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Business Development & Hosting Centre

Applicants (Entrepreneurs) Guide

January, 2012 Call for Applications

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1.0 Introduction:

1.1 Leaders Organisation

Leaders Organisation was founded in 2002 upon the initiative of a group of university students. The group set out to affect the existing economic, social and political landscape to allow the effective participation of young people and enable them to achieve their potential as active members of their community. In 2004, the group was formally registered with the Palestinian National Authority as a non-profit non-governmental organisation. Since then, Leaders Organisation has expanded its activities to cover different areas of the West Bank through addressing the needs of youth.

Leaders has adopted the mission of empowering young people by developing their capacities, creating opportunities, and providing platforms for free and open expression. We promote the voice of Palestinian youth by providing them local and international platforms for expression. Leaders Organisation envisions an economically developed community, committed to the principles of democracy, citizenship, social justice and respect for personal freedoms.

The running Programs aim to develop the professional skills of young people in fields of relevance. Leaders Organisation runs two main programs: The Social and Political Leaders Programme and the Economic Empowerment Program.

The Social and Political Leaders Programme aims to develop the leadership skills of young people and acquaint them with the tools they can use in promoting and leading social and political change. Under this program, Leaders supports initiatives independently launched by young people and proposes new initiatives to be led by young volunteers.

Leaders' Economic Empowerment programme focuses on enabling young Palestinians to drive the market forward through empowering innovative youth and developing their entrepreneurial skills. Leaders envision the development of a sustainable economic empowerment programme that can provide support services to young entrepreneurs, reduce vulnerability to economic and political risks and develop their professional skills.

While the economic situation in the Palestinian territories keeps on fluctuating, young people are the most adversely affected by this lack of stability. Young people generally lack the relevant skills to enter the labour market or the entrepreneurial drive to establish personal businesses. Leaders' Economic Empowerment Programme aims to develop the professional skills of young people in fields of relevance to the local market and provide opportunities that reward and encourage entrepreneurship and innovation.

1.2 The Economic Empowerment Programme

The Economic Empowerment Programme aims to improve economic opportunities for marginalized groups, especially youth. This programme has been developed to contribute to achieving the economic development aspect of the vision relying on two key strategies: capacity development and creating opportunities.

Under this programme, we will develop the capacity of young people through training, career awareness and business development services to enable them to engage more in economic activities. We will also help them through creating opportunities through market linkages, and building on their capacities to establish viable enterprises. The programme will achieve, through its activities, three main outcomes:

1. Local economic development strengthened
2. Youth led, high value added, economic activities promoted
3. Young people's awareness of economic opportunities enhanced

Several projects and initiatives have been and are currently being implemented under this programme. At the outset of the Organisation's activities, the programme focused on developing technical and entrepreneurial capacities of young people. The programme's approach gradually developed into providing more comprehensive services that address a range of needs of the target group. This approach gave birth to the establishment of the Business Development and Hosting Centre, which provides hosting, capacity development and business development services to young entrepreneurs.

1.3 The Business Development and Hosting Centre (BDHC)

In 2010, and through a generous grant from the Welfare Association, Leaders Organisation established the Business Development and Hosting Centre. The BDHC provided office space for enterprises developed under the Outsource to Palestine project. Under this programme the Organisation provided services to 6 youth led enterprises in the fields of Engineering design, translation, media, business information systems and web development.

The BDHC, which is the most reputable initiative under the Economic Empowerment Program, is an incubation programme that provides relevant services, aimed at supporting entrepreneurs in transferring their most promising ideas into successful companies.

The Business Development and Hosting Centre currently operates as a business incubator for start-ups specializing in easily outsourced services in knowledge based industries. Business incubation at the BDHC provides residents with state-of-the-art facilities in one of Ramallah's best business venues. Incubation is aimed at supporting the growth of the enterprises through providing diverse services that meet the enterprise's growth needs. Incubation at The BDHC allows entrepreneurs to focus their efforts on delivering their services to clients by ensuring that supporting business functions such as accounting, marketing and business development are being taken care of. The BDHC also provides quality assurance and capacity development services to its residents through highly qualified local and international experts. Additionally, BDHC staff will provide general management and financial management advice to entrepreneurs.

The BDHC provides a professional environment dedicated to the establishment and support of growth-oriented enterprises in **knowledge-based industries**. The BDHC capitalizes on the potential of outsourcing, local and global expansion in the knowledge economy in creating sustainable businesses through providing a diverse, customized, and highly professional set of business related services and linkages with local, regional and international clients.

2.0 The call For Applications

This call for applications is open for all young entrepreneurs who have ideas/start-ups, capitalising on the knowledge-based industries. The call was published on the 18th of January 2012 and the last applications will be received on the 12th of February 2012.

2.1. Eligible Applicants

Leaders Organisation has various projects and initiatives under the Economic Empowerment program. However, this call is designed for targeting young entrepreneurs whose ideas/ start-ups capitalize on knowledge-based industries as mentioned before. Knowledge based ideas/start-ups are those in *which the creation and use of knowledge is the dominant activity - where the main products/services are based on specialized skills.*

Some of ideas/start-ups that fall into this category can be in sectors like: Information Technology, research and design (R&D), engineering and design services, Animation, etc. Ideas/start-ups based on creative industries such as: Media (including social media), filming, publishing, art, etc will also be considered.

It is also important to highlight that we look for the most promising ideas that can turn into successful and sustainable businesses within one to two years (on average). This means that some of the accepted ideas can actually be in the idea or prototype stage. That being said, these ideas might be competing with other more “ready” ideas/start-ups.

To Sum, this call is open for Palestinians:

- 1- from the West Bank including Jerusalem;
- 2- older than 18 and younger than 35;
- 3- who have a viable business idea in a sector that can be classified under the knowledge based industries; and,
- 4- willing and able to commit to establishing, managing and running the enterprise.

2.2 Open Day

The BDHC is dedicating a full open day on Sunday, **February 5th, 2012 from 9:00AM to 5:00PM**. This day is for entrepreneurs and others who like to know more about the programme or have any questions or feedback. We will provide attendees with one-on-one sessions with one of our senior staff members working on the programme. In this open day, you will also get a chance to see the facilities and you will hopefully be able to speak with some of our incubated businesses in the BDHC.

2.3 Expected Number of Incubated Enterprises:

We expect to host about four to six businesses in our Ramallah and Jerusalem offices. Currently we have space for two enterprises in the Ramallah Centre. Our Incubation space in Jerusalem can hold around 4 enterprises, depending on the size of the enterprise.

2.4 Geographical distributions

Young entrepreneurs can apply from all over the West Bank, including Jerusalem. Due to funding considerations for this call, preference will be given to ideas, start-ups and enterprises based in Jerusalem. However, Leaders Organisation will use its resources to provide the necessary support to enterprises in the West Bank.

2.5 Deadline for applications

The deadline for accepting applications for the first round ends on **February 12th, 2012 at 23:59** Jerusalem time.

The BDHC is evaluating opening the call for applications biannually, depending on space availability and future projects.

3.0 Benefits of the programme

3.1 Hosting

One of the most important services that the BDHC provides is Hosting, which includes a furnished office, high speed internet (Wi-Fi), Telecommunication, Receptionist, a shared kitchen, bathrooms, a conference room, and other amenities. It is also important to highlight that the incubation is designed with state-of-the-art facilities to provide entrepreneurs with a great business image.

3.2 Business and Other Professional Services

The BDHC provides entrepreneurs with many highly specialized services, in addition to the Hosting mentioned above. Some of these services are: Legal set-up and Advice, Business Development, Networking, Marketing, Business and Management Consultation, Financial Management, including Accounting, and Capacity Development. Please see Leaders' website for more information about these services: <http://www.leaders.ps/thevillage/services>.

In addition to these key services, start-ups might require a myriad of other support services which include product design, visual identity, quality assurance and access to finance. These services are determined and customized based on the needs of each enterprise.

3.3 What will enterprises receive?

Accepted start-ups are allocated hosting space and provided with professional administrative and logistical support from The Village. The types of services provided by The Village vary considerably by the needs of the enterprise. The Village provides six main types of services:

- 1- Hosting: Start-ups are provided with state-of-the art hosting space to establish and operate their business. This space comes with business-class facilities, including advanced communications infrastructure, business meeting room and facilities, in addition to administrative assistance.
- 2- Legal advice: all start-ups will require legal advice in setting up and registering their businesses.. Identifying the proper enterprise registration type and developing internal by-laws are necessary in mitigating future internal and external risks.

- 3- Business Development, Networking and Marketing: starting with the establishment of the business The Village begins a continuous process of networking with potential local and international clients and marketing the products of the start-up. This type of service also includes developing the visual identity for the start-up including promotional material, content for website and brochures, generic presentations for clients and other communications materials. Business Development services at The Village are utilized based on international best practices and lessons learned to help ensure a sustainable growth of the enterprise.
- 4- Business management and advice: entrepreneurs are often very skilled in their field of expertise. However, managing a business requires much more: effective management, strategic planning and optimization, customer relationship management, focused marketing, and quality control. This type of service also takes into account the technical focus of the business and the entrepreneurs!
- 5- Financial management and advice: the most crucial factor in ensuring a successful business lies in sound financial management. Knowing the costing structure of the enterprise operations and understanding cash flow are necessary in leading the business to success. The Village staff support enterprises in financial matters from basic bookkeeping to financial management and planning.
- 6- Capacity development: technical and non-technical training is provided to entrepreneurs and the start-ups team based on their needs and potential.

In addition to these key services, start-ups might require a myriad of other support services which include product design, capacity development for staff members, quality assurance and access to finance. These services are determined and customized based on the needs of each enterprise.

In short, the support phase is intended to place the start-up in a protective, safe and professional environment that allows the team to focus on production while all management and support functions are provided to this enterprise in a transparent and professional manner. This arrangement allows the enterprise to grow relying on a combination of the technical expertise of the start-up team and the professional management expertise of The Village's staff. As the enterprise grows, key functions are gradually transferred to the enterprise allowing it to graduate as an independent and a sustainable entity at the end of the hosting period.

4.0 Admissions Process

4.1 Submission of documents

In order for your application to be considered, it is important that you fill and submit the application before the deadline. The application form can be found on Leaders' website: www.leaders.ps/thevillage/application. A Word format of the Application can be downloaded from the following link <http://www.leaders.ps/thevillage/process?start=1>.

After filling the application form, you also need to send a **copy of all your entrepreneurial teams' CVs to Area.D@leaders.ps**.

If it is more convenient to you, you can request to fill and submit the application in Arabic. If this is your preference, then email us (at the same email address) and request an Arabic version of the form. You can also download a copy of this form from <http://leaders.ps/ar/2012-01-17-15-31-44/process?start=1>.

4.2 Internal evaluation

After your application is received, it will be reviewed by our internal experts. During this phase, applications will be filtered based on how they fit within the scope of the program. Only short listed applicants will move onto the next phase where a more detailed business plan will be developed.

4.3 Evaluation criteria

While the BDHC adopts a hard-core business oriented model, it takes into consideration programmatic objectives related to employability, economic development impact, etc. This is of course in addition to clear and standardized criteria evaluating the following areas or aspects:

- a. Entrepreneurs/management team: technical and business/management skills, commitment of entrepreneurs, entrepreneurial attitude that supports risk taking, etc.
- b. The Products/Services: how innovative are the suggested products and services (can the products/ services be radically innovative?), competitive advantage of the products/ services based on features, cost, and quality.
- c. Market(s): marketability, scalability of markets, exporting potential, etc.
- d. Financial costs and return (ROI): financial feasibility of the idea/start-up (costs can be managed by the BDC), sustainability, potential ROI, etc.
- e. Programmatic Objectives: employability, economical impact; can this business be hosted without being in conflict with already incubated start-ups? Etc.

4.4 Business Plan development

Once an idea/start-up has been shortlisted (but before being incubated), the BDHC staff works with the start-up team on developing the business plan. It is important to highlight here that being shortlisted does not necessarily mean that the candidates have been approved to be incubated. They have to go through another filtering process by the Advisory Committee and the top four to six start-ups will be hosted.

The business plan outlines the different resources that will be committed to the enterprise from each side, and is used as a tool in valuing the start-up capital, required investments and business potential. The BDHC staff will provide all the support necessary for the enterprise management team to develop their business plan. The support will include providing tools necessary for developing a sound business plans, assistance in collecting and analyzing information, support in identifying the services provided by Leaders Organisation etc...

The business plan also identifies the advice and support that will be provided to the enterprise in terms of legal advice, management advice, financial management, as well as marketing and other forms of support. The plan will also outlay the key milestones and/or dates that will lead the start-up to graduation. This will be contingent on the enterprise being able to grow and reach financial stability

which would enable it to hire the necessary human resources for performing the various functions of the enterprise.

4.5 Negotiations of terms

During the business plan development, entrepreneurs and the BDHC will discuss and come to an agreement on all terms and conditions (equity percentage, exit plan, etc). Entrepreneurs would have been exposed to the BDHC's staff and experts and are more understanding of the various services provided by the BDHC. Once an agreement is reached between BDHC and the management team, the management team will be requested to pitch their idea in front of The Advisory Board.

4.6 Advisory Board pitch

The shortlisted candidates based on the above mentioned selection criteria, entrepreneurs are then invited to present ("pitch") their ideas to the Advisory Board in a session dedicated for assisting the BDHC with selecting and approving the ideas/start-ups that will be incubated.

4.7 Official decision and commencement of programme

Only after being evaluated and accepted by the Advisory Board, candidates are accepted into the BDHC. At that point, candidates are offered the space and are provided with all the services offered and provided by the BDHC. Also, entrepreneurs will be offered to sign the agreements and get their business started!

5.0 Terms of the programme

5.1. Commitment to the enterprise

A business idea cannot kick-off by itself. Business enterprises require a lot of dedication and hard work to succeed. That is why enterprise teams must show dedication and commitment to their enterprises by focusing solely on their businesses.

5.2. Equity sharing principle

Our objective in this programme is to avoid the classical case of unsustainable programmes which end by the end of external funding. We see the equity sharing as a revenue stream that would ensure the sustainability of this programme which would mean that we would be able to continuously provide the economic empowerment opportunities for entrepreneurs.

Our standard equity sharing range is 20%, in return to which the start-up would receive a package of services that has been valued at \$50,000 annually. Although this is the publicized percentage, the

actual percentage can change depending on the feasibility of the enterprise and its market potential. Ideas that have a more profitable business model can expect to offer a lower percentage of equity.

5.3. Time-bound and indicator-based exit

We expect that most start-ups exit from the BDHC after being hosted for one year. Depending on the start-ups' needs and potential, other services (Business Development, Financial Management, etc) can still be provided to entrepreneurs after existing from the BDHC to make sure that the start-up is sustainable on its own.

In addition, the entrepreneurs and the BDHC will agree and highlight all terms and conditions relating to the exit criteria such as the commitment level, dates or milestones achieved, etc.

6.0 Frequent Asked Questions (FAQs):

- 1. How do I know that my idea is safe with the Business Development and Hosting Center and with Leaders Organization? Also, where is it written that my ideas are going to be treated in the highest confidential manner?**

There are many mechanisms implemented at Leaders Organization to ensure that entrepreneurs' ideas are safe and never get shared with external parties except with a written consent form approved by the entrepreneur(s).

Our standard confidentiality and privacy statements are reflected in the *Application Form* (see the link: www.leaders.ps/thevillage/application): *"Leaders Organization takes data privacy and confidentiality very seriously. All collected information is considered strictly confidential and will solely be used for the purpose of evaluating and assessing the suitability of your enterprise for admission into "The Village" Business Development Center."*

It is also important to highlight that all of Leader's employees have, upon signing their contract, committed to not disclosing any information acquired while working at the Organisation whether during their employment or afterwards.

- 2. Do you provide investment in the way of cash to entrepreneurs?**

Within the Business and Development Hosting initiative, cash investment is provided on very rare cases based on the needs of the ideas/ entrepreneurs/ start-ups. Under the current call, January 2012, we do not expect to provide investment on cash basis.

- 3. What if I just do not get it? Can I call or visit you at the Business Development and Hosting Center?**

For sure! We have an open door policy but hope that you book us in advance for a visit so that we make sure that we are there to welcome you and answer all of your questions. Feel free to book us by calling us or emailing us at area.d@leaders.ps.

4. Do you support entrepreneurs in their idea stages?

We look for the most promising ideas that can turn into successful and sustainable businesses. This means that some of the accepted ideas can actually be in the idea or prototype stage. That said, these ideas will be competing with other more “ready” ideas/start-ups. So, the quick answer is it really depends on the needs and potential as mentioned before!

5. Why does Leaders Organization take an equity percentage from the entrepreneurs?

Simple: we want the model to be more sustainable by helping fresh and new ideas/start-ups after the project is complete without solely depending on donor funding.

Let us take an example: imagine ABC is a promising IT company that is chosen to be hosted at the Business Development and Hosting Center. The Center and the entrepreneurs have agreed upon 10% equity in exchange of the Hosting (Space), Business Development, financial management, legal set-up and training. When ABC is sustainable on its own, the 10% equity is then sold back to the entrepreneur (or maybe sold to a venture capitalist/angel investor to provide the entrepreneurs with more funding for growth and expansion). The returns received from selling the equity is then integrated back into supporting new and fresh ideas/start-ups that would have not been able to receive any help without adopting this approach.

6. Can you be more descriptive of how you evaluate and choose the ideas/start-ups?

While we adopt a hard-core business oriented model, we take into consideration programmatic objectives related to employability, economical impact, etc. This is of course in addition to clear and standardized criteria evaluating the following areas or aspects: entrepreneurs/management team, the Product(s), Market(s), and the financial costs and return (ROI).

7. Is this a first-come first served?

Absolutely NOT! All applications are viewed and evaluated after the deadline. The best ideas/start-ups are evaluated and ranked, and the top 4 to 6 will be admitted to receive the services and benefits offered by the Business Development and Hosting Centre. We are thinking of opening the call for applications twice a year based on future projects and space availability. We are also evaluating another initiative where we accept non-resident start-ups that could still make use of all other services.