

Entrepreneurial Network: The new role of incubators and accelerators

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Competitive paper

ABSTRACT

The main aim of this paper is to investigate the role of incubators and accelerators in the entrepreneurial network.

The qualitative research investigates the business model adopted by an incubator located in Lombardy Region (Italy) and an accelerator belonging to Massachusetts (US).

The main results are ascribable to the following roles of incubators and accelerators: 1) intermediaries of knowledge 2) facilitators of internal and external networking 3) drivers of local economy development 4) innovation propagators in the entrepreneurial network.

Keywords: incubators, accelerators, relational proximity, knowledge spillover, entrepreneurial network

1. Introduction

The main aim of this paper is to investigate the roles of incubators and accelerators in the Entrepreneurial Network.

In a traditional perspective a nascent entrepreneur is defined as someone who initiates activities that are intended to culminate in a new firm (Reynolds et al. 1999). Reviews of entrepreneurship research in the 1980s were “primarily orientated to the characteristics of entrepreneurs and owner-managers and not to the environment in which they operate” (Wortman, 1986: 274). Differently in the late decade entrepreneurial studies explained new firm births from a process approach (Skerlavaj et al. 2007).

As a process, entrepreneurship regards changes (Shane and Venkataraman, 2001) and consequently it is also drawn from the surrounding context and by the relationships in which an entrepreneur is immersed. But few significant contributions have been made on the process of entrepreneurship and external networking.

On the basis of this latter perspective, the paper investigates the entrepreneurial network founded on relational embeddedness. Through relationships start-ups develop knowledge on how to use some resources more effectively and efficiently than others and to produce joint values together. Considering knowledge as a resource, the value of knowledge is generated by the interaction developed between organizations (Håkansson & Waluszewski, 2007).

As depicted in the “rainforest” metaphor elaborated by IMP Group, there are “thousands of different species adapted to a life side by side” (Håkansson et al. 2009) characterized by the shared vision (Håkansson, 1995) that overcomes geographical, cultural, industrial and intellectual boundaries.

In particular incubators and accelerators are considered as policy instrument for the promotion of entrepreneurship and innovation (Hackett and Dilts, 2004). This creates an innovation-friendly environment that makes it easier for great ideas to be turned into products and services also improving economy (European Union, 2014).

With a qualitative approach, the work investigates the business model adopted by an incubator located in Lombardy Region (Italy) and an accelerator belonging to Massachusetts (US).

2. The Entrepreneurship process: from individual to collaborative perspective

In a traditional perspective the entrepreneurship has been described as a variety of processes ranging from start-up to harvesting the business. A process is defined as a series of actions or operations conducing to an end, thus the entrepreneurial process concerns with the activities that lead to new venture creation (Korunka et al., 2003). The entrepreneurial process begins with the nascent entrepreneur and ends with the creation of the new venture (Korunka et al., 2003), or as one that involves all the functions, activities, and actions associated with the perceiving of opportunities and the creation of organizations to pursue them.

Two perspectives of analysis emerge for the entrepreneurial process: the life cycle of the new venture and the management of opportunities.

Focusing on life cycle, the phases of the entrepreneurial process consists of conception (the entire adult population), gestation (nascent entrepreneurs), infancy (fledging new firms), and adolescence (established new firms) (Wennberg et al. 2009; DeTienne, 2010). Conception and gestation (Wennberg et al., 2009) referred to a nascent entrepreneurship (Reynolds and White, 1997), while infancy examines the first post emergence phase. During this phase the firm may be subjected to liability of newness and smallness (Aldrich and Auster, 1986). The adolescence is the growth phase (Bamford et al., 2004) in which organizations become more formalized institute. Moreover the maturity is characterized by formalization and control through bureaucracy.

In the second analysis, the entrepreneurship process involves everything from discovering opportunities to solving unexpected problems while running a new venture. As entrepreneurship analyzes the discovery and exploitation of profitable opportunities (Shane and Venkataraman, 2000), the first phase of the innovation process is the discovery of opportunities. The discovery process is affected by prior knowledge (Shane, 2000) and information regarding the opportunity. The network of the start-up gives access to relevant information about markets and ways to deal with customers. The second process deals with the ability of the startup to acquire resources. In the early phase firms access, mobilize and deploy resources in order to exploit the opportunities. The third entrepreneurial process involves obtaining legitimacy.

These two perspectives of analysis outline the shift from individual approach (entrepreneur) to collaborative approach to entrepreneurship (start-ups in innovation ecosystem). Even if in Schumpeter's view (1934) innovation is closely linked to the entrepreneur, more and more the collaborative approach outlines the relevance of cooperation within heterogeneous organizations (Miles et al., 2006). Collaborative entrepreneurship thus becomes a process through which new ventures can quickly access to resources of other actors in order to transform ideas into business opportunities (Aaboen et al., 2012, Miles et al. 2006; Gulati and Higgins, 2003; Lu and Beamish, 2006). Through collaboration, the firm is able to undertake new entrepreneurial actions and to innovate constantly (Gay and Dousset, 2005; Nieto and Santamaria, 2007; Tsai, 2009) due to the sharing of knowledge that is developed through the firm's capacity to cooperate internally and externally (Miles et al., 2006; Johannisson and Monsted, 1997; Johannisson, 2004; Weber et al. 2007; Hansen and Nohria, 2004; Ribeiro-Soriano and Urbano, 2009; Welbourne and Pardo-del-Val, 2009). In particular in the process of knowledge diffusion a key role is undertaken by supportive relationships among university–industry–government players (Leydesdorff et al., 2006; Etzkowitz and Leydesdorff, 2000). In a traditional perspective the spatial agglomeration allows knowledge spillover as the knowledge and information are flowing much more easily between the firms in an agglomeration region. Through knowledge spillovers entrepreneurship plays an important role in the discovery and exploitation of technological opportunity, and it leads to higher economic growth (Baldwin et al., 2011). In fact the spillovers of tacit knowledge are more common within a cluster as a result of geographic proximity facilitating stronger social and economic network (Jack, 2010; Sørensen, 2007).

As depicted by Acs and Audretsch, the knowledge spillover theory of entrepreneurship (2005, Combes and Duranton 2006) identifies in new knowledge and ideas one source of entrepreneurial opportunities. The same scholars stated that “an increase in the stock of knowledge has a positive effect on the level of entrepreneurship” (Acs et al. 2009: 17). Additionally, Audretsch and Lehmann (2005) argue that the variations in start-up rates across different industries reflect different knowledge contexts (Acs and Armington 2006).

Knowledge spillover entrepreneurship depends also on entrepreneurial absorptive capacity that allows entrepreneurs to understand new knowledge, recognizing its value, and commercializing it by creating a firm (Acs et al. 2009; Audretsch 1995). This generates the emerging of relational perspective.

3 The Entrepreneurial Network

The concept of embeddedness is closely related to belonging to and sharing a context that has both interpersonal and interorganizational relationships at its base, thus developing relational (Ford et al., 2003; Johanson et al., 2005; Hagedoorn, 2002) and network embeddedness (Echol and Tsai, 2005; Granovetter, 1985; Halinen and Tornroos, 1998; Johanson, 2007; Audretsch and Lehmann, 2005).

In this last perspective the network, identified in “tangible and intangible investments that comprise the connected relationships between more than two businesses”, evolves across time and space (Håkansson et al., 2009: 236).

As stated by some scholars such as Furlan and Huemer (2008) "... business interaction at any point in time can only be understood as influenced by previous interactions and by actors' interpretations of these together with their intentions and expectations of future interactions" (Furlan and Huemer, 2008:1).

In a different analysis, the "space" dimension is therefore an important feature of interaction: the position of stakeholders in space, influences the resources deployed, the activities carried out and the intensity of interactions between the players (Håkansson et al. 2009). This opens up a new perspective of space that is increasingly linked to relational proximity (Cantù, 2013). What happens between two firms might bring them closer to some other interaction processes but push them further from others in a network perspective. A business network can be considered a space connecting different actors that occupy a certain place (i.e., positions). Every position in a network is based on certain resources, but the network is also defined by the positions of the counterparts and their resources. Ties (boundaries) between the organizations of the network are considered to be factors that determine the growth and development of the firm (Gibbert and Valikangas, 2004). Moreover the boundaries of the network, and then the relational space, is not static, but it changes based on relationship development (Håkansson and Snehota, 1989, 2003; Holmen and Pedersen, 2003; Huemer et al., 2004), generating new opportunities for knowledge sharing between new actors.

The "connectivity" captures dynamic processes of interaction (Dyer and Singh, 1998; Gadde, Huemer and Håkansson, 2003) that also influences the entrepreneurial processes consisting of opportunity identification, resource mobilization and the creation of an organization (Hoang and Antoncic, 2003; Shane and Venkataraman, 2000).

Through the activities in the network the firm develops the relationships that secure the access to important resources (Johanson and Mattsson, 1987: 36). In fact within the IMP literature, activity is viewed as taking place through co-ordination and interaction between firms in a network (Johanson and Mattsson, 1987). The connection of activities is also related to the most entrepreneurs who start with very thin resource bundles and rely on others for resources or certain types of capabilities that they cannot do for themselves directly. Thus the development of new venture could be analyzed through an interactive approach (Snehota, 2011).

Adopting this approach Keating and McLoughlin (2010: 998) and Ritter and Gemunden (2004) focus on the entrepreneurial imagination "made up of diverse connections in knowledge that give rise to an opportunity" and apply them to the development process of a venture. In contrast, Ozcan and Eisenhardt (2009) suggest that the venture itself can influence its development by having a clear idea of its future network position.

Entrepreneurship process needs continuous interactive learning based on collaboration and related to the creation, exchange, and combination of knowledge (Håkansson and Johanson, 2001) and the development of interconnected relationships in a long term perspective (Håkansson and Olsen, 2011).

3.1 The relational perspective of Incubators and Accelerators

In the entrepreneurial network the incubators are focused on supporting start-ups and innovative companies helping them to develop their business.

The concept of incubator is often used as an overall denomination for organizations that constitute or create a supportive environment for the development of new firms (Lindholm-Dahlstrand and Klofsten, 2002).

In a traditional perspective researches investigated the provision of physical and geographical space. According to Hackett and Dilts (2004), a business incubation center is defined as "a shared office space facility that seeks to provide its incubatees (the 'tenants') with a strategic, value-adding intervention system of monitoring and business assistance... with the objective of facilitating the successful new venturing development while simultaneously containing the cost of their potential

failure...It is a network of individuals and organizations". Moreover through the promoting of the linkages between firms and academic institutions, incubators act as catalysts for the transfer of knowledge and technology, thereby facilitating and accelerating innovation processes (Vedovello, 1997; Bakouros et al., 2002). Since the most important knowledge spillovers from universities are geographically bounded (Acs et al., 1992), being in close vicinity to the sources of spillovers becomes crucial for their entrepreneurial exploitation (Audretsch and Feldman, 1996). Close linkages act as catalysts for the exchange of experiences, and the transfer of valuable information and knowledge, particularly tacit knowledge. The transfer of this kind of knowledge requires frequent personal interactions between researchers, engineers and managers and it is difficult to realize over great distances (Malmberg and Maskell, 2001).

Differently, in a relational perspective the value for new firms included preferred access to networks as part of their value proposition (Hansen et al., 2000; Scillitoe and Chakrabarti, 2010). Networking has been identified as an important aspect of the incubation process (Aernoudt, 2004; Phillimore, 1999) and incubators facilitate this networking for affiliated ventures (Hackett and Dilts, 2004; Hansen et al., 2000). Through networking interactions incubators allow to gain knowledge and resources not possessed by organizations (Rice, 2002) influencing the development of start-ups' businesses (Bolligtoft and Ulhoi, 2005; McAdam et al, 2006; Hansen et al. 2000). In business networks incubators create value to the start-ups by providing access to new ideas and resources that support business processes (McAdam et al, 2006). With some differences incubators and accelerators prepare companies for growth by providing guidance and mentorship. In particular the accelerators are focused on a different life cycle phase of new venture and they act as advisors.

4. Methodology

In order to better understand the role of incubators and accelerators in the entrepreneurial network the paper applied a qualitative perspective (Dubois and Gadde, 2002; Dubois and Araujo, 2004) with a multiple case study approach (Beverland and Lindgreen, 2010; Harrison and Easton, 2004, Barrat, Choi, Li, 2011).

The analysis adopted an abduction process that enables data-driven theory generation (Järvensivu and Törnroos, 2010): choices related to the theoretical framework influenced the empirical investigation. The research involved a systematic combination of the continuous interaction between theory and the empirical world (Dubois and Gadde, 2002 Dubois and Araujo, 2004; Piekkari et al., 2010) and it is founded on case study (Beverland, & Lindgreen, 2010).

The two cases belong to a wider research focused on spatial relationships: 80 in-depth semi-structured interviews (face-to-face, e-mail, videoconference, and phone interviews) were conducted in the research project. 15 interviews are related to these case studies.

Going more in depth in the structure of the research, this latter worked on three stages. The first stage was the pre-understanding stage, which consisted of collecting the primary and secondary data in order to outline a general picture of entrepreneurial local network. Stage 2 involved semi-structured interviews with key referents of incubator and acceleratos. During stage 3, the incubator and accelerator activity was analyzed through the combining of primary and secondary data.

The main semi-structured interviews were realized over a period of two years (2011-2013), lasting from 60 to 120 minutes. Data were collected also by telephone and email. The interviews included general company data, mission, innovation approach and the interconnected relationships of project. The primary data were combined with secondary data gathered from the firm's website, reports, trade press and other company documents. The holistic description of the network generated by multiple sources of evidence (Järvensivu and Törnroos, 2010) has been required to analyze in greater depth the interconnected relationships.

Bergamo Incubator and MassChallenge Accelerator are emblematic for their innovative business model. Differently to traditional incubators/accelerators, these cases adopt a collaborative approach

founded on internal and external networking to provide added value services. This research has been started with the lack of studies addressing evidence relating to the actual networking and cooperation activities taking place between incubator/accelerator and external actors. Traditionally, incubation represents a systematic method of providing business assistance to firms in the early stages of their development. Accelerators are focused on advisory services. Less attention has been focused on their external networking.

5. The cases

5.1 Bergamo Business Incubator

In 2001 Bergamo Business Incubator was launched to provide support to new entrepreneurs with equipped spaces and a system of tailored services for the design of the business idea. In 2014 Bergamo Business Incubator changed its location and settled at POINT Science Park.

The incubator supports business ideas and selects a range of services for the start-ups creation. Among these ones, the incubator provides logistics facilities consisting of co-working area, a service of first aid, mentoring and training services.

The offering system regards also the counseling services in the following areas: business plans, marketing plans, market research, advertising, trade policy, trade agreements, business organization and legal advice.

Going more in depth the Bergamo Incubator supports the networking within incubatees, between these actors and local organizations and between these actors and international organizations.

To improve the relationships in the community of incubatees the incubator provides specific training courses and events. In particular the Bergamo Incubator has supported start-up working in green economy in web 2.0 perspective and other emerging businesses.

The local network involves the cooperation with municipalities, provinces, regional education offices, Tourist Board, research centres and local universities.

In an international context the Bergamo Incubator cooperates with OCSE to outline the Bergamo Territorial Review. International interconnections are also supported by relationships between POINT Science Park, where the incubator is located, Brazil Technology Center, and Prochile, the institution for the promotion of Chilean exports.

We can thus consider the business model adopted by Maply, an emblematic start-up located in Bergamo Business Incubator.

5.1.1 Maply: innovation and local development

Maply, founded in 2011, develops digital applications with the aim of leveraging the full potential of smartphones, tablets and the web to promote the local area and its peculiarities, with the goal of making unique and compelling user experience.

The applications for smartphones and tablets represent an interesting tool for territorial marketing thus promoting tourism, thanks to technologies such as interactive maps, augmented reality, automatic notifications, geo-location, and proximity sensors.

The App created by Maply aims to provide users (teachers, parents, schools, etc.) useful information about local educational farms engaged in educating services, especially for groups of students as part of their school activities.

The main services provided by Maply App are related to:

- accompany visitors: introducing visitors to all that the area has to offer and interact with them in real time;

- monitor the interactions: collecting and analyzing data on the proposals that have the most success with visitors to improve planning;
- attract new visitors: developing new channels to know the area and its peculiarity to a wider audience;
- retain visitors: identifying effective and innovative ways to entice visitors to stay, return and recommend the visit;
- solutions: providing the digital guide to the territory helping visitors move freely and not miss any opportunity;
- territorial portals for smartphones, tablets and desktops: meeting the needs of visitors before and during the stay;
- geographic databases: gathering contents once and use them for different purposes.

Maply provides rich information thanks to partnerships with organizations and associations that are dedicated to the dissemination of knowledge related to natural, historical, artistic and gastronomic aspect.

Through close collaboration with local trade organizations, Maply provides appropriate responses to the needs and development of the territory in terms of specific training and services for the enterprise development.

“ViaTerra” for example is the project that promotes ecotourism in the mountain areas. The heart of the project is a free application for hikers, cyclists, eco-tourists containing information about trails, bike trails, horse trails, flora, fauna and local culture. The application allows users to find an easy access to the activities and services of the tourist area thanks to the information contained in the application itself.

The strategic choice pinpoints what tools adopted for the promotion of the territory, and then considered the recipients, the selection of channels and the measurability of economic return.

Tourist information is cross-referenced with external databases and information services (weather and traffic), and shared with the promotion of complementary channels (web portals, maps and guides paper). Tourists can display pictures, movies, audio guides, paths, routes and trails, hiking maps with GPS positioning, search for local products and structures, coupons, information on opening hours, advertise a real-time event.

5.2 MassChallenge Accelerator

Launched in 2010, MassChallenge began in 2009 with the idea for a startup competition. MassChallenge is considered as the world’s largest startup accelerator and the first to support high impact, early-stage entrepreneurs with no strings attached. Over \$1 million in cash prizes is awarded to winning startups, with zero equity taken.

The benefits for startups include mentorship and training, free office space, access to funding, legal advice, and media attention.

The mission of MassChallenge is identified in “catalyze a startup renaissance that is a rebirth of the creative and inspired society that challenges old conventions and strives primarily to create new value”. The vision of the accelerator could be synthesized in: “We envision a creative and inspired society in which everyone recognizes that they can define their future, and is empowered to maximize their impact”.

MassChallenge program connects entrepreneurs with resources to help them succeed. The organization matches entrepreneurs with the over 300 expert mentors made up by senior executives, lawyers, marketing consultants and entrepreneurs. During the four-months program MassChallenge organizes hundreds of events and training sessions, including a one-week “boot camp.” Events range from large lectures and networking events to small workshops.

The accelerator improves the relationships within incubatees, between incubatees and local actors and between incubatees and international organizations.

In international perspective the accelerator developed MassChallenge Israel that aims to enable top-tier Israeli startups to access global markets by connecting them with the organizations in the Boston entrepreneurial ecosystem. MassChallenge does not take equity from the startups or place any restrictions on the winners. With the help of Israeli mentors, MassChallenge Israel will identify the highest-potential startups in Israel to participate in the MassChallenge accelerator in Boston. During the four-months accelerator period, Israeli startups will have access to mentorship, a top-tier community of several hundred entrepreneurs, education, training, networking events. These startups will be able to return to Israel after the MassChallenge accelerator with new sales channels, investors, mentors, and growth that wouldn't otherwise be feasible. The firm must be a seed- or early-stage startup that means that firm has not raised over \$500K of investment, and probably has not more than \$1M in annual revenue. These features have been reached by start-up, such as 30Hands Learning.

5.2.1 30Hands Learning

30Hands Learning provides a blended platform with a combination of structured classroom content and ad-hoc social media.

30Hands engages students with social media interaction, materials and creative expression through blogging, video, presentations and conversations. Through the platform, students feel more connected to their teachers and peers by interacting online and in the classroom.

Through an easy-to-use interface, the teachers quickly create courses that outline drag and drop multimedia content into the course and organize it by topic, unit, theme, module, project team or learning style. Students always have quick access to the materials they need, and teachers can quickly change the course structure.

Courses in 30Hands have a Timeline that facilitates students to interact with course materials as well as with Facebook and Twitter. Timeline allows for interactive discussions around course videos, presentations and other content, while simultaneously providing direct links to the material at hand.

30Hands offers professional development workshops that immerse Teachers in hands-on project-based sessions where they learn by doing and help Technology Directors and Administrators plan for technology.

6. Findings

The research recognizes the ability of incubators and accelerators to facilitate the development of new venture.

In particular the key role of incubators and accelerators regards the support for the sharing and combining of heterogeneous knowledge among different organizations (start-ups, venture capitalists, business angels, firms, research centres, universities and public institutions). Incubators and accelerators promote and sustain the interconnections among these actors through networking.

Two levels of interconnections emerge. The first one is about the relationships between the incubator/accelerator and their incubatees. The second one refers to the relationships between the incubator/accelerator and their external partners that could be local or international. This level of interconnections reinforces the first one and the evolution of the inter-organizational relationships. The first level includes the relationship between Bergamo Business Incubator and Maply as well as the relationships between Maply and other incubatees such as Avanix, Fermopoint and Upselling. This level also refers to the relationship between MassChallenge and 30Hands as well as between 30Hands and other incubatees: 99Custom, Hemova and Moneythink.

The second level regards the network of Bergamo Incubator and of MassChallenge Accelerator. The network of Bergamo Incubator involves Confederation of Italian artisan, Confederation of

Italian firms, Confederation of Farmers and Artisan Union, POINT Science Park, Bergamo Chamber of Commerce and Bergamo Development. This latter offers seminar initiatives animation technology to facilitate the diffusion of new technologies innovations among firms. The main services concern industrial standards, industrial property and new materials. In particular for this service Bergamo Incubator cooperates with Galileo Science Park that is located in Veneto Region. These services increase new venture competitiveness. External actors became business partners also for incubatees such as Maply that could improve its business relationships. In a similar way MassChallenge received early support from successful entrepreneurs, the Commonwealth of Massachusetts, and large corporations such as Microsoft and Joe Fallon, a local real estate developer. The main partners of MassChallenge include: Jamestown, Fidelity Investments, Verizon, the Richard and Susan Smith Family Foundation, CASIS, the Commonwealth of Massachusetts, The Deshpande Foundation, Microsoft, American Airlines, iNNpulsia Colombia, Massachusetts Life Sciences. Moreover the main stakeholders in MassChallenge are mentors and experts representing a massive range of disciplines and industries. The pool consists of over 350 mentors and judges, resulting in a rich breadth and depth of startup knowledge, experiences and human resources. The mentors are entrepreneurs, investors, lawyers, marketers, finance professionals and others who volunteer their expertise to help entrepreneurs. Every start-up that applies to participate in MassChallenge receives feedback from multiple judges.

We can thus consider the following propositions:

P1 In the Entrepreneurial Network incubators and accelerators facilitate the new venture development supporting internal and external networking. The first one is related to the incubator/accelerator and their incubatees, the second one regards the external partners of incubator/accelerator. The interconnection between the internal networking and the external one generate the dynamics of the Entrepreneurial Network.

The members of the entrepreneurial network become active participants in the entrepreneurship process by outlining on the basis of strong relationships a business community that helps the development of start-ups. These latter choose the incubator in order to benefit from synergies related to the use of the same structure, but they also are interested in development of business relationships. Incubators and accelerators allow incubatees to benefit from the shift from geo-spatiality to relational spatiality. The interconnected relationships outline a relational embeddedness and a network embeddedness: the development of a firm depends on the development of its network (Echols and Tsai, 2005). Moreover:

P2 The new business model of incubators and accelerators is focused on the shift from geographic space provider to relational space provider.

Through interconnected relationships, the Entrepreneurial Network generates benefits not only for incubatees but also for local actors, improving local development. Bergamo Incubator supports the development of Maply that works in the spread of information technology as a tool for the promotion and development of the local area, both as natural and as a community of people. "Innovation that enhances the territory" is in fact the core value of Maply, offering to companies, associations and local authorities complete solutions that integrate data, applications, services, and training starting from the specific characteristics of each area, so that digital technologies proposed to have an impact on the economic development of local communities. The geoportals for tourism, events and smart communities, and the development of geospatial databases and digital maps are very important for Educational Farms (more than 180 in Lombardy Region), where schools, families and all citizens can discover the rural environment, the origin of foods and the typical products, through contact with the campaign, animals and farm life. Maply improves the community of local area. The objective of teaching farm is to spread the knowledge on the activities

on the farm, involving the guests (children, teens and even adults) in the creation of a product or in other agricultural activities. Educational farms enhance the crafts and craftsmanship with direct experience.

In a similar way MassChallenge supports the development of local area focusing on specific start-up, such as 30Hands, and its business partners. Moreover the MassChallenge and Bergamo Incubator improve the development of the community. The MassChallenge community is composed of entrepreneurs, mentors, sponsors, alumni startups and other engaged supporters and contributors. The objectives of MassChallenge involve to “promote innovation, collaboration and commercialization; address the seed-stage investment gap, empowering novice entrepreneurs; provide educational opportunities for entrepreneurs; showcase entrepreneurship assets and infrastructure locally, nationally and internationally”. In fact MassChallenge helps early-stage entrepreneurs and connects entrepreneurs with the resources they need to launch the activity. Chief Mentorship Officer and the rest of the MassChallenge staff work closely with the entrepreneurs to make meaningful introductions. The accelerator program kicks off with an intensive boot camp, a one-week, intensive program of inspirational, educational, mentorship and social events designed to jumpstart the four-month MassChallenge accelerator. In this context 30Hands Learning supports the evolution of local community through added value services. From this perspective:

P3. Through a “propagation effect”, incubators and accelerators support the development of local economy.

In the local economy the entrepreneurial atmosphere in both cases improved innovation diffusion. Located in the north of Italy, at the heart of the most economically advanced European area, Lombardy is a bridge to the Mediterranean Sea. Its strategic location places it geographically on the principal east-west axis of Europe too.

The territory of Bergamo province has a strong entrepreneurial tradition built on a structure of production and services mainly composed of small and medium-sized enterprises, which represent a dynamic and vital heritage which must, however, given the current economic situation of crisis, be adequately supported in order to become once again an element capable of enhancing the competitiveness and growth of the area. To continue actions to strengthen the local economy already undertaken in the past years, the Chamber of Commerce has decided to give continuity to actions that aim to concretely support small businesses located in the province with the objective to initiate growth paths, aimed at the consolidation of the businesses and their competitive development. In 2012 it was therefore initiated a new project, promoted from Bergamo Development in collaboration with Association of Craftsmen, CNA, LIA and Craftsmen Union and funded by the Chamber of Commerce of Bergamo, that has supported, through consulting interventions targeted a sample of small businesses operating on the territories of Bergamo. The initiative aims to promote the processes of change and innovation, increasing the opportunities for development and strengthening of market. The particularity of the territory, characterized mostly by small and very small firms, has led to consider small businesses as the main target of specific interventions, which aim to boost competitiveness companies and consequently the territory in which the companies operate. The project aims in particular to create a system of “closer” confrontation between different public and private actors (Chamber of Commerce, Mountain Communities, local authorities, municipalities, organizations and entrepreneurial category), which is useful to determine synergies and strategies to strengthen the economic system. Among these actors a key role has been undertaken by POINT Science Park and Bergamo Business Incubator. In a similar perspective the MassChallenge accelerator program is designed to provide entrepreneurs with a range of strategic and tactical insights covering everything from sales to hiring, from legal to financing, and from product design to manufacturing. Entrepreneurs too often lack the resources required to achieve their vision. Since the launch in 2010, MassChallenge helps entrepreneurs providing greater access to all the resources startups need to succeed.

Focusing on incubators and accelerators some features and differences can be depicted (Table 1).

Table 1 – Incubators and Accelerators: the key drivers

Drivers	Incubators	Accelerators
Business model	Added value services	Added value services
Networking	Internal/External	Internal/External
Life time step of new venture	Childhood	Adolescence
Timing	Different duration	3-4 months
Main function	Support	Advisory
Equity	Equity	Small equity
Main aim	Increasing of opportunities	Community
Brand	Reputation	Reputation

The business model of incubators and accelerators is founded on added value services. This also involves a support to internal and external networking. Through the networking elaborated by incubators and accelerators, start-ups could improve their differentiation and competitive advantage. Findings increasingly show that collaborative entrepreneurship is founded on interconnected long-term relationships that outline the network. In order to share and combine different knowledge for innovation organizations, they must develop strong relationships with the actors that belong to the network context. In this case, the new venture development is generated and transformed through spatial relationships that are characterized by a different level of relational proximity.

The incubator nurtures the business throughout the startup phase (childhood) and provides all the necessary tools for the business. Business accelerators, differently, help companies get through adolescence and prepare them to enter adulthood.

Incubator programs last for varying durations and include several forms of mentorship and support. On the other hand, accelerator programs are designed to be concise and generally take three to four months to complete. The emphasis of the business accelerator is on rapid growth, and to sort out all organizational, operational, and strategic difficulties that might be facing the business.

The main function of incubator is to provide support to start-ups, while accelerator is considered as advisor. Incubators help increase entrepreneurial success, opportunity and are able to strengthen communities. Accelerators are interested in achieving the same overall goal of helping to improve start-ups, but in a different way. Accelerators offer hands-on assistance to companies. There are also some hybrid areas: The growing attention of incubator to mentorship services related to accelerators. The key drivers of Bergamo Incubator have become the mentorship services that support start-up in take their managerial decisions. The assistance and advice services regard the selected initiatives, as well as a constant assistance and a personalized tutoring, counseling services are offered free of charge, included in the rent. From the same perspective, MassChallenge provides not only physical offices and facilities but more and more the value generated by incubator's and accelerator's offering system is founded on community of several hundred entrepreneurs, education, training and networking events.

Generally, the incubator takes a much larger amount of equity, compared to accelerators. Companies that go through incubator and accelerator programs are also able to benefit from the reputation of those programs and the previous companies that have gone through those programs.

7. Conclusions and Managerial Implications

The main contribution of this paper is the analysis of the key role of the incubators and accelerators in the Entrepreneurial Network that involves start-ups, venture capitalist and business angels, firms, research centres, universities and public institutions.

More and more the development of new ventures requires the management of inter-organizational relationships with heterogeneous stakeholders. In this context, incubators and accelerators as knowledge intermediaries support the sharing and the combining of heterogeneous knowledge.

Incubators and accelerators allow the emerging of a common vision not only for incubatees (characterized by geographical proximity) but also for actors' belonging to a local or international network. From this perspective incubators facilitate the relationships between actors that operate in different places but that are characterized by relational proximity.

The work outlines the key role of incubators and accelerators in order to promote the development of local economy and reach competitiveness through a new business model founded on the offering of added value services. It supports the shift from entrepreneurship process to entrepreneurial network recognizing the relevance of interconnected relationships.

The paper also depicts the main differences between incubators and accelerators focusing on timing of services, life cycle of new venture, but also some common aspects such as the combining of internal and external networking.

The development of business model focused on internal and external networking requires to incubator and accelerator to better differentiate their services. From this perspective also start-ups need to look better for new business partners in the Entrepreneurial Network and involve them in long time relationships.

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