

Is your business ready for incubation?

Business incubators have the ability to catapult a business in the right direction through enabling access to guidance, resources, networks and mentorship. However, incubation only works once a business has gone through certain steps along its lifecycle.



Mags Ponnann, head of the business incubator and customer value propositions at FNB

“Often, incubators are seen as magicians, where any business can be assisted, but in reality, not every business is ready or ideal for incubation,” says Mags Ponnann, head of the business incubator and customer value propositions at FNB.

There are three main concerns that an entrepreneur must satisfy and these concerns must be crystallised before incubation:

1. **Defining the identity, vision and strategy of the business** – This is the earliest stage of the business, where the entrepreneur will need to define the goals of the business and the strategy of the business going forward. This will also determine the identity that the business will project to its potential customers.
2. **Validation of the business model** – The entrepreneur can stress test his business model through a pilot by gauging how well his customers receives his proposed product or service. This will assist the entrepreneur with finding the right product and market fit.
3. **Implementation of the tested business model** – This is usually the trickiest part of a startup where the entrepreneur will start selling his product/service to the market and will focus on the operational aspects of his business such as

revenue generation through sales, recruiting the right team, etc.

Stress test your ideas

Incubation will best work if the business is at a stage where it has created a product or service and has stress tested it, each business model and entrepreneur's needs and approach will be unique in this regard. A great business idea is not always enough to turn into a viable business, there are other factors that are best answered when a business affords the market the opportunity to respond to the business.

"Stress testing an idea ensures that you save a lot of money and time in the long run, it also ensures that you maximise any assistance there is to get from an incubator," adds Ponnann.

Depending on the maturity and needs of the business, the average incubation period can be anything from 1-3 years, which will also be in line with the incubator's curriculum.

"We have many businesses that want to get into incubators long before they have tested their products in the market, but the reality is that incubators are not a classroom. They exist to propel businesses from one stage to another along the business lifecycle. In as much as there are early stages incubators, the businesses that get the most out of incubation are those that have been stress tested their business model and shown their customers' appetite in the market space," concludes Ponnann.

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