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You (Too) Could Make a Difference

The 10th Annual CABI Conference is just around the corner, taking place October 11th and 12th in Ottawa. This year's theme is "MAKING A DIFFERENCE: Effective Strategies for Growing Incubation in Canada." With sessions focusing on company evaluation and maximizing shareholder value, incubator success stories, intellectual property and strategic financing issues, and more, you won't want to miss this event. For a conference program and registration form, visit the Related Conferences section of CABI's website at www.cabi.ca.

QBIC Celebrates Five Years

by Normand de Montigny, Quebec Biotechnology Innovation Centre, Laval QC

In the presence of many dignitaries and partners, the Quebec Biotechnology Innovation Centre (QBIC) recently celebrated its five-year anniversary of operation in the Laval Science and High Technology Park.

Inaugurated in May 1996, QBIC is currently home to 11 resident clients and three graduate companies. With more than \$71 million in assets as of December 31, 2000, these enterprises have so far created more than 350 jobs.

"Without further expanding its facilities, over the next few months the Centre will undertake initiatives to enhance its technical expertise and mentoring services," announced QBIC's director general, Normand de Montigny.

Dr. Jacques Gagne, chairman of the QBIC board of directors, paid tribute to the Centre's founding partners, Laval Technopole and the INRS-Armand-Frappier Institute, and underscored the contribution of its many institutional and financial partners.

One-of-a-kind in Quebec, QBIC is a business incubator that offers researcher-entrepreneurs their own laboratories, scientific equipment and business mentoring services to facilitate the launch of innovative biotech firms. For more information email info@cqib.org.

Similar Incubation Problems Around the World

by Jean-Jacques Ledoux, Industry Partnership Facility / NRC Canada, Ottawa ON

I was recently invited to participate in a Canada/Taiwan trade conference held in Taipei, Taiwan. My presentation at this conference was

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about factors that determine an incubator's success. There were more than 150 people in attendance and most participants were involved in one way or another with SMEs or incubators.

I stayed in Taiwan for five days and was invited to visit several local incubators. Some were small while others were very large and quite successful. What struck me the most, however, was that we all seem to share similar problems. First and foremost is the problem of funding the incubator's ongoing operational costs. This challenge seems to be prevalent among all incubators. Other problems are: how to encourage tenants to leave or graduate from the incubator; how to maintain long-term stakeholder support; how to promote the incubator; how to develop tenant selection criteria; and how to negotiate equitable "equity participation" with tenant companies.

Regardless of the facility's size or location, incubator operators all seem to share some of these problems. Whether in Canada, the US or Taiwan, everyone I have spoken with during the past 12 months has expressed concerns over these issues. At present there appears to be very little available to assist operators in overcoming these obstacles. Given the impact most of these issues have on the success of incubators, we should look into developing seminars or workshops that would address all of the challenges.

In closing I would like to add that incubation in Taiwan is very popular and appears to be successful. A couple of incubator operators from there expressed strong interest in attending our 10th annual conference in October.

International Delegates Pledge to Encourage Incubation

Increasing entrepreneurship worldwide was at the forefront of the 4th International Summit of Business Incubation Associations, held in conjunction with NBIA's annual conference in San Jose, California, in May 2001.

A group of 17 delegates representing 11 nations adopted a set of goals aimed at increasing entrepreneurship and signed a statement recognizing the benefits of incubation. The delegates agreed to work together to promote business incubation as a means of increasing entrepreneurship and developing community and national economies.

"People from countries all over the world are recognizing the key role American entrepreneurs play in sustaining our economy," says Dinah Adkins, NBIA president and CEO. "They have seen how business incubation encourages entrepreneurship, so they have embraced the incubation model as a means of strengthening their economies and creating wealth."

Summit participants also agreed to encourage industry growth by sharing information about business incubation tools, techniques and successes. They also committed to incubating one million companies worldwide by 2005.

Canada was represented at the International Summit by Lorne Ross and Normand de Montigny, president and first vice-president for CABI.

A Growing Incubator in Southwestern Ontario

by Gary Collier, Chatham-Kent Business Incubator, Chatham-Kent ON

A vacant Canadian Tire store is being transformed into opportunities for Ontario entrepreneurs.

In February 2000 the Community Futures Development Corporation (CFDC) of Chatham-Kent purchased an empty Canadian Tire store in Blenheim, Ontario. The building has since been converted into the Chatham-Kent

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Business Incubator. The facility is about 12,000

sq.ft., with about 4,000 sq.ft. designated as office space and the remaining 8,000 sq.ft. for incubator use. The local CFDC is the anchor tenant, occupying about 1,800 sq.ft. and contributing \$26,000 annually in rent. The remaining space is available for rent to potential incubator clients or to related businesses or service providers.

The facility currently has two on-site incubation clients. The first client, Kwasnycia Guitars, produces high-end acoustic guitars retailing at \$2,500 and up. Kwasnycia was previously operated as a home-based business producing about nine units per year. The company has 1,300 sq.ft. in the incubator and, with the help of modern computerized machinery, expects to produce 30 units this year, aiming for 100 next year. Here's the best part -- all units are pre-sold. The problem is keeping up with demand!

The second on-site incubation client started operating in June 2001. The company's principal designs stained-glass creations that would normally sell for between \$1,000 and \$10,000. Using today's technology, the company reproduces original designs at a price more affordable to a larger market.

A third client is based off-site in a nearby community and has invented a patented paired lifting system. The system will handle loads between 1,500-2,000 lbs and is popular with vending machine companies for delivering machines to new customers. Coke and Pepsi also use the unit to deliver soft drink display coolers to retailers. The units sell for approximately \$1,500 and are manufactured in the incubator.

The incubator's goal for the year is to add two or three manufacturing clients and two or three office/service clients. All clients work on reduced rent for the first three years.

The facility's purchase and renovation were financed using retained earnings the local CFCD accumulated during its 13 years of operation. While the CFCD will continue to own and

operate the facility, the incubator will maintain a separate budget and is expected to be in a break-even position by end of year three. Also, the management team was fortunate to receive Human Resources Development Canada funding to cover program costs for two years, with future funding possible.

President's Corner

by Lorne Ross, CABI President

Hopefully by now you have received a CABI 2001 Conference package and registered for the event. Time is flying and before we know it we will be in Ottawa at our annual get-together. The past year has been an exceedingly busy one for many members of our executive. Both the conference committee and the incorporation committee have been working extremely hard at moving our organization ahead. The conference materials look terrific and I am certain the event will be a tremendous success. Your conference committee, Marie Lussier, Jean-Jacques Ledoux, Michel Fortier and Andre Lafreniere, is to be congratulated and thanked for its hard work. On another front, Ed Hobbs and his incorporation committee are to be appreciated for their efforts in putting the application and bylaws together for the incorporation of CABI as a society. CABI is moving ahead and I am sure positive groundwork will be laid for the forthcoming year at the General Meeting in Ottawa. Our association is fortunate to have a strong executive and I am grateful for everyone's efforts throughout the year. I hope to see everyone at the conference and that we all encourage attendance by our partners in economic development.

Triumphant Trials

A Nova Scotia medical device and drug delivery biotechnology company recently crossed another hurdle on the way to commercial success.

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Chitogenics Limited, a resident client at InNOVAcorp's Technology Innovation Centre, has completed Phase I/II Clinical Trials of

N,O-carboxymethylchitosan (NOCC). NOCC is a compound made with chitin, which is found in crustacean shells such as crab, lobster and shrimp.

Although Chitogenics has developed several innovative medical applications for NOCC and its derivatives, the recent trials were intended to demonstrate NOCC's safety and evaluate its effectiveness in reducing or preventing post-operative tissue adhesion. Adhesion formation is a common result of surgical intervention; it appears as fibrous tissue joining normally separated surfaces. This tissue can lead to complications such as obstruction of the intestine following abdominal surgery, infertility following pelvic surgery, cardiac adhesions after heart surgery, and mortality. Past research with animals found that the formation of fibrous tissue was reduced when NOCC was applied before and after an operation.

The recent clinical trials were the company's first opportunity to test its anti-adhesion product in human surgeries. Although the final report for Phase I/II is not yet available, it appears the trials were successful. The company expects to begin Phase III Pivotal Trials by December 2001.

Board Update

by Lorne Ross, CABI President

Your CABI Board members meet monthly via a conference call. Much of the past year's business has focused on the up-coming conference and our progression towards society status. The Board is regional in nature and very accessible to the membership. All association members are invited to participate in and contribute to CABI's growth and development. Board conference calls are held the second Monday of every month. Suggestions and concerns can be brought to the attention of any director for inclusion on the agenda. The Board is striving to make CABI a meaningful organization for its members and expand Canada's incubation industry. Your help is always welcome.

Editor's Note

During the past several months the CABI News Team has heard a few CABI members mention how fabulous it will be to get together with fellow association members at the annual conference in October. They say they look forward to sharing ideas, knowledge, success stories, a meal (and maybe even a small beverage) with their like-minded peers. We agree. Just want to remind you, however, that CABI News can be your tool for connecting with CABI members and other industry stakeholders more often. A year need not pass between getting your news, questions and advice out to the crowds. Help us build the business incubation map and put your facility and clients on it! Send us your stories (and comments) via incubation@innovacorp.ns.ca.

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