



## **Incubators Must Aggregate and Share SMEs Information**

**Alex Tajirian**

June 1, 2011

Incubators in developing economies should consider including start-ups and small and medium-size enterprises (SMEs) in their portfolios. Doing so makes it easier to diversify, to learn from collective experiences, and to take advantage of economies of scale. Incubators should collect and share the information with the SMEs and sponsored third-party financial institutions.

The portfolios should facilitate collection, integration, and analyses of three types of information: accounting data submitted by the entrepreneurs being incubated, interactions of the incubators with sponsored third-party financial institutions, and macroeconomic data such as sectoral and country growth rates.

The information gathered from the medium-size enterprises can be used to better direct the start-ups and small companies. The enterprise-size mix will also provide diversification and economies of scale to the incubator and the financial institutions.

Collecting and sharing information is crucial to the success of all stakeholders because there is no market pricing to provide performance feedback or discipline and rewards. Moreover, the information:

1. Helps incubators make better decisions in granting and monitoring their portfolio of enterprises.
2. Helps lending institutions make better incubation decisions and improve their monitoring of entities being incubated, and indirectly acts as a performance-disciplining and rewarding tool. ■