

# SMALL BUSINESS INCUBATOR COACHING IN SOUTH AFRICA: EXPLORING THE LANDSCAPE

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## ABSTRACT

*Economic growth and job creation through entrepreneurial enterprises are focus areas in which business incubators have to play a significant role in South Africa. The aim of this article was to identify the role that business coaching is playing in the incubator process. Five public and five private sector incubators were analysed to identify services offered, especially the role which business coaching is playing in the incubator. Qualitative research with the use of telephonic interviews was employed as method to collect data. Business coaching is currently non-existent within the incubator process. Coaching as tool for individual development of an entrepreneur needs to be addressed as a key service that incubators should offer their incubatees.*

**Keyword:** Business Coaching, Incubators, Entrepreneurs, Start-Ups.

## BACKGROUND AND PROBLEM STATEMENT

During the State of the Nation Address by the president of the Republic of South Africa, Mr Cyril Ramaphosa in February 2018 as well as in 2019, stated that Government will work together with their social partners to build a small business support ecosystem that assists, nourishes and promotes entrepreneurs. To that he added that Government will continue to invest in small business incubation, and he encouraged the private sector to do the same. Government has allocated a substantial amount to a small business and innovation fund to assist start-ups, and Government has undertaken to do at least 30 percent of their procurement from small, medium and micro enterprises (SMME's), cooperatives, township and rural entrepreneurs (Ramaphosa, 2018; Ramaphosa, 2019).

Incubation has thus been identified by the South African Government as a priority project to assist entrepreneurs and owners of small businesses to start-up and run their enterprises successfully. The most common motive for the South African Government to support business incubator programmes relate to issues of employment creation, the alleviation of poverty, the transfer of technology, acceleration of business growth, the reduction of the mortality rate of SMMEs, the empowerment of specific groups of entrepreneurs, value creation for stakeholders, urban and rural regeneration, and the revitalisation of local economies (Masutha & Rogerson, 2014).

Around the world, business communities, governments, and academia have been looking for ways to support and encourage new-business development, in order to enhance economic development and to create jobs (Isabella, 2013). One such mechanism is incubation. Different approaches such as business ecosystems and accelerators provide a support mechanism to small business for access to partners and resources. Incubation is a relatively recent approach to supporting entrepreneurs (Masutha & Rogerson, 2014)).

In this article, incubation, and especially coaching as part of the incubation process will be examined, not only from an academic perspective, but also from a practitioner's perspective within the South African context. According to Isabelle (2013), there is uncertainty about the current landscape of incubators worldwide. There are also gaps in the literature regarding the understanding of different incubation models and the incubation process as well as a lack of peer-reviewed studies on the success rate of incubator coaching. This study explored the South African landscape to specifically try to identify the role that business coaching is playing in the incubation process.

## LITERATURE REVIEW

Since incubation is still evolving as an approach to support entrepreneurs, this concept needs investigation. With the stimulus for this study being the president of South Africa's State of the Nation Address 2018 and 2019, incubation and the available academic literature explaining the concept, have been explored against the background and within the context of the South African small business environment.

### Incubation

The National Business Incubation Association of North America (NBIA, 2009) defines a business incubator as a business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. Chakma, Masum and Singer (2010) offer a similar definition by stating that incubators are organisations that support the growth of new enterprises, by providing business support services that bring together human and financial capital. Incubators in its most literal sense is a building that houses tenant companies in their initial phases to assist new entrepreneurs to survive during the period in which they are most at risk of failure (Gozali et al., 2015), until they can graduate or leave the incubator in a financially stable state to operate on their own. But not all incubators are residential. More are becoming virtual incubators with a stop and go service delivery model. Incubators are thus currently moving away from the residential model. Incubatees are advised to open a business in the community where they live and the incubator becomes a support centre to provide certain services via email or telephonically with physical visits only on a when-it-is-absolutely-necessary-basis.

The first incubator opened in the United States in 1959, and in the United Kingdom in 1970. In the South African context, the incubation idea was started in 1995 when the Small Business Development Corporation established a similar concept which were known as hives of industries (Isabelle, 2013). These hives were not real incubators because there was no time period for a company to move out of the hive. The hives referred to workstations that were gathered together to form a cluster of workshops, facilitating co-operation between businesses.

The main role of business incubators is to accelerate the successful development of enterprises (Lose et al., 2016). Therefore incubators have a history as economic development mechanisms. It provides entrepreneurs with a broad array of services to help them get their ventures off to a successful start. Incubators are also seen as playing a vital role in promoting innovation and economic growth through their efforts to help entrepreneurs turn their business ideas into profitable, sustainable new ventures. It is one of the most useful tools for helping entrepreneurs to create networks and enhancing the likelihood that their emerging business will survive and be successful (Castro et al., 2014). Throughout the world, universities, governments,

and co-operations are using incubators to accomplish goals. In Indonesia, for example, every university was encouraged to have their own business incubator that could provide entrepreneurial activities to facilitate the development of invention and innovation among potential students to become entrepreneurs (Gozali et al., 2015). Incubators can therefore be categorised as public; non-profit; university related; and, privately owned.

Incubators have been used in China, the former East Germany and the Ukraine to facilitate the transition to a market economy. In Israel incubators were used to integrate immigrants from Russia and the former Soviet Bloc into the mainstream economy (Isabelle, 2013). However, in spite of the relatively long history of incubation, there is conflicting evidence as to whether or not incubation works. On the one hand, there is evidence that start-ups who received incubator coaching have a higher survival rate than non-incubated entrepreneurs (Hackett & Dilts, 2004). But, on the other hand there is the opinion that incubation has no effect on the success of start-up entrepreneurs (Scillitoe & Chakrabarti, 2010).

Incubators are globally seen as essential tools for the development of SMMEs and considerable amounts of resources are invested in incubators (Lose & Tenge, 2015). Carayannis & Von Zedtwitz (2005), identified five services which are typical of the most incubation models. These services are: access to physical resources, office support, access to financial resources, entrepreneurial start-up support, and access to networks. According to Castro et al. (2014) one of the most important advantages which business incubators should offer, is the access to networks, and through that, the fostering of social relationships. Successful new ventures depend upon the ability of entrepreneurs to establish and strategically manage a network of supportive relationships. Because incubators are speeding up business development and reducing uncertainty, organisations offering less than four of these services lack too many elements of incubation to be considered as incubators (Carayannis & Von Zedtwitz, 2005). Apart from the five services identified, Lose et al. (2016) list 13 factors that contribute to the success of business incubators. These factors are: access to science and technology expertise and facilities; a stringent selection criteria; quality of entrepreneurs; comprehensive business plan; stakeholder support; availability of funding; competent and motivated management; supportive government policies; financial sustainability; experienced advisory board; networking; policies and legal framework; and society open to innovation.

It is not only the tangible and direct aspects which are important, but also the social issues which is called social capital. Castro et al. (2014) define social capital as the network around the incubatee, as well as the features of the alliance such as trust, and the resources of the partner firm. Castro and his colleagues built their model on the two dimensions identified by Scillitoe & Chakrabarti (2010), namely network interactions and counselling interactions which are the critical elements that must be fostered.

Many incubation programs have expanded their service offerings to assist entrepreneurs at all stages of business development that is pre- and post-incubation services. These services allow their programs to reach a broader audience of entrepreneurs, diversify their revenue streams, and raise their visibility in the business community.

The vast majority of public sector incubators in South Africa are supporting only black owned SMMEs. This is in line with the objectives of the Department of Trade and Industry to give preference to disadvantaged groups. The emphasis upon black owned and women owned enterprises within the public-sector incubators reflects the recruitment strategies of these incubators (Masutha & Rogerson, 2014).

In South Africa, however, the problem is that most of the management staff of business incubators does not come from an entrepreneurial background, and they seldom possess the ability to meet the skills requirement of their clients (Lose & Tengeh, 2015). The research of Masutha & Rogerson (2014) showed that the private sector incubators recruit the group of high growth and high impact enterprises with an annual turnover of above R 5 million, while the public sector incubators predominately focus on small and micro enterprises with an annual turnover of around R 250 000. Private sector incubators also keep more accurate record of their graduates than public sector incubators.

Incubators are mostly non-profit organisations, funded by government through the Department of Trade and Industry, the Incubation Support Programme and SEDA Technology Programme (Lose et al., 2016). South African incubators are staffed by people lacking managerial and entrepreneurial skills, passion and persistence to fully contribute to the success of SMMEs, in contrast to incubators in developed countries where business incubators are driven by technology, entrepreneurship, economic growth, innovation and research and design (Lose & Tengeh, 2015).

An audit done in 2013 as part of Masutha & Rogerson's research project indicated that there are 51 incubators in South Africa of which 42 are public incubators and nine privately owned. South African universities are not really involved in business incubators (Lose et al., 2016), although a few might have one, a web search didn't deliver any findings regarding university-run incubators in South Africa. This is in contrast to Indonesia for example, where 72% of incubators were established by universities, followed by the private sector (21%) and lastly with 7% the government institutions (Gozali et al., 2015).

The primary objective of the public sector incubators in South Africa is to broaden economic participation by creating employment opportunities and the transference of skills while the private sector incubators focus upon growing small businesses into assets of value with specific emphasis on maximizing the profitability and annual turnover of the small business. All public incubators report to the Department of Trade and Industry and the private incubators to their parent (funding) companies (Masutha & Rogerson, 2014).

According to research done by Masutha & Rogerson (2014) in South Africa, a total number of 528 incubatees graduated by the end of 2012 from the 42 public sector incubators while 2359 incubatees graduated from the 9 private sector incubators for the same period. They concluded that the small group of private sector incubators record a much greater impact than their public counterparts with private sector incubators targeting high growth, high impact enterprises, while public sector incubators predominantly focus on small and micro enterprises.

## **Business Coaching and Entrepreneurship**

Entrepreneurship is seen as a driver for sustainable economic growth as entrepreneurs create new businesses and employment (Mamabolo et al., 2017), and therefore play a critical role in the development of emerging economies (Castro et al., 2014).

Entrepreneurial coaching appears to be a sufficiently customized way to help novice owner-managers to develop their managerial skills; therefore coaching unquestionably has a role to play in the start-up process to build successful businesses (Audet & Couteret, 2012). The coach can play the role of facilitator and catalyst. It implies a personalised approach, focusing not on the business but on the entrepreneur as an individual. Coaching begins with the identification and clarification of the entrepreneur's goals (Whitmore, 2017). It is followed by an assessment of his or her strengths and weaknesses. The process then helps the entrepreneur

discover how they need to change to attain these goals (Stout Roston, 2012). It is thus a personal journey more than just supplying a set of business methods and processes (Conte, 2002).

Entrepreneurial coaching is therefore a customised way to help entrepreneurs to achieve success. Coaching is according to Whitmore (2017) all about a journey and nothing about instruction or teaching. It is as much if not more about the way things are done as about what is done. Coaching delivers results in large measure because of the powerful working relationship created, and the means and style of communication used (Scoular, 2011).

Coaching is a developmental approach within which one person wishing to improve his or her skills, elects to be assisted by another person (Stout Rostron, 2012). The concept of learning by working with someone else has been explored in the world of sport, education and psychology, although this is also how architects, sculptors, and stonemasons who built cathedrals during the middle Ages, learned their trades (Audet & Couteret, 2012). Many trades and professions still use this formula today therefore it appears logical to think that coaching could be used to help entrepreneurs to master their new venture.

Entrepreneurial coaching is defined by Audet & Couteret (2012) as individual support for entrepreneurs whose firms are at the start-up or early growth stages. Its objective is the acquisition or development of skills through learning in one or more management related-fields so that the entrepreneur can become independent.

Coaching is not consultancy or mentoring (Whitmore, 2017). Consultancy provide ready-made answers and mentoring direct in a more general sense where coaching helps entrepreneurs to grow in a more personal way as people so that they can widen their horizons (Audet & Couteret, 2012).

In order for incubators to contribute fully towards entrepreneurship, it is essential to establish the association between the two parties, namely the coach/incubator and the incubatees and the way they fit together (Lose et al., 2016). It is important to select the right coach. There must be a match between coach and coachee because it is a personal relationship. Incubator coaches typically carry out an initial needs assessment and evaluate each entrepreneur's coachability before they enter into a coaching relationship (Isabelle, 2013). The coach must be able to gain the coachee's trust, and establish credibility (Scoular, 2011). The entrepreneur on his or her side must acknowledge the coach's expertise and believe that the relationship will be useful in solving the newly formed company's problems (Cunningham, 2014).

The entrepreneur must be open to the coach, willing to change, and able to relate his or her experiences, emotions, beliefs, fears and failures to the coach (Stout Rostron, 2012), thus creating closeness and intimacy in the relationship. This self-disclosure is according to Dobrea & Maiorescu (2015) related to higher levels of satisfaction in the relationship. It is also important for the coach and entrepreneur to establish a moral contract setting out the goals of the process, the means of achieving them, the respective role of the parties, and a schedule plan of action (Brent and Dent, 2015). The contract should allow the parties to manage and structure their relationship, while leaving enough flexibility to adjust as required.

Audet & Couteret (2012) did some extensive research on the elements that make incubators successful. They identified the following five elements, namely that the most successful incubators are those where they are seeking a match between the coach and the incubatee. There must be chemistry between the incubatees and their coaches. The second element is that they have to meet at least once a week. Oral communication is the best and telephone communication is not as effective as face-to-face meetings. Contact by e-mail also does not appear to be an adequate replacement for personal contact. Thirdly the learning method

that appeared best suited was the trail-and-error approach under the coach's supervision. Learning by applying the coach's stories to the entrepreneur's own business experience or that of other entrepreneurs or managers was also successful. In the fourth place a moral contract is important. The absence thereof may be harmful to the relationship. And, lastly short-term goals enable the parties to measure their progress weekly and make adjustments where necessary. Entrepreneurs therefore hold the key to success themselves, as far as this support structure is concerned (Brent & Dent, 2015). Coaching address the limitations of the classic support measures predicted on passive absorption of knowledge and ready-made formulas in a lecture-type context where entrepreneurs are told what they "must" do, without being given the opportunity to really become involved (Whitmore, 2017). Coaching encourages entrepreneurs to put their strategic vision into action (Cunningham, 2014). The entrepreneur is invited to think differently rather than simply absorb advice on the basis of past cognitive schemes. Entrepreneurial coaching thus has a maieutic role in the entrepreneurial process (Scoular, 2011).

The unique contribution that business coaching can make toward the development of the entrepreneur in the incubator process can be seen as an effort to support the entrepreneur who is willing to take a risk and embrace uncertainty in a venture to create a business to achieve profit and growth (Whitmore, 2017). This support combines self-reflection, goals-setting, positive thinking, commitment, accountability, reinforcement and continuous improvement (Stout Rostron, 2012). Business coaching has thus a great impact on the development of entrepreneurs' locus of control and self-efficacy, elements high in demand for being a successful entrepreneur (Dobrea & Maiorescu, 2015).

## **Research Design**

The objective for this article is to establish the role that business coaching is playing in South African incubators. Two research questions have been identified, namely: What are the services that South African incubators offer their incubatees? And, if business coaching is one of the services, how is it structured and delivered?

To identify the services offered by incubators, the five services identified by Carayannis & Von Zedtwitz (2005) were used as starting point and minimum criteria, namely: access to physical resources, office support, access to financial resources, entrepreneurial start-up support, and access to networks. To identify the business coaching services the elements identified by Audet & Couteret (2012) were used as criteria, namely: the effort put in to properly match the coach and the incubatee; do they meet at least once a week face-to-face? Is the learning method the trail-and-error approach under the coach's supervision? Do the coach and the incubatee have a moral contract? And, do they set short-term goals which enable them to measure their progress weekly?

In order to achieve this qualitative research approach was employed. An internet search has been done to identify South African incubators. Document analysis (De Vos et al., 2013), which is the analysis of any written material that contains information about the phenomenon under investigation, was done. The documents found on their respective webpages have been analysed to identify services which the different incubators offer.

The document analysis was followed up by a telephone interview to get clarity on services offered and the coaching programme. According to De Vos et al. (2013), telephone interviews to collect data are winning field across diverse areas of research because it is quicker and cheaper than the more traditional methods of gathering data. Semi-structured interviews were used since the researcher had a list of questions on specific topics to be covered, but the

questions did not follow the exact order outlines on the schedule because of the nature of the conversation (Bryman & Bell, 2017).

The research population was both public- and private incubators in South Africa. Most of the public incubators are Seda divisions. Seda has several branches all over the country. One of the privately owned incubators has four branches in South Africa. All four were part of the investigation.

Data were collected from information on the webpages of the different incubators, and to get clarity, or to get information not mentioned on the webpage, telephone interviews were conducted with office managers from the different incubators. All ten offices or branch managers of the different incubators participate in the investigation and were willing to answer questions on behalf of the incubator. All the data were captured and systemised so that it could make comparisons, and the identifying of recurring or repeating themes easier.

For ethical reasons the names of the different incubators are not mentioned. The difference between private and public incubator data will however be mentioned.

## Findings

After analysing the webpages of ten incubators, telephonic interviews were held with the ten branch managers to confirm the data collected from the webpages and to gather and clarify information regarding services, especially regarding business coaching services to incubatees. This was also done to ensure the trustworthiness of the data collected. All the branch managers contacted were able to be interviewed and willing to answer all the questions. This contributed to validate the data collected from the websites and it served as triangulation.

The Tables below are all organised in the same manner. For table one and two column one lists the criteria of services supposed to be offered by the incubators. In Table 3 & 4, column one lists the coaching elements supposed to be present in the incubators. Column two to six listing the 5 different incubators investigated in each sector.

## Public Sector Incubators

The webpages of all the public sector incubators analysed, gave the minimum information. The information was collected during the telephonic interviews with the branch managers. They participated and provided the data necessary to complete the Table 1 below.

Services per incubator in the public sector	1	2	3	4	5
Access to physical resources	x			x	
Access to financial resources	x	x	x	x	x
Access to networks	x	x	x	x	x
Office support				x	
Entrepreneurial start-up support	x	x	x	x	x

Two public sector incubator incubators indicated that they give access to physical resources and only one gave office support. All five indicated that they provide access to financial resources, networks and start-up support. The physical resources identified by the public-sector incubators, who provide physical resources to their incubatees, are access to buildings, a manufacturing hub, retail space, supply chains and infrastructure.

### Access to Financial Resources

All the financial resources come from the Department of Trade and Industry. It is administered by the incubators to benefit the start-up business of the entrepreneur.

### Access to Networks

The networks created by the incubators are mainly expos where entrepreneurs can display their products; get access to possible markets and network with other manufacturers, entrepreneurs, and visitors to the expo. No office support in the sense of e-mail, fax or secretarial services is available in the public-sector incubators. The one incubator who indicated that they give office support, provide it in terms of being willing to train an office administrator or receptionist, or secretary.

### Entrepreneurial Start-Up Support

The entrepreneurial start-up support offered is the administration of access to finances, access to training, and access to a business advisor employed by the incubator. The business advisors who are fulltime employed by the public-sector incubators don't need to have any entrepreneurial experience. They must have a degree or diploma in business, marketing or any related field. The business coaching of entrepreneurs, according to the branch managers interviewed, would resort under the start-up support, but none of them indicated that they render this service, although they offer mentoring, consultation and advice.

### Private Sector Incubators

The next Table 2 presents the findings from the private sector incubators.

Services per incubator in the private sector	1	2	3	4	5
Access to physical resources	x		x	x	x
Access to financial resources	x	x	x	x	x
Access to networks	x	x	x	x	x
Office support	x	x	x	x	x
Entrepreneurial start-up support	x	x	x	x	x

### Access to Physical Resources

Although all the private sector incubators have physical buildings or offices, most of the contact and support are done virtually. The largest private sector incubator is totally virtual with a head office in Johannesburg and regional offices that offer services to entrepreneurs enrolled in the incubation programme.

The physical resources which the private sector incubators give their incubatees are access to rooms which can be used for service delivery or small manufacturing plants, boardrooms, IT and front-desk infrastructure as well as offices which can be rent on a month-to-month basis. One incubator even gives access to a driver and vehicles.



### Access to Financial Resources

The private sector incubators don't provide funding themselves. They provide access to a network of institutions that could provide the incubatee with the financing they need. These institutions can be a mine or corporate company who make funds available as part of their community involvement or as a BBBEE-score project. It can also be an angel investor, a donor, or a financial institution such as a bank.

### Access to Networks

The access to networks which the incubators offer, are channels to markets and supply chains, as well as established internet networks, social media platforms and physical network opportunities connecting businesses to possible markets. The office support is mainly in the form of back-office support such as receptionists, bookkeepers, legal experts, tax practitioners, human resource managers and support in e-mailing, faxes, and even hospitality hostesses.

### Entrepreneurial Start-Up Support

The entrepreneurial start-up support provided by the public-sector incubators are in the form of training in subjects such as entrepreneurship, marketing, sales and finance. Gaps in the development of the entrepreneurs are identified by the incubator guide or consultant and training is then recommended. The guides or mentors are fulltime employed by the incubators. They must have entrepreneurial and business expertise and are highly trained and selected for the specific model employed by the incubator. They must also create partnerships and collaboration between different ventures where possible. Business coaching is seen by the interviewees as part of the "start-up support" but although two of the five branch managers called their support coaching, when the topic was further analysed as seen in the next part of the findings, it seemed not to be coaching in the strict sense of the definition, but it seems to be consultation or advice.

### Public Sector Incubators

The Table 3 below presents the finding on the public-sector incubators.

Coaching elements per incubator in the public sector	1	2	3	4	5
Match coach and incubatee					
Meet once a week face-to-face					
Learn by trail-and-error under supervision					
Moral contract					
Short-term goals to measure weekly progress					

During the interviews with the incubator managers it became clear that the business advisors in the public sector incubators mainly have an administrative role. Although they visit the incubatees they don't do business coaching in the sense that any of the criteria in the table above can be ticked. They organise access to finance, complete progress reports, organise access

to expos and training, and give business advice. They do initial screening of possible incubatees, help with business plans and manage the processes to allocate the funding on given intervals. The meetings with, and visits to the incubatees are irregular, mainly when reports have to be completed or when the entrepreneur is experiencing a problem.

### Private Sector Incubators

The Table 3 below presents the findings regarding coaching elements in the private sector incubators.

Coaching elements per incubator in the private sector	1	2	3	4	5
Match coach and incubatee					
Meet once a week face-to-face					
Learn by trail-and-error under supervision				x	
Moral contract	x	x	x	x	x
Short-term goals to measure weekly progress					

During the interviews with the managers from the private sector incubators, it was established that only two elements of coaching were present. All the incubators indicated that they have a moral contract with their incubatees. One incubator indicated that they allow their incubatees to learn by trail-and-error under the supervision of a coach/mentor. The other questions were vaguely answered with responses such as:

1. We try to match the coach with the incubatee, but it is not a prerequisite
2. We have to work with what we have
3. We don't meet weekly or set weekly targets
4. We try to have contact on a monthly or quarterly basis

Although the business guides or mentors have a personal relationship with the incubatees, it is not a coaching relationship. All of the interviewees confirmed that a moral contract between the incubatee and incubator exists. The guides and mentors are fulltime employees therefore no match has been made between them and the incubatee. Each guide is allocated a certain number of entrepreneurs. They meet mostly on a monthly or quarterly basis, but because most private sector incubators are virtual, the contact with the incubatee is not always face-to-face. It is mostly telephonically or via e-mail. Goals are set and reviewed on a quarterly basis or sometimes even a six-monthly basis. Business advice and training are given, but no coaching relationship in the sense in which Auret & Couteret (2012) described it, exists.

## DISCUSSION

From the findings it became clear that almost all private sector incubators deliver the basic services identified by Carayannis & Von Zedtwitz (2005) namely access to physical resources; office support; access to financial resources; entrepreneurial start-up support, and access to networks. The public-sector incubators deliver also services, but not to the same extend as the private sector incubators. Only two out of the five deliver four or more services, which is the absolute minimum according to Carayannis & Von Zedtwitz (2005), to classify a service provider as an incubator. Many public-sector incubators don't adhere to these criteria and can

therefore not be reckoned as incubators according to the strict definition. Masutha & Rogerson (2014) confirmed this by stating that their research proofed that the private sector incubators make a greater impact on the SMMEs than their counterparts in the public sector. The development of public sector incubators thus need to be addressed.

Although both public and private sector incubators offer entrepreneurial start-up support, this support does not include business coaching in the sense that Auret & Couteret (2005) envisioned it, namely to create a proper match between the coach and the incubatee; to meet at least once a week face-to-face; to employ the trail-and-error learning approach under the coach's supervision; to have a moral contract; and to set short-term goals which are measured on a weekly basis.

The research done by Auret & Couteret (2005) confirmed that the incubator manager plays an important role to match the coach and the incubatee. In the incubators where they did their research the coaches were not fulltime employed. They were mainly retired MBAs, professional coaches or business consultants. When the incubator manager visits the incubatee, the manager identifies the incubatees' needs and make a match from a whole bank of available coaches. These coaches must at least spend one day per week during the initial stages at the entrepreneurs venture and submit a weekly report to the incubator manager. This situation enables the two parties to set and measure goals and targets on a weekly basis. And because of the close relationship between coach and incubatee, a strong moral contract develops between the parties. This delivers the most successful graduates.

The findings confirm that a gap exists within South African incubators' services regarding the entrepreneurial start-up support. Although they give support, the support does not include the business coaching elements needed to create the ideal opportunity for the individual entrepreneur to grow to maximum potential. Business coaching has a unique perspective on the development of the entrepreneur to offer, and this perspective is currently absent in South African incubators.

Form the secondary research it also became evident that in many countries universities are involved with or have their own incubator. The data collection process via internet searches and the literature review did not provide data confirming that universities in South Africa are involved with or have their own business incubators. There might be, but the investigation didn't find any evidence. This possibility needs further investigation and research. There might be coaching or incubation services at universities' business schools, but it can't be stated at this stage that they run incubators (no detail on internet available that could be found by using the search engines).

The findings identified two issues that need to be addressed, and one question that needs further research. The issues are: (1) the services offered by public sector incubators should be reviewed to cover at least the minimum five areas identified by Carayannis & Von Zedtwitz (2005) to develop them into successful and productive incubators; and (2) business coaching as element of the entrepreneurial start-up support and service provided by incubators, should be investigated and implemented.

Business coaching develops and focuses on the entrepreneur; and in start-up enterprises the person and character of the entrepreneur plays a decisive role. From this perspective, business coaching is an element that should be part of the start-up support.

The unanswered question to do further research on, is to establish how business coaching as service can be packaged and implemented as defined by Auret & Couteret (2012) as service

within South African incubators. The possibility of business coaching as tool to tackle and address the high mortality rate of start-up businesses needs some further research and study.

A limitation of this study was that only five public sector and five private sector incubators were interviewed. Maybe if more were interviewed a different picture could have emerged.

## CONCLUSION

Business incubators have been identified as a support strategy to deliver successful SMMEs to the South African market with the aim to create jobs and to grow the economy. The aim of this article was to identify the role which business coaching is playing as tool to develop entrepreneurs within the field of business incubation. The research showed that business consultation, advising and mentoring are offered as services, but business coaching is still absent. The value of business coaching should therefore be promoted and introduced to South African incubators to play a more prominent role as indispensable contributor towards the success of start-up entrepreneurs.

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