THE HIGHER EDUCATION COMMISSION

POLICY ON BUSINESS INCUBATION CENTERS

Effective January 1, 2021

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INTRODUCTION AND OBJECTIVES

1. Business incubation is a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services.
2. The HEC BIC Policy (Revised) 2020 defines the expected role of a BIC and sets clear KPIs (Key Performance Indicators) to measure their performance.
3. Objectives: HEC's BIC program envisions the following objectives:
   a. Fostering an entrepreneurial spirit at universities and encouraging students and faculty to create new enterprises
   b. Supporting the development of an innovation ecosystem at universities

SERVICES OFFERED AT THE BIC

4. The following set of services are envisioned at the BIC:
   a. BICs provide guidance, including lectures, mentoring, access to materials, and technical advice on launching startups, selecting business strategies, protecting their intellectual property, mobilizing resources, and generally converting innovative ideas into successful enterprises;
   b. Facilitating access to laboratories, libraries, ICT-facilities, technical workforce, subject-matter experts, and seed-funding opportunities;
   c. Ensuring that the startups can generate opportunities for students to get internships or part-time jobs, as well as to apply their knowledge to real business problems as case studies;
   d. Transferring the skills and lessons from the incubators to the universities, in order to enhance the competitiveness and societal relevance of universities, by enabling them to attract and retain entrepreneurial students as well as employees, and forging connections with industrial and governmental organizations.

ESTABLISHMENT OF NEW BIC

5. BICs will be established at leading public sector HEI (preferably at Tier-1 HEI), where there is an established ORIC. The university may also partner with other HEIs (public as well as private) to take benefits associated with the Business Incubators. Hence besides an independent incubation center, the HEIs may form a consortium of universities (preferably of 4 – 5 HEIs within fair radius to each other) for establishment of BIC.

6. The funds for the establishment of New Business Incubation Center will be arranged for a limited time period (max. two years) in the following manner:
   a. HEC: 60%
   b. Partnering HEIs: 40%
7. The arranged funds will be released to the HEI (or the leading HEI in the consortium) through the BIC Steering Committee on an installment basis and dependent upon agreed deliverables and output / KPIs of the BIC.
8. An entrepreneurship development fund will be created by the HEI or leading HEI within the consortium with active participation of partnering HEIs, to ensure the financial sustainability of BIC after completion of the funding period from HEC.

SUPPORT FOR EXISTING BICS

9. **Performing BICs** will be readily included in the remodeling phase through the World Bank's Innovation Seed Fund Program or other similar programs offered in future.
10. **Non-complying BICs** will be allowed a grace period of 01 year to improve performance. Additional support will be extended through a fully functional BIC working in their close proximity for capacity building, if needed.

BIC STRUCTURE AND GOVERNANCE

11. The Business Incubator Manager is responsible for the oversight of daily operations of the business incubator including: marketing the facility and recruiting new tenants, providing support to existing tenants, facilitating training for tenants and aspiring entrepreneurs and developing the infrastructure that support and encourages economic development in Country.
12. BICs at HEI should be engaged in early stage incubation of startups. The following allied facilities and strengths are required by HEI to support the BIC:
    a. Readiness in terms of innovation through incubation, financial capacity, strategic commitment proven through a viable business plan and sustainability model. Expertise in virtual incubation will be an added advantage.
    b. Be in a position to use allocated funds for initial setup of the incubator as per approved plan and agreement with HEC.
13. In case of consortium, the partnering HEIs of the consortium will support the BIC through Human Resource, logistics and physical services along with supervisory support to incubator.
14. The BIC Steering Committee/Corporate Advisory Board (or similarly named) will comprise of at least 07 Members coming from the Private Sector and ORIC / BIC management. The Vice Chancellor and an Eminent Business/Industry Leader will serve as Co-Chairs of the committee.

BIC STRATEGIC (5-YEAR) PLAN

15. The Vice Chancellor of the leading HEI is responsible, within 3 months of the approval of this policy (or at the time of application to HEC for establishment of a new BIC) to submit a five-year development roadmap for the university's BIC with objectives, strategies, tasks, and specific annual targets / KPIs for innovation, commercialization and entrepreneurship as well as a staffing plan, budget and university's contribution to the latter.
16. The 5-year plan must clearly demonstrate how its execution would lead to the improvement in University's entrepreneurial environment, impact, and its national prestige.

PERFORMANCE MONITORING FOR BIC

17. The following Key Performance Indicators shall be reported to HEC on a yearly basis and these will be validated through annual onsite visits and become the basis for HEC's assessment of BIC's performance:
    a. Number of Faculty Startups Encouraged / Opportunities Discussed
    b. Number of Faculty Startups Created / Startup Revenue Earned by Faculty Startups
    c. Number of Jobs Created and Retained Over 2 years of Faculty Startup Founding
    d. Number of Student / Alumni Startups Created
    e. Startup Revenue Earned by Student / Alumni Startups
    f. Number of Students Placed in University Startups
    g. Funding Secured for Faculty / Student / Alumni Startups
    h. BIC available facilities and human resource
    i. Startup Business Plan / Pitching Competition / Bootcamps
    j. Number of License Agreements, NDA, MTAs, Consultancy Agreements, IP Rights signed by Startups
    k. Venture Capitalist / Angel Investment / Seed Funding ensured by Startups
    l. University Awareness Seminars / Entrepreneurial Awareness Campaigns / Investor Connect Events / Open Houses for promotion of Entrepreneurial Spirit among students, researchers and faculty members
18. These Key Performance Indicators include a mix of input, process, output, and outcome measures. This list shall evolve every 3 years to account for new and emerging needs of the BIC. A BIC may review its KPIs every year and may make minor adjustments between metrics, if necessary.

INCUBATEE SELECTION PROCEDURE

19. The incubate selection is a critical activity. Business Incubation centers must exercise extreme caution in inducting the right incubates based on its established criteria, resources and availability of services necessary for efficient and successful completion of the project. There will be two selection procedures:
    a. Through Business Plan Competition (top ten winners of the BPC will be incubated)

b. Through routine incubate selection procedure, i.e. advertising call for proposals (CFPs) conducting pitching event, conducting selection committee meeting, final selection, starting incubation process.

20. The consortium may mutually define the selection procedure through approval from its Board of Directors. Evaluation of strengths and weaknesses of potential incubatee is key for determining fields which require special assistance by the incubator and extremely critical for the incubatee success. The major parameters which need to be considered for the Right incubatee are:
    a. pre-feasibility
    b. ability to create jobs and provision of a business plan
    c. technology readiness and innovative project
    d. the incubatee being a new startup or complementary to existing firms
    e. be able to contribute towards operating expenses
    f. high growth potential and social impact
    g. relevant professional experience and education
21. The selection committee will include:
    a. The BIC Managers
    b. Two academic and one industry expert from relevant field
    c. Representative from HEC

GRADUATION OR EXIT CRITERIA FOR INCUBATED STARTUPS

22. The incubatee company will be graduated out of the incubator once it meets the following criteria:
    a. Incubatee has successfully completed / followed the syllabi set by the BIC as graduation criteria.
    b. Incubatee has spent 12 months at the incubator and the project hasn't completed yet. An additional 2-6 months could be given by the incubator management if they feel that the project can be completed by then, based upon the deliverables.
    c. Incubatee has successfully achieved the business targets and objectives or developed the prototype and has found an investor or Venture Capitalist to either buy it or take it to the production stage.
    d. If incubatee fails to meet the quarterly targets twice in a calendar year.
    e. If the review committee decides that the project is no longer viable.
    f. If incubatee violates the tenancy agreement.

BIC MANAGEMENT

23. BIC Director / Manager (or similarly named as per HEIs own nomenclature) should ideally be a business graduate with 10 years plus managerial experience preferably in entrepreneurial / incubation management environment. He / She should also be familiar with latest practices

in incubation programs and have demonstrable quality of mentorship and driving innovative startups. Each Manager shall be responsible, in consultation with the Vice Chancellors, for appointing his/her team to deliver his/her respective KPIs.

24. The BIC Manager in consultation with the VC and BIC Steering Committee may hire a dedicated Human Resource and support team for effective functioning of BIC which may include, Startups Support Executive(s), Admin & Finance Executive(s), and Office Assistant(s).

TERMS OF REFERENCE FOR BIC STEERING COMMITTEE / ADVISORY BOARD

25. The BIC Steering Committee / Advisory Board shall be governed by the following Terms of References:
    a. The Steering Committee / Advisory Board will be the governing body for the BIC and will provide strategic leadership and governance oversight. The Steering Committee will provide dedicated advice for decisions and actions to be taken in accordance with the objectives, approach and scope of the BIC.
    b. The Steering Committee will continuously review the performance of BIC in line with the devised KPIs and strategic plan and guide the BIC leadership by providing effective oversight and evaluations.
    c. The Steering Committee will:
        i. Devise and approve the 5-year strategic plan for the BIC and ensure its proper compliance.
        ii. Review and approve the recommendations for implementation of initiatives for better achievement of BIC objectives from BIC leadership.
        iii. Review periodic monitoring reports on the basis of KPIs and advise the BIC leadership accordingly.
        iv. Provide policy guidance to BIC leadership.
        v. Ensure that BICs activities and initiatives are coordinated with other relevant stakeholders, inside or outside the HEI.
        vi. Bridge the gap between academia and industry and provide crucial advice on matters to promote university-industry linkages and commercialization.
        vii. Any other matter relevant to the better functioning of the BIC.
26. It will be ensured that the Steering Committee members have expertise in dealing with roles and responsibilities associated with the better performance of BIC and will clearly state their Conflict of Interest in any matter impairing the proper functioning of BIC.

POST INCUBATION GUIDELINES

27. The BIC will maintain a two-way relationship with its graduated startups. This will include but not limited to:

a. Providing support in business management and mentoring to graduated startups for initial two nascent years of live environment, including facilitation and guidance regarding firm registration, registration with tax regulatory bodies, marketing, business development, HR, etc.
b. Periodically meeting with the startups so as to ascertain the diverse needs and challenges to be addressed by the BIC through its incubation program.
c. The graduated startups and companies may also provide internship / employment opportunities for BIC incubates / fresh graduates.
d. Involve and disseminate venture-capital / seed-funding / angle investment opportunities for the graduated companies and actively assist them in raising of funding resources.
e. Establishment of network of graduated startups and organizing periodical meetings with existing incubatees for their grooming and mentoring thus creating a dynamic environment through which all stakeholders can benefit.

FACULTY-LED STARTUP GUIDELINES

28. In case of a startup where the original intellectual property originates with a faculty member of the concerned HEIs BIC (specifically for HEIs of Public Sector domain), following guidelines will be adopted:
   a. The BIC will help in determining whether granting rights to the startup is the best mode for commercialization as opposed to a licensing agreement with a third-party.
   b. HEIs shall develop and introduce IP rights protection/spin-off policies and guidelines to safeguard the interest of its researchers and faculty-members.
   c. The startup will ensure that the entrepreneurial activity must be balanced and should be initiated after careful review of proposed relationships.
   d. The concerned HEI and its faculty member will have the responsibility to optimize technology transfer and mitigate any conflict of interest, conflict of commitment when licensing IP to a startup is being considered.
   e. The faculty-members will categorically disclose any interest in the startup to its HEI and will serve only in advisory or consultative roles in the company. Moreover, the faculty member will also be responsible for separating university duties from personal financial interests in the startup company.
   f. The faculty-led startup company may also, under very specific circumstances, support relevant research projects at the HEI, subject to the terms and conditions of HEI.