



## Universities as Incubators of Entrepreneurship

*Prabhakar Deshpande*

IIT Alumni

---

### ABSTRACT:

---

Universities are offering students facilities, support and encouragement and environment to start off as entrepreneurs.

---

At my alma mater, IIT Bombay - Indian Institute of Technology - an engineering college in the same league as America's MIT - Massachusetts Institute of Technology - there is a department called SINE, an acronym borrowed from trigonometric function, and which stands for Society for Innovation and Entrepreneurship.

SINE is a technology and business incubator. As one would guess this is a place for start-ups by students.

Honestly most start-ups crash within 5 years. But some do survive. They may not hit it big and make founders dollar billionaires, but they do make students early millionaires in dollar terms.

But some startups incubated at Universities are great - Google, Facebook in the new economy and FedEx (courier) and Time Magazine in Old Economy.

If we count the University involvement out and just include companies started by students, there is Microsoft by Bill Gates, Dell (largest PC manufacturer) by Michael Dell and some might even consider Steve Jobs of Apple a Student Entrepreneur, and others would classify him as a Serial Entrepreneur.

Of course if we start discussing incubation facilities offered by Harvard or Stanford in USA or INSEAD in France or London Business School in Britain, then it won't be so interesting because that is expected.

What would be more interesting to an International audience is incubation at universities and institutes in India. After all for all its technological prowess, India is still more comparable to Sub Saharan African country than a European or North American nation. Yet India can pull surprises that can shock the developed world.

For instance, SINE - Society for Innovation and Entrepreneurship - was started at IIT Bombay in 2004. And SINE has incubated at least 200 startups with a cumulative investment of around 500 million dollars thus launching the career of 800 entrepreneurs and providing employment to 5000.

It is not just the technology institutes that have incubation centres, some management colleges and business schools too have incubation centres. For instance IIM Ahmedabad - Indian Institute of Management - which is in the same league as Harvard Business School also has an incubation centre called CIIE - which stands for Capital, Incubation, Insight, Everything. The reason IIM Ahmadabad incubator is more successful is that companies fail not because of bad technology but due to bad management. And the best place to incubate is a business school rather than an engineering college. However, India has a long way to go before having adequate incubation centres. India barely has 100 incubators, China has 800 incubators, Taiwan has 400 incubators, Brazil has 400 incubators and USA and Canada together have more than 1300 incubators.

And students have a lot to gain by starting companies in university/institute incubators. Firstly these educational institutes offer a support system that is not available in the rough and tumble of the outside world. Secondly, students can put valuable knowledge gained on campus to use. Thirdly starting a company as a student is great learning at beginning of the career. And even if a startup fails, the student has an option for a campus placement that the student would have foregone for an entrepreneurial venture.

Of course, it is easy to fall for the glamorous success of Facebook or Google. But here is a reality check. More than 90% of startups fail. Only 40% turn profit. And that is to be expected. There are several reasons - lack of market, lack of experience and expertise - after all these entrepreneurs are just students for God's sake! What do you expect? And almost 16% of students became entrepreneurs after graduation in 2011 compared to just 5% of students exploring business in early the 1990s. There are almost 165 young entrepreneurs aged 18 to 25. For one this is the age when people don't have family responsibility and that is a luxury not to be had later ever. Some might say that when a student is choosing a University for Education, it is as much worthwhile considering the Incubator potential of that University as much as the Employment Potential. For instance, according to Forbes here is a rundown on 5 Universities in the USA that offer the best incubation facility.

1. University of California, Berkeley: The Berkeley Sky Deck offers up to 100,000 dollars for students accepted into their 6 months cohort program.
2. Harvard University: Venture Incubation Program at Harvard offers a 12 weeks program which offers resources and mentoring.

3. Massachusetts Institute of Technology's Delta V offers intensive coaching, mentoring and networking opportunities
4. Stanford University's StartX is not an accelerator, but a community
5. University of Pennsylvania offers entrepreneurship education.