

The Analysis of Several Offbeat Business Service Modes Based on Different Enterprise Life Cycle

Zhou Suwan*, Shi Minghong

School of Management, Shanghai University of Engineering Science, Shanghai, 201620, China

Abstract With the science and technology enterprise development and growth, these company will experience various stages of the life cycle. Due to the different stages of its life cycle, it need different resource to the growth and development. Based on the life cycle: start-up stage, development stage, mature stage, this paper study three innovation service modes: "Venture Coffee + Open Office Space" mode, "Venture Investment + Business Incubator" mode, "Accelerators + Industry Cluster" mode. Due to the development of innovation service mode is not mature, facing the survival pressure, effectiveness usage of service resources. But with the passage of time, these business services modes will promote the development of venture enterprises.

Keywords Business Service modes, Problems, Suggestions

1. Introduction

The research achievements of science and technology enterprise life cycle can be divided into the following four stages: seed, start-up phase, expansion, maturity. Market mechanism has different action in different life cycles, such as seed, filtering the items which have a competitive advantage based on market demand and trends. In the start-up period, the market should give full attention to efficient allocation of resources, so the start-ups which has no experiences and grow fast will get more outside help, reduce the risk of technological innovation and entrepreneurship. In the growth stage, companies need large-scale expansion, financing problems at this stage will be more prominent, by regulating the market mechanism, enterprises which consistent with market laws will obtain sufficient funding to achieve rapid growth. Then we will mainly introduce three service modes based on the life cycle of enterprise.

2. Business Service Modes

The offbeat business service modes focus on providing consulting and capital management services with high added value for the enterprise, solving the capital and entrepreneurial management issues in the process of development, through the cultivation of the new enterprise

and selling equity to make profits in the capital market, the industries of served companies always concentrate in the IT and communication high-tech enterprises.

2.1. "Venture Coffee + Open Office Space" Mode

This mode services Most potential entrepreneurs as the breakthrough point and particular emphasis on innovation and entrepreneurship training atmosphere, the majority of its clients are "grassroots class" of entrepreneurs, especially the early entrepreneurs. By creating the entrepreneurial environment and gathering resources to entrepreneurs, investors with a relatively fixed, open, free and flexible platform, can have any connection with angel investors, venture incubator cooperation, and provide professional enterprise financing platforms and incubation services.

On the basis of innovation and environmental optimization, This service mode reduce the threshold of innovation and entrepreneurship, through building innovation and entrepreneurship platform, some innovative start-ups can obtain partners and improve the success rate of innovation and entrepreneurship. More than 50 business-themed cafes service across the country, the main business coffees are shown in table 1.

Beijing Zhongguancun Cheku coffee found in April 2011 the business, entrepreneurs can pay a cup of coffee and use the office facilities for free every day. Every year Cheku coffee select enrollment team to hatch and provide some hard resources. Such as computers etc; and also help entrepreneurs integrate resources to enhance internal communication. As a member of Cheku coffee, every year you pay 1200 yuan and can enjoy all the services it provides to the entrepreneurship, while the Cheku coffee has the "innovation incubator" official plaque, so the

* Corresponding author:

zsw702x@163.com (Zhou Suwan)

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entrepreneurial team which is stationed here can enjoy the same preferential policies of the Zhongguancun Science and Technology Park.

Table 1. The Main Business Coffees

Location	Name	Characteristics
Beijing	Cheku Coffee	Established Earliest, Get Government Policy and Financial Support
Shanghai	IC Coffee	Focus on One or Several Specific Areas
Shenzhen	Qidian coffee	Focus on Early Entrepreneurs and Providing Business Services
Nanjing	Venture fairs	Entrepreneurs and Investors Communication Platform with the Public Nature
Tianjin	Entrepreneurship Coffee	Launched by the Government, the Main Function is Looking for Money for Entrepreneurs

Cheku coffee also has other features such as: recruitment wall: help entrepreneurial team recruiting, and also indirectly realized investment cooperation. Wall sign: Through attendance, entrepreneurial team can communicate online and offline. AC Salon: Monday to Friday and weekends, there will be no time-limited technology and venture capital discussion. Cheku Activities: organize entrepreneurs a outing every year and many other activities. Investors imprisoned: every week there are some investors who come to chat with entrepreneurs and look for the good projects. Media imprisoned: the media will regularly reports some promising items. Advanced Technology: many new technologies will show in the Cheku large conference room such as leap motion display. Afternoon half-hour: Monday to Friday 13:30-14:00, the friends can introduce what you are doing now, contribute to greater understanding of each other, seek resources, make friends.

The entrepreneurial circles in Cheku coffee, open environment can make you organize ideas, integrate resources, contact more investors, media and other entrepreneurs. The Cheku coffee currently has 10 permanent teams, and there are still a new team settled from time to time.

2.2. “Venture Investment + Business Incubator” Mode

During the start-up enterprises, “angel investment + business incubator service” mode will be useful, this service mode for entrepreneurial companies can provide some initial angel investment, or take micro-stock replacement in the early days. Providing a package of services to the early entrepreneurs: technology, markets, human resources, legal and training to help early-stage startups successfully start and grow rapidly.

This mode allows service providers just as the interests of

the community to participate in corporate innovation and entrepreneurship activities, and provide better business services. At the same time the service providers are not interested in controlling the the strat-up company, and the entrepreneurs are not risk at becoming migrant workers.

After a successful start-ups, the market value of the new company will generally increase the number of times, at this time the original innovation or entrepreneurship services institutions can make profit through the sale of shares. The representative of this service mode is Kai-fu Lee founded Innovation Works, as well as the starting point for entrepreneurship camp, Feima Lv, Inno space international entrepreneurship training camps and so on.

Innovation Works is an investment institution and commitment to provide venture capital to the early stage of the new company. Attract many domestic industry giants to join, and also get support from a number of leading investors from United States, Europe, Asia and many other countries. The Innovative Workshops gathered a group of industry leaders, they come from the local well-known enterprises or several local entrepreneurs have successful entrepreneurial practices, or come from technical talent from Silicon Valley, or maybe the industry experts from the well-known multinational technology companies. Through providing early entrepreneurs capital, technology, marketing, human resources, legal and training to help early-stage startups successfully start and grow rapidly. At same time, the Innovative Workshops also help entrepreneurs create a group of the market valuable and commercial potential products.

Innovation workshop has reviewed more than 2500 projects, invested 39 projects and companies, investment amount exceeds 250 million, the investment value is nearly 3 billion. In addition, incubated enterprises in innovation works have applied for 15 patents, 5 American patents, attract more than 500 domestic and foreign top talents, become Beijing Internet and mobile Internet industry rendezvous.

Innovation Works set up the office in Beijing and Shanghai, its investment is based on the direction of the most popular areas: mobile Internet, consumer Internet, e-commerce and cloud computing. Through providing funding services and incubation services platform, the Innovative Workshops also cultivates excellent business plan. The mature business plan will get the first round of investment which providing by venture capital and Innovation Works Development Fund. The projects which get the venture fund will set up a separate company and operate independently. On the other hand, the projects can't get investment will face dissolution. After rapid development, the independent new company will enter the second round of financing, this time Innovative Workshop will get some shares and it also become the profitable sources.

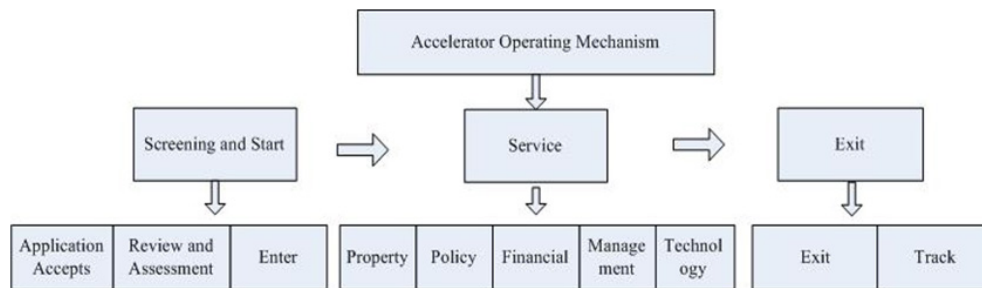


Figure 1. Business Accelerator Mode

2.3. “Accelerators + Industry Cluster ”Mode

In the company expansion period, “Accelerator + Industry Cluster” mode services the fast-growing companies, this mode provide the new space carriers and service network which fully meet the mature company needs such as the space, management, cooperation need and other personalized demands. This service mode has many features, such as serving the mature innovation company, different investment subjects and investment patterns, personalized accelerate service, extraordinary performance of the economy. This service mode help companies breakthrough the bottlenecks and obstacles in the process of growth and development, and also help companies achieve accelerated growth. This service mode is an intermediate format between business incubators and technology parks, it is not only a series of providers, but also the organizers and managers. This mode is also a innovative form which has more clusters attraction, even the basis for the development of industrial clusters and the innovation clusters. Operation mode of business accelerator as shown in Figure 1.

Shanghai established the first domestic enterprise accelerator technology in 2000, then the business accelerators across the country get rapid development. Many technology enterprise accelerators identified as national pilots, such as Beijing Zhongguancun Yongfeng Industrial Base, Shenzhen High-tech Zone, Wuxi New District, Xi'an High-tech Zone. At same time, accelerators get rapid development in the other cities of the country.

Shenzhen Software Enterprise Accelerator is a topical example, the most important thing of this accelerator is to make an accelerated growth plan. The plan mainly includes three aspects: (1) strategic guidance support, consulting experts or social service agencies to help companies diagnosis the strategies problems of the growth and expansion stage. Providing each developed company business mentor to track the implementation of the strategy and make timely strategic adjustments; (2)resources support, through diagnosing the business growth and monitoring the implementation of the growth strategy, identify the key strategic resources of the company and actively help enterprises solve critical bottleneck and rich the funding channels; (3) network and platform-based support, help companies develop and expand the industrial networks, market networks, innovation networks and social networking. Raising funds from the public finances, the

nonprofit fund-raising and the operating income of a special joint accelerator to the implementation of “accelerated growth plan”. The fund will focus on these areas to support the consulting management services, pay for the expert instructors and growth remuneration, maintain the public service platform and network relationships, provide strategic special funding, guid investment risk, support a variety of exchanges and cooperation activities.

The implementation of the "Accelerated Growth Plan" quickly gathered the outside service resources to the accelerator, so that service circle expanding outward to form a "second tier" and "third tier" service circle. In addition to the core layer of the “accelerated growth plan”, the second layer is a form of physical service, composed by the expansion of office space and standard plant, "one-stop" service policy, comprehensive information service system, related facilities and business services; The third layer is the external network form, business accelerator, related service enterprises and social organizations build up the system network, including service systems, industrial technical support system, investment and financing service system, management consulting service system.

3. Problems of the Business Service Modes

Development trend of these offbeat business service modes are obvious such as the diversification of investment subjects, professional enterprise management, market-oriented operation, resource allocation networking. Although these innovation modes develop rapidly. There are also some problems need to solve urgently, such as business services are not professional, the capability of resource integration is weak, the income channels is single and so on. In other word, these business service modes is under the urgent need to strengthen the sustainable development ability, the most important thing is to provide intangible service.

3.1. Facing Great Operating Pressure, Unclear Profit Mechanism

Venture coffees around the country and a variety of venture capital orgnazations are commercial institutions, the services they produce are commercial investment behaviors, it need profit and make money. From the current

perspective, these entrepreneurship service modes can not make profit, it is often in the state at a loss or balance of Payments. The earnings mechanism of these modes are not perfect, the return of the investment is "paper wealth" and "the future of the market value." Moreover, the payment of the angel investors generally will has long period, when the service institutions will get money is still unknown. In addition, many service modes have no good benchmark enterprise, there are no many the experience of these services institutions, after all, these services modes development time is not so long. Therefore the operation of these service modes need time to test. Therefore, these entrepreneurs service institution are facing tremendous operating pressure, which reduces the possibility of these institutions can be copied, these institutions can survive and has the investment attractiveness in economic rapid developed city, for the second and third tier cities, its development conditions are not yet ripe.

3.2. Service Resources Concentrate on Several Industries and Less Effectively Using

These pioneering service modes are based on market mechanisms, and the service industries focus on the Internet, information, finance and other high-tech fields. All these industries belong to the tertiary industry, and the business services for the traditional industry are not very obvious, the concentration of the industry is not conducive to the effective use of resources, at the same time, every industry requires specialized knowledge and expertise to understand the investment staff, it is difficult for many investors to find interesting investment projects. On the other hand, the problem of incubator projects homogenization is serious, this situation not only result in a waste of business service resources, but also result the lower rates of entrepreneurial success.

3.3. Lacking Business Services Information Sharing and Integrating Mechanism

Throughout the country, a variety of venture capital services are rising, although business service of these agencies are similar or complementary, but they can not effectively integrate government policy, information, human resources and other services, different venture in different geographical area can not share some information services. This situation can not effectively use resources bring a lot of problem, such as the establishment of Shanghai free trade zone, the goals of free trade zone are not only stimulate shanghai economic growth, but also should serve as a national platform for all entrepreneurs. While this the services of the platform can not share with the entrepreneurial services institutions in the other regions, if all these service resources can integret, it will reach a win-win and common development status. So all kinds of business service organizations share information, services, resources, avoiding unnecessary waste, transcend geographical limitations, it will better service for the

entrepreneurs and investors , and also form the situation of sharing risk and advantages.

4. Suggestions

Overall, the entrepreneurial services of the various institutions around the country has very important significance, although these service modes are not very mature, but over time, these patterns will become more helpful.

4.1. Formulating Relevant Government Policies and Measures, Alleviating Operation Pressure

The government should change the function of the management to the function of service, establish the perfect "one-stop" service system, improve and perfect the service system of the relevant laws and regulations and financial supporting, provide efficient and convenient policies, especially develop the strategic policy about intellectual property standards coordinate on high growth enterprises, and at the same time, the government also need use fiscal funds to support the development of innovation service agencies.

For operating pressures faced by business service agencies, the government should give the support on policy, such as providing subsidies to various entrepreneurial coffee, free place of business, develop appropriate incentives, through purchasing public services, give a hand to the entrepreneur service agency. Through some specific practices, the government will make these institutions survive more ease. On the other hand, providing more preferential for the start-ups which join those business service institutions. These methods can effectively relieve service agencies pressure on entrepreneurial profit.

4.2. Market-Oriented Operation, Attracting More Business Service Talents

Through improving the economic supporting means, guide the business service institutions form market-oriented operation mode. It is necessary to regulate the market mechanism, discovery appropriate mechanism profitability for each business service modes, ensuring the operation business service mode develop sustainably.

It is necessary to strengthen the innovative service personnel education and training further, gradually establish management teams with the background of strong sense of marketing, wide knowledge of management, operation and investment, good at communication. At the same time, hiring experts with both theory and practice experience from university and research institutions, optimize the management team structure. In addition, through exchanging experiences with the incubators, intermediary organs, risk investment institutions, a group of professional enterprise management experts and consultants in entrepreneur service institutions, can improve the management service occupation accomplishment.

4.3. Establishing the Resource Sharing Mechanism, Strengthening the Cooperation between Entrepreneurs

The clients of the different entrepreneurial services patterns can not be too limited, they should provide service to different industries and classes, give entrepreneurs equal opportunities. For business service information is not shared and the problem of the business service resources are unevenly distributed and low utilization.

Each business service institutions should continue to strengthen exchanges and communication, establish the sharing platform of resources and information, help the start-ups for each life cycle better develop under the regulation of the market mechanism.

5. Conclusions

With the development of economy, business service mode gradually change the dominance of the government to the market, more and more social capital participate in business services. From fostering entrepreneurial environment and entrepreneurial ideas primitively, to professional business services institutions founded by angel investors, to the final stages of business growth accelerators, in each life cycle of enterprise, there are some the relevant business services modes providing guidance and help for start-up companies. But these pioneering service mode in China shorter development experiences, inevitably encounter some management problems, such as the pressure of survival. So the market play a leading role, the government also need to provide relevant support policy. Through strengthening cooperation and exchanges between the different main bodies of business service, optimizing the allocation of resources, these pioneering offbeat service modes can provide better service for the enterprises.

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