being organized since 1995 and attracts famous speakers and participants from many countries. This conference adds to the global dynamic development of innovations and entrepreneurship, as well as to the cooperation of the Baltic Sea region and all European countries. This conference is organized by the *Baltic Association of Science/Technology Parks and Innovation Centers – BASTIC*. Lithuania in this association is represented by the KTU regional Science Park.

Representatives of all innovation system participants meet at the conference where they can share new ideas and experiences, as well as to evaluate support methods for effective operation of innovation system in a variety of countries.

## Results of activity

KTU regional Science Park (KTU RSP) is a public institution that administers 6039 m<sup>2</sup> of premises, 3235 m<sup>2</sup> of which are for offices and 555 m<sup>2</sup> - manufacture premises. In 2007, 74 companies were situated in these premises; 19 of them were situated in the building in KTU Student Camp (Studentų Street 65), and 55 were situated in K. Petrausko Street 26. Rented premises are always being used effectively and the amount of incubated companies is relatively increasing. The main reasons for that may be a wide range of offered services and attractive discounts for the rent of premises. Occupation of premises rented to new innovative and technology-oriented companies reached 98 percent.

KTU RSP offers companies a variety of office management services that facilitate business start-up: from rent of premises to rent of conference hall and equipment, as well as copying, scanning and fax services. Services, including training sessions, preparation of business, investment plans, etc., are also offered to other companies

in Kaunas and Kaunas region. The need of these services is illustrated by the increasing extent of services.

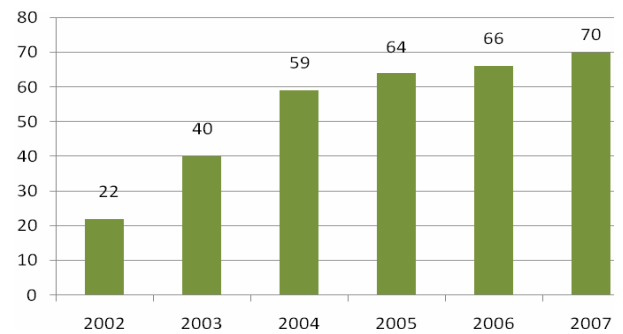


Figure 2. Changes in the amount of incubated companies: 2002-2007

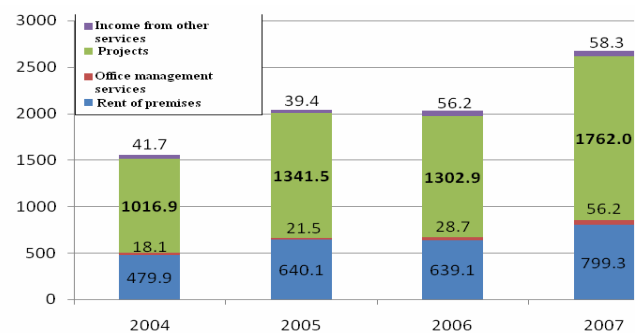


Figure 3. Income structure 2004-2007, thous. Lt.

Results of KTU RSP are also illustrated by the increasing rates of companies' activities. The first investments into the KTU business incubator returned in the form of taxes in a three-year period. In 1998 – 2007 companies of the Park paid 32.8 million of various taxes. Turnover of the companies in 2007 was 63.2 million litas. They paid more than 9.1 million Lt. of various taxes. Profit of the incubated companies in 2007 was 6.7 million Lt. Investments to the development during this period were more than 2.4 million Lt.

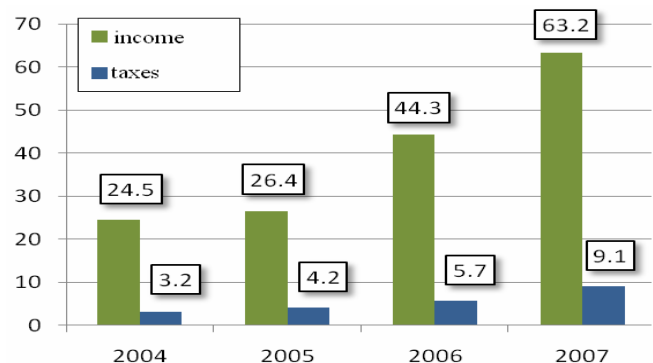


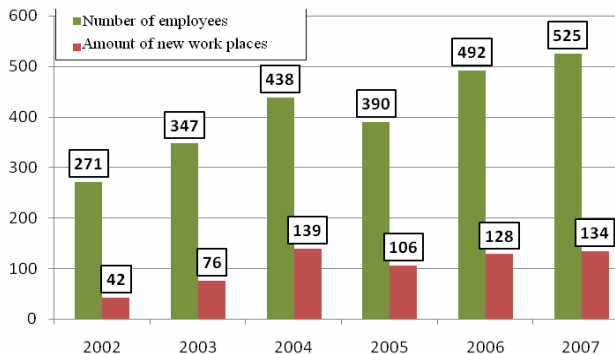
Figure 4. Dynamics of the turnover and paid taxes of the incubated companies: 2004-2007, million. Lt

The comparison of the turnover measures and amount of paid taxes during the period of 2004 – 2007 indicates a constant increase of these measures. This indicates that a

favorable environment and infrastructure, as well as the packet of offered services, determines business development and increased measures of activity. In 2007, the turnover of companies increased by 30 percent and the amount of paid taxes by 37 percent, when compared to 2006.

Favorable business environment, created by the KTU RSMP, enables incubated companies to use their resources more effectively and develop their business. This determines constant and stable establishment of new work places.

Establishment of new work places of high-added value is one of the most important social factors in modern economy that enables to judge about the intensity and tendencies of the development of business companies.



**Figure 5.** Changes in the number of employees of the companies in the Science Park and in the establishment of new work places: 2002-2007

KTU regional Science Park pays much attention to the incubation of fast growing small and medium enterprises. That is how it directly adds to the establishment of new work places in innovative and technology-oriented start-up companies.

In 2007, companies in the KTU regional Science Park created 134 new work places. During the whole ten-year period, companies in the KTU RSP created 785 new work places (till 2008).

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#### Dešimt metų veiklos verslumo skatinimo sistemoje

Santrauka

Prieš 10 metų, 1998-aisiais, Kaune buvo įsteigtas pirmasis verslo inkubatorius Lietuvoje. Tuomet šios organizacijos misija buvo padėti jaunoms SVV įmonėms įsitvirtinti rinkoje ir kartu prisidėti prie tuo metu didelės nedarbo problemos Lietuvoje mažinimo. Ši iniciatyva paskatino ir kituose Lietuvos regionuose steigti paramos verslo pradžiai įstaigas.

Verslo inkubatoriaus steigėjų – Kauno technologijos universiteto ir Lietuvos Respublikos ūkio ministerijos – sutarimu pagrindinė jo veiklos kryptis buvo technologiškai orientuotų įmonių konsultavimas ir mokymas bei biuro patalpų nuoma lengvatinėmis sąlygomis, siekiant padėti jaunoms įmonėms plėtoti savo veiklą.

Pasiteisinus šiam bandomajam projektui, kartu su Ūkio ministerijos specialistais parengėme gaires bei normatyvinius dokumentus, kurie padėjo suformuoti paramos smulkiam ir vidutiniam verslui tinklą Lietuvoje. Šiandien jį sudaro 7 verslo inkubatoriai ir 42 verslo informacijos (turizmo) centrai.

Per 10 veiklos metų, plečiantis Lietuvos verslui ir gyvenimui diktuojant naujus poreikius, verslo inkubatoriaus misija išsiplėtė. Inkubatorius buvo reorganizuotas į mokslo parką, savo veikla siekiantį skatinti inovatyvų, žiniomis grįstą verslą, teikti mokslinių tyrimų rezultatų komercializavimo paslaugas. Šios paslaugos labiausiai reikalingos jaunesiems mokslininkams bei universitetų absolventams. Per dešimtmetį smarkiai kito mokymo ir konsultavimo paslaugų tematika: nuo verslo pradmenų mokymų iki seminarų inovacijų vadybos, technologijų perdavimo organizavimo klausimų. Sukaupta patirtis parodė, kad tokia parko veikla padeda jaunoms technologiškai orientuotoms įmonėms stiprinti inovacinius gebėjimus, įsitvirtinti ir sėkmingai konkuruoti ne tik Lietuvos, bet ir tarptautinėse rinkose.

Dalyvavimas įvairių nacionalinių ir tarptautinių inovacijų skatinimo asocijuotų struktūrų ir tinklų veikloje padėjo KTU regioninio mokslo parko kolektyvui sukaupti tokie veiklai būtinos kompetencijos, įgyti patirties ir užmegzti glaudžius partnerystės ryšius su panašiomis institucijomis iš daugelio Europos šalių. Aktyviai bendradarbiaujame su visais Lietuvoje veikiančiais mokslo ir technologijų parkais, verslo inkubatoriais.

Džiaugiamės, kad padėjome sustiprėti ir užaugti daugumai mūsų inkubuotų ar inkubuojamų įmonių (o jų per 150). Jos tapo stipriais verslo bendruomenės atstovais, kuriančiais ir gaminančiais unikalią programinę įrangą, diegiančiais gamyboje technologinių procesų automatizavimo projektus, mokslininkų sukurtas naujoves aplinkosaugos problemų sprendimo srityje. Malonu akcentuoti, kad, teikdami paslaugas inkubuojamoms įmonėms, glaudžiai bendradarbiaujame su Kauno technologijos universiteto mokslininkais, naudojames jų patirtimi, laboratorine įranga, konsultacijomis.

Kauno apskrities viršininko administracija, geranoriškai padėjusi mūsų parko infrastruktūros plėtrai, ir toliau yra patikimas partneris plėtojant inovacijų paramos infrastruktūrą Kauno regione.

Raktažodžiai: *mokslo ir technologijų parkai, verslo inkubatoriai, verslumo skatinimas.*

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