



CABI News

Official Newsletter of the Canadian
Association of Business Incubators

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TORONTO INCUBATOR HONOURED WITH PRESTIGIOUS AWARD

The Toronto Business Development Centre (TBDC) was recently named the 2003 Incubator of the Year at the National Business Incubation Association's (NBIA) 17th International Conference on Business Incubation in Richmond, Virginia.

Each year NBIA honours one of its members with incubation programs that exemplify the best of the industry. In choosing the recipient, the NBIA judging panel evaluates the range and relevance of business development services offered to clients, program results relative to the incubator's mission and goals, financial stability, and success stories focusing on the interaction between the incubator and its client companies.

Ed Hobbs, TBDC's general manager and CABI's vice president, was delighted TBDC was honoured for its achievements. "It's exciting to see incubation work, to see graduates successfully moving out into the community, creating new jobs," he said.

An initiative of the City of Toronto's Economic Development Corporation (TEDCO), TBDC operates in a 34,000-square-foot facility and offers expert resources and affordable overhead costs to entrepreneurs while they grow their ventures. TBDC's policies ensure clients graduate from the facility within three years. In 2002, the 11 companies that graduated from TBDC created 25 full-time and 150 temporary jobs, and generated \$1.8 million in annual sales - up from \$170,000 in sales when they entered the incubator.

"What was first a place for inexpensive rent soon became a resource that would save my business," said John McLachlan, president and CEO of PUSH Inc, a graphic design firm and TBDC graduate. "If it wasn't for the hard work, patience, insight and resources the TBDC provided, I would probably be working for a place like mine rather than owning it."

Current tenants credit TBDC with contributing to the success of their ventures by offering a sounding board for major business decisions, by being flexible with regard to space requirements, by requiring that business plans be updated, and by offering ongoing practical business advice. But most of all the tenants report enjoying the entrepreneurial atmosphere and energy that pervade the building.

"The Toronto Business Development Centre continues to demonstrate it is a true leader in the Canadian incubation industry by providing the skills and tools to individuals and companies to get their goods and services to market, so they can grow into successful job-creating businesses in the City of Toronto," confirmed CABI's president, Marie Lussier, adding that "it's gratifying to see another CABI member recognized again this year." Last year three other CABI members, the Québec Biotechnology Innovation Centre in Laval, Québec, the Northern Alberta Business Incubator in St. Albert, Alberta, and Memorial University's Genesis Centre in St. John's, Newfoundland, were all award winners at the 2002 NBIA conference in Toronto.



TBDC's Ed Hobbs accepts the honour. He is flanked by (from left) Marie Lussier (CRC Innovation Centre, CABI President), Cheryl Corness (TBDC, CABI Corporate Secretary), Cheryl Mulgrave (TBDC), and Lisa Ison (NBIA Board Member).

"Canada's incubation model is quickly gaining recognition worldwide," Marie noted, "with CABI members at the forefront. I fully anticipate Canada's award winning trend to continue in 2004."



MARK YOUR CALENDARS FOR THE CABI ANNUAL CONFERENCE

The 12th Annual Conference for the Canadian Association of Business Incubators will be held October 15-17, 2003, at the Ramada Inn Hotel and Conference Centre in Edmonton, Alberta. Hosted by the Northern Alberta Business Incubator Society (NABI) located in St. Albert, Alberta, the conference's theme this year will be **Canada: Strengthening the Economies of its Communities Through Innovation and Incubation.**

There will be a pre-conference workshop on October 15, with the conference officially beginning with a reception that evening. Sessions will be offered all day Thursday and Friday morning. The awards banquet will be Thursday evening, the CABI annual meeting will happen Friday morning, and a tour of some of the local incubators will take place Friday afternoon. Other participating incubators are NRC's National Institute for Nanotechnology, the Leduc Food Processing Development Centre, the Edmonton Research Park, and Partnership and Spin-off Company Development, University of Alberta. A great array of keynote speakers is being arranged for during meals and the banquet in addition to the full schedule of session presenters. Stay tuned for more details to come or email NABI's executive director, Lorne Ross, at lmont@telusplanet.net for more information.



PRACTICE MAKES PERFECT

by Mary Lou Whitehorne, InNOVAcorp's Business Incubation Group, Halifax NS

The Northern Alberta Business Incubator (NABI) is itself repeating the success of its clients. After graduating 60 client businesses over its 14-year history, NABI has outgrown its home base and must move into bigger and better facilities.

NABI is about to launch a \$5 million fundraising drive. The money will go towards a new, 30,000-square-foot facility that will include much-needed features such as loading bays, service elevators and flexible office configurations. NABI's new home will also boast the latest in high-tech communications capabilities.

"Like our clients, we have to continue growing to remain successful," says Lorne Ross, NABI's executive director. "We've reached the stage where our existing facility can no longer meet our needs or the needs of our clients. To continue to grow and prosper, we have to take the next step into bigger, more suitable premises."

NABI has completed a feasibility study on the proposed expansion and is ready to begin the capital fund drive. All levels of government will be targeted in the campaign, as well as the corporate and community sectors.

Successful incubators like NABI focus on creating businesses, not jobs. Employment follows as a natural byproduct. NABI's corporate offspring now collectively generate millions of dollars in revenues annually. Until now the organization's clients have been from a wide spectrum of business interests. In future, the incubator plans to shift focus to the technology sectors.

NABI has an enviable track record with over 90 per cent of its incubatee clients going on to commercial success. No wonder the organization was recently named 2002 Incubator of the Year by the National Business Incubation Association.



pRESIDENT'S **m**ESSAGE

by Marie Lussier, CABI President, CRC Innovation Centre, Ottawa ON

CABI was well represented this year at the National Business Incubation Association's (NBIA) 17th International Conference on Business Incubation in Richmond, Virginia. More than a dozen Canadians were in attendance to see CABI's display booth promoting incubation and innovation in Canada. As well, we were able to promote this fall's CABI Annual Conference in Edmonton, Alberta, hosted by the Northern Alberta Business Incubator Society. In addition to handing out materials at the booth, we inserted our promotional materials in every registrant's gift bag. A hearty thanks has to be given to CABI Treasurer Jean-Jacques Ledoux for loaning CABI the display booth and for coordinating and creating all the display material. Thanks J.J.!

CABI was also asked to sponsor the International Evening at the NBIA conference. The event was well attended, and CABI was given excellent exposure. In fact, most people felt the International Evening was the best event at this year's conference. CABI received numerous positive comments on both the evening and our display booth.

Congratulations to the Toronto Business Development Centre (TBDC), named the 2003 Incubator of the Year at the NBIA conference. NBIA is the world's leading organization advancing business incubation and entrepreneurship. Each year, the association honours one of its members with incubation programs that exemplify the best of the industry. TBDC joins the very distinguished ranks of three 2002 Canadian winners. Last year, Garrison Guitars, a client of the Genesis Centre in St John's, Newfoundland, was named NBIA's Graduate of the Year in the technology category. The Northern Alberta Business Incubator in St. Albert, Alberta, was named NBIA's Incubator of the Year in the mixed use category. And the Québec Biotechnology Innovation Center in Laval, Québec, won the Randall M. Whaley Incubator of the Year Award -- NBIA's top honour given annually to a North American incubator.

CABI's Executive - Activity Update

CABI's executive has had a very full schedule since our last newsletter. We have been spending on average more than 20 hours each week in moving our organization forward and continuing to position it as Canada's "Voice of Incubation."

Below I will try to summarize some of our activities.

- Jean-Jacques and I traveled to Toronto for a three-day weekend meeting with Steve Lewin from QUANTEL Business Solutions. We learned about QUANTEL's Q100 product, a comprehensive business assessment system used by economic and business development agencies, business incubators, and science and technology parks/clusters to bring accountability into their own organizational performance, and to build business capability in client organizations and their managers. The system uses assessment criteria based on internationally recognized best practices and includes sophisticated measuring, analysis and reporting facilities delivered by an integrated suite of software tools.

CABI Vice President Ed Hobbs was able to join us for the third day of training with QUANTEL. Since then, Jean-Jacques has been beta testing Q100. He is also reviewing similar products with the intention of recommending a product that will answer both CABI requirements and those of business incubator managers. We are hoping that by advancing this recommendation to the national level, CABI members will benefit from a reduced cost to purchase the software. From what I have seen to date, this is the kind of software that assists us in capturing the benchmarking statistics we are all seeking.

- Ed, Jean-Jacques and I also met in Toronto with the directors of The Decision Point, a company that provides online interactive tools and decision-making services to guide businesses towards identifying the challenges they face. The tools offer assessment tests to give businesses a picture of how ready they are for success, access to market data and reports, help in looking for new markets, regulatory and benchmarking information, and industry insight.

The Decision Point also provides an online forum to discuss business matters with experts and peers, and to exchange ideas and get tips from experts and peers in a variety of business disciplines. It provides a vehicle for matching your business and personal needs with an experienced and successful business mentor, and the tools to ensure a successful and beneficial engagement. It also promotes your business by offering a free company listing on The Decision Point website. Companies addressing a broad set of business needs can be found in the site's Supplier Directory.

Our legal advisor has reviewed the Memorandum of Understanding (MOU) between The Decision Point and CABI. We have received Board approval to proceed with signing the MOU and are now awaiting officer insurance prior to the signing. This insurance is to protect all Board members.

We have spent over a week writing CABI's first business plan, and recently Jean-Jacques, Ed and I met again in Ottawa for two full days of hard work to revamp the plan, including a new executive summary and adjusting the financial statement. The revised plan will be circulated to Board members for final review and approval over the next few weeks.

- I have prepared a proposal for funding from the Canadian Technology Network (CTN), which is being submitted as I write this note. The funding will be directed at helping CABI determine the state of the industry in Canada as well as developing an International Session at CABI's 12th Annual Conference this fall. I have compiled a comprehensive questionnaire that will be distributed to the executive soon and sent out to the CABI membership and the CTN membership. Be sure to participate.
- On April 10, Ed and I traveled to Oakville, Ontario, to celebrate the opening of the first digital media incubator in Ontario, Sheridan Spark, a joint initiative of the Sheridan Institute of Technology and Advanced Learning and the Town of Oakville. It was my great pleasure to be given the opportunity to speak at the launch of Sheridan Spark on behalf of CABI. Congratulations to Sheridan Spark's manager, Sharon Aitken, and her team for creating a "vital cycle" in Oakville by providing a strong technology base in digital media, a high quality of life, and access to financial capital and invaluable partnerships such as "Virtual Connect" with Bell Canada. And it was nice to have fellow CABI members and friends Jim Hughes, Carl Krasnor and Andrew Maxwell join in the celebrations.
- I have provided letters of support to several Canadian communities investigating or preparing to launch business incubators. It would be my pleasure to do the same for you. Along the same lines, I have provided rebuttals to newspaper articles that were critical of the benefits of business incubation in Canada or misinformed about what business incubation is all about. I enlist your assistance in providing me with articles that appear in your local papers so we can provide factual information about business incubation. It would be my pleasure to also attend the opening of an incubator in your community. If I am unable to attend, there are 15 Board members across Canada who could provide a similar service.

In closing, there is one lesson I wish to share with you: You must become an expert at telling your story. The more people who hear about your program, your success stories and, yes, your failures (because we learn our most valuable lessons from these), the better able you are to attract the proponents, supporters, assistance, services and clients to your program. These people will help you grow and provide the programs, courses and workshops to the benefit of your community. Your success is only limited by the size of your dream. Believe in yourself.



iNCUBATION FOOD FOR THOUGHT

by Ed Hobbs, CABI Vice President, Toronto Business Development Centre, Toronto ON

At NBIA's recent annual conference in Richmond, Virginia, I had the pleasure of attending a roundtable plenary session on Innovative Approaches to Public Funding. While the session write-up suggested we would "explore innovative ways to compensate incubators for the social services they provide," I was pleasantly surprised that the roundtable discussion went beyond the same old, same old.

Although a lot of us are aware of the following points, I have summarized some of the session's key discussion areas to serve as a reminder:

1. Incubation programs are always competing for support dollars, and program managers must be ever mindful of the question "why incubation vs. some other project?"
2. Each week document the non-quantifiable contributions your incubation program has given back to the community during the past week.
3. Non-profit status incubation programs have been granted non-profit status because they are offering social programs that benefit the community and these programs cost money to provide.
4. Incubated companies contribute corporate tax dollars, payroll tax dollars and income tax dollars to the economy. These dollars should be tracked for each incubated company as accurately as possible.
5. Most funding models are based somewhat on job creation. We should therefore track these numbers each month.
6. Make sure you get annual letters from all your incubation clients stating that without the incubation facilities and services, they would not have been able to successfully launch their company in your city.
7. Are the jobs created by your incubation program graduates ones that exceed the prevailing wage rates of the community? If so, this must be documented.
8. Consider having your incubation program clients sign performance target agreements with regards to their job creation targets.
9. Consider sending out press releases every time an incubation program client graduates from your program. These releases should include a concise profile of the client's business and its benefits to the community.
10. If your organization doesn't already do so, it should create and distribute an annual stakeholders report.



SEATBELTS RECOMMENDED

by Mary Lou Whitehorne, InNOVAcorp's Business Incubation Group, Halifax NS

Rampage: To run riot, run amok, tear, charge, storm, go wild.

They push the limits. They are young, energetic, sassy, and seemingly unstoppable in their drive to be the best. Rampage Technology Inc. is a leading-edge web development company with a difference.

Byron Fillmore, the president and driving force behind Rampage Technology, says, "One thing that separates us from our competitors is our online editing and updating facility, combined with our talent for making our websites stand out from the rest. Our technology makes it easy for our clients to keep their websites up-to-date and looking good. We design the front end of each website to reflect the attitude of each client and then support it with a powerful database in the background."

One example of the work Rampage can do is the online interactive conference-registration tool designed for the Offshore/Onshore Technologies Association of Nova Scotia (OTANS). It has allowed the Canadian Offshore Resources Exhibition (CORE) conference committee the flexibility to manage the conference in ways that were never before thought possible. You can see for yourself at www.coreconference.com/floorplan.

The Nova Scotia company provides full in-house service, from creativity to strategy to product management to technology. Rampage offers web development, internet programming, e-commerce, database integration, Macromedia Flash, web hosting, and usability analysis. Its clients range from small businesses to large corporations. The company has been in business since 1998 and a resident client at InNOVAcorp's Technology Innovation Centre in Dartmouth, Nova Scotia, for a little over a year.

Fillmore is frank when he speaks about the benefits of being an InNOVAcorp client. "InNOVAcorp has provided us with the needed foundation to take this company beyond our expectations. We are provided with the infrastructure we need to grow and prosper, and the flexibility for expansion, as and when it is needed. As we continue to grow, InNOVAcorp will be a key partner in our development. Plus, we've got an amazing office with a million dollar view!" He is correct about the office. The space is permeated with creativity, filled with positive energy, and saturated with an undeniable sense of humour.

Rampage has a lot of exciting new projects in the pipeline. When these new websites are launched, the users will definitely notice a difference. Fast, powerful, user-friendly, highly effective, and VERY FUN - a seatbelt is not such an exaggeration after all! For now, check out these Rampage showcase sites: Q104 at www.q104.ca, Cape Breton Resorts at www.capebretonresorts.com, and the Keating Millennium Centre at www.keatingcentre.com.

Rampage has experienced explosive growth since setting up shop at InNOVAcorp's Technology Innovation Centre. But the best is yet to come. Soon-to-be-launched projects include C100, 96.5FM, MacPass, Taste of Nova Scotia, and Phoenix House. The company is busier than Fillmore ever dreamed possible.

Visit Rampage Technology Inc. at www.rampagetechnology.com or email byron@rampagetechnology.com.



g ENESIS GROUP OPENS GENESIS BIOLABS FACILITY

The new Genesis Biolabs facility officially opened April 20, 2003, on Mount Scio Road in St. John's, Newfoundland. The 3,300-square-foot "wet lab" incubator will house new biotechnology ventures based on technologies developed at Memorial University, local entrepreneurs and industry.



Genesis Biolabs is the latest initiative of GENESIS Group, Memorial University's technology commercialization arm, which also encompasses Genesis Research and the Genesis Centre. The Genesis Biolabs facility was made possible through a \$100,000 contribution from the Canada/Newfoundland and Labrador Comprehensive Economic Development Agreement.

Genesis Biolab's first client is TNB Laboratories Inc., a company performing biotechnology research and testing. The company evolved from Omega Pharmaceuticals Ltd. and acquired the assets and expertise of Terra Nova Biotechnology Co. Ltd., a spin-off company of Memorial University. TNB Laboratories has expanded into the design and manufacture of diagnostic tests and the transformation of human tumour cells for cancer research. It also provides DNA-based paternity testing services and DNA-based species identification services for use by regulatory agencies.

"In light of the opportunities and funding available from various sources, Memorial University hopes to expand its activities in the area of biotechnology", said Dr. Axel Meisen, president of Memorial University. "We see particular opportunities in the areas of molecular biology and proteomics and intend to support their growth. The GENESIS Group and Biolabs are key in the commercialization of our research."



o n t h e s h e l f

Publications that may be of interest to CABI members and their clients
by Marie Lussier, CABI President, CRC Innovation Centre, Ottawa ON

An excellent tool to have in all business incubator managers' kit bags is the National Business Incubation Association's (NBIA) publication, *Put It In Writing: Crafting Policies, Agreements and Contracts for Your Incubator* by Carol James. It includes more than 65 sample documents from working incubation programs to help you craft lease, license and service agreements; applications; graduation policies; client handbooks; nondisclosure agreements; graduation policies; conflict-of-interest policies, and other types of documents. In addition, this book describes the many important purposes formal documents serve in the incubation setting, and provides advice and lessons learned from incubation professionals and attorneys.

Also, did you know that almost a quarter of all incubation programs take equity in some or all of their client companies? Or that clients of North American incubators provide full-time employment for more than 82,000 people? You'll find these and many more fascinating facts in the *2002 State of the Business Incubation Industry*, the latest offering in the NBIA Research Series. Arriving on the heels of the dot-com boom and bust, this report offers a snapshot of the industry at a very interesting time.

More than 70 charts and graphs provide information on many incubation topics, including client income and employment levels; annual incubation program revenues and operating expenses; incubation program types, sponsoring entities, tax status, size and lease-up; numbers of client companies, and more. Whether you're an incubation professional, academic or stakeholder in the incubation industry, you'll want to get your hands on these latest industry statistics. To order,



dEPUTY PRIME MINISTER TOURS GENESIS CENTRE

On April 17, 2003, the Genesis Centre in St. John's, Newfoundland, hosted a visit from Deputy Prime Minister John Manley. He spent almost an hour touring the Centre and speaking to several of its clients. He was reportedly very impressed by what he saw.



In this photo, Genesis Centre Manager Keelin O'Leary is trying to explain to Minister Manley when he will be able to use the Genesis Centre golf shirt, which she has just presented to him. (Note CABI membership certificate on the background wall!)



tHE SEVENTH INTERNATIONAL SUMMIT OF INTERNATIONAL BUSINESS INCUBATION ASSOCIATIONS - A SUMMARY

by Marie Lussier, CABI President, CRC Innovation Centre, Ottawa ON

Once again this year, CABI President Marie Lussier and Vice President Ed Hobbs had the pleasure of representing Canada at NBIA's annual International Summit.

Happening in Richmond, Virginia, on May 18, 2003, the Summit had representation from 14 nations, a decrease from last year due to numerous travel constraints and concerns. The session was opened by Dinah Adkins, NBIA's president and CEO. Dr. Heinz Fiedler, president of the Spice Group in Germany, spoke about the SPICA Directory and the Summit that took place in Dortmund, Germany, last November.



What follows is a brief description of what has taken place over the past year in business incubation around the world. (This list is from my notes. Once the recorded notes are available, I will make these available to you.)

Australia

- The incubation program is four years old
- Programs exist in universities, through the federal government, and in the mixed use industry sectors
- There is a lack of funding available for incubators starting out

Brazil

- 200 business incubators
- 8% are technology-based
- 16 to 18 science and technology parks, mostly associated with universities
- Working with the World Bank to find funding
- The incubator support system is being developed

Canada

- 12-year-old incubation industry organization
- In the last four years, growth in membership has gone from 15 to 20 to over 100 members
- 150 business incubators
- Over 300 organizations working on small business development
- Growth in the industry and membership is such that CABI is moving to a full-time executive director in 2003, and we will relocate the address to Ottawa
- CABI is in the process of doing a full study to determine the extent of incubation in Canada
- The intent is to determine the true Canadian model of incubation
- The downturn in the economy has not negatively impacted the incubation industry; in fact, we are seeing far more initiatives at all levels than even a year ago
- Funding from angels and VCs is there, but just more difficult to secure and the due diligence is more extensive

Germany

- 20 years of business incubation
- 350 innovation centres
- 200 organizations in the country's industry association
- 44% are science-based, 27% are rural, 28% are industrial, and 76% of these are technology-oriented
- There is a huge difference between companies that incubated 20 years ago and those that incubate today
- The initial incubators started as an exercise to have businesses share facilities and save money
- Seven centers are certified to date

Korea

- Government has put aside \$1 million for venture products

New Zealand

- Two years ago there were no business incubators in New Zealand
- 15 business incubators exist today, due to government funding intervention
- Funding and advice is provided to 100 companies in the incubators
- In the process of developing a strategy to determine where the industry has to go next
- The country is looking to build a national business incubation organization

Sweden

- 35 business incubators
- Government has launched a new program in support of business incubators

United Kingdom

- 220-230 incubators exist and have seen 10-fold growth in the past year
- Believes it is important to look outwards at what other countries are doing in the industry
- They are looking into benchmarking and accreditation of all business incubators

United States

- 21 years of business incubation
- There were 12 business incubators in 1980, 40 in 1982 and now there are 1200 NBIA members, of which 18% are international

- The first annual NBIA conference was held in 1987



CABI BOARD OF DIRECTORS, OFFICERS AND COMMITTEE CHAIRS

Below is a list of our CABI board of directors, officers and committee chairs:

Lorne Ross, St. Albert AB - Board Chair
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