

CONNECT 2021-2024

Connecting universities-industry through smart entrepreneurial cooperation and competitive intelligence of students in Moldova, Georgia and Armenia

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**EARLY ACCELERATION MODULE A**

**Startup Ecosystems and Accelerators**

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**TRAINING MODULE ON STARTUP ECOSYSTEMS AND ACCELERATORS**

The module: A training Module on Art/Acting education, for trainers, early stage and incorporated startups and teachers to use in non-formal education settings.

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Introduction to Acceleration Programs

Today, several thousand start-up support programs, such as boot camps, mentoring programs, and acceleration programs serve entrepreneurial ecosystems around the world . The term “startup businesses” has its roots in a 1976 Forbes article that became more popular in the early 2000s by technology companies founded by top graduates of American universities. Startups are financed at various stages of their life cycle by a combination of basic bootstrapping, family and friends (3F's), competitions, grants, acceleration programs, angel investors and venture capital funds.

Both startups and sophisticated startup support programs are adapting the advances in technology, lifestyle, climate change and the broader socio-economic environment. The big change in support in both infrastructure, mentoring, and financing was brought about by the San Francisco start-up accelerator Y Combinator, which first introduced the **equity financing model** for a set of support services offered over a predetermined period of stressful development. This model has had a decisive impact on the wider start-up ecosystem, created new rules, and evolved to form a new status quo we experience today in a wide range of entrepreneurial support programs.

More specifically, the most important acceleration programs in the world, 190 according to a Seed-Db survey ( <https://seed-db.com/accelerators> ), have contributed a total of $ **88,874,580,633** to 8123 start-ups that have chosen to accelerate. Not all acceleration programs offer funding, while around 60% participate in the share capital of the supported startups for the total services and / or funding they offer. The actual number of acceleration programs globally varies depending on the reporting medium, but it is believed to be around 2.000 to 3.000.

An acceleration program generally focuses on a "Darwinian" process of selecting the most viable startups/projects, which will be accelerated to by verifying the market need, optimizing proprietary and intellectual property, and creating business planning, with financial forecasts and related estimates.

An additional challenge associated with the operation of each accelerator is its location. In that token case, easy access that does not make the potential participants hesitant or make it difficult to follow the acceleration program, is crucial in choosing a partnership. In the last two years due to the Covid19 pandemic, most acceleration programs offer the opportunity to participate remotely thus opening more possibilities. Due to program limitations, certain geographical restrictions still apply and especially in accelerators that among various support types, offer funding to their participants.

The appropriate combination of rapid maturation of a business model with specialized support of industry professionals, has made startup accelerators a modern tool of entrepreneurial guidance.

The process of selecting and attracting competent stakeholders to support a startup accelerator is always a demanding, usually exuberant process and always a challenge. Typically, talent attraction combined with expert help relates to the program’s focus and orientation such as Internet of Things, Agro, Energy, Big Data, Med-Tech or Fin-Tech. Keep in mind that these sectors may include many markets sub-segments. Ultimately the choice of what focus a program should have or the degree of its specialization, should be based on the existence "critical mass" in market niches as well as the existence of a relatively mature startup ecosystem in the target area.

The cost of implementing an acceleration program varies, depending on the benefits and funding a program offers (or not). Accelerators are funded by a range of sources private, public or both, depending on the program and their legal status and mission. A large percentage of acceleration program funding comes from public sources (state, ie local government and university funds) while the rest comes from purely private sources (company sponsors, Venture Capital Funds and private accelerators).

Some accelerators especially top-tier ones may charge fees or even take some equity share of the participating company in exchange for funding. Equity acquisition in a startup aims in monetizing shares at some point in the future by selling at a much higher value compared to the investment committed to purchase them. That is called an “exit” and most of the times is also the goal of startup founders and their investors. The largest percentage of successful exits of investors comes from startups that participate in **private accelerators that have the strictest criteria** for inclusion in their program. Such acceleration programs are 500 startups, Angel Pad, DreamIT Ventures and Ycombinator.

Acceleration Program Types

Accelerators are basically divided into three categories: Investor-Led, Match-Makers and Ecosystem, as claimed by NESTA ( <http://nesta.org.uk/> )

**Investor-Led Accelerators** focus on accelerating companies that can attract investment by the stakeholders of the program (shareholders / vc funds, business angels) that financially support the program’s operations. Examples are Techstars, Startupbootcamp, ProSiebenSat.1 Accelerator, Axel Springer, Plug & Play, Accelerator, etc.

**Matchmakers** are trying to accelerate schemes that can as a result of "matching" the needs of customers of the host company that sponsors the program. That match may lead to a leverage for the host company who can pass innovative concepts to marketing, absorb or invest in a participating startup. Examples are Fintech Innovation, lab, Microsoft, Ventures Accelerator etc.

**Ecosystem Accelerators** are tools for the development of the innovation ecosystem and are mainly implemented by agencies while being funded by public sources or sponsors. Climate – KIC, Le Camping, Bethnal Green Ventures, Scientipοle, Croissance etc.

Alternative-hybrid accelerators combine in their model two of the above categories. Other more specific sub-types of acceleration programs are classified as University Led, Vertical, Open Innovation etc.

A different look at the broader acceleration prism can help classify programs with the following structure based on **Life-Cycle** **Stage and Specialization Degree**:



**Benefits from Acceleration Programs:**

In general, the benefits from attending an acceleration program are summarized as:

* Improvement of founders’ entrepreneurial capacity through experiential learning and osmosis
* Reduction of different transaction costs and improvement of the identification efficiency for the resources needed to succeed.
* Helping business ideas fail early, often, and inexpensively other wise proceed to the next level of business development
* Leverage network externalities by expanding, strengthening and leveraging existing or new networks

**What works -what does not during an Acceleration Program**

-Entrepreneurs with limited experience do not know what types of resources they need, where to look for help, and who to trust. If the founders participating in a startup do not recognize such a weakness being overconfident or the program’s mentors fail in spotting that, the first might waste valuable and limited resources in their attempt to advance.

-Lack of understanding for startup founders of early-stage investors preferences is a commonly found problem. Startup founders often do not know how to interpret an investment thesis and cooperate with angels or other investing entities; many times, they are not as open to receive advice from them. Unrealistic company valuations or the inability to efficiently plan the absorption of funding, is a common barrier for successful matchmaking with an investor. Unfortunately, many accelerated startups graduate acceleration programs but don’t go far.

-New entrepreneurs are reluctant to share information about their companies with investors or mentors, thinking that they by discussing they will disclose the “secret or uniqueness” of their idea or project. While the first is non-fundable the second makes mentoring or a due diligence process very difficult and reduces the likelihood that they will proceed to any next step. Most of the acceleration programs declare in their FAQ’s that they do not sign NDA’s and its up to the startup founders to decide if they want to join an acceleration program or not and engage by openly discussing with mentors.

-Joining an unsuitable program or participating in too many accelerators and bootcamps is a typical side effect of “mentoring inflation”. “Startup tourism”, a similar condition, can be also met among different startup teams that leapfrog from one program to another, thus been over-mentored and underperforming due to lack of focus and time needed to allocate in priorities. Receiving more advanced mentoring is a vital process along with startup maturity and can be critical for a startup’s evolution. Early acceleration programs are important and usually significant for the early startups and the broader ecosystem. Startups who have though passed the idea/infant stage could benefit more by continuing their acceleration process by selecting and participating (if possible) in vertical programs that provide the necessary sector-specific know-how and networking.

- “Cosmetic advisors” and “traveling mentors” is a phenomenon that also affects the success of an acceleration program. Acceleration organizers’ need to boost the image and weight of their program, leads sometimes to hosting mentors that is not accompanied with the required availability (on behalf of the showcased mentors). The inability of mentors to meet the program’s specifications leads to an ineffective mentor/mentee ratio and at the end disappoints participating startups.

-Typically, many entrepreneurs/founders need more than organized than sporadic guidance from a program. It is the program organizers duty as well as the active coaches operating in it, to determine how much time they should spend in teaching entrepreneurs, validate their concept, or look for investment. It is critical that all startups are well prepared to proceed to the next step and especially before they meet with investors.

-Local support organizations and program Sponsors are significant for the success of a program. As with cosmetic advisors, it is important to approach those entities who are truly willing to cooperate and commit to a program (more than their logo) and inquire about the services they provide and expertise of their staff. An acceleration program’s organizer should filter the actual ability, as well as culture or priorities of a candidate sponsor who might offer mentors from its company infrastructure, as to make sure that they are available to contribute with their time and experience. The rules of engagement need to be clear from the beginning like committed advisors to the program, number of hours for mentoring, communication method, type of reporting and if there is an equity stake process involved in the companies to be supported.

-Local Venture Capital Funds (VC Funds) usually provide some type of sponsorship that extends from communication to some short of capital investment. Local VC Funds are usually positive in providing their logo to the credible program along with some judging or mentoring hours but is important to clarify the rules of their participation since startup founders many times like to think that by participating in an acceleration program sponsored by a VC Fund provides a faster way to an investment. That is not usually true except for acceleration programs that are organized or co-organized with VC-Funds that commit a certain amount of capital for the purposes of the program.

-Sourcing talent is a major need for a startup and the acceleration program itself. Depending on the services needed, start-ups that are accelerated may be able to fill their needs for advice including marketing, accounting, and legal services or look for human capital among the accelerator’s community. Other times, when completing the team with members who have the necessary skillset and experience is not possible, subcontracting a job can be useful “trick of the trade”, for as long as the outsourcing agreement reached to meet the challenge will not become a future obstacle to the project. In that outsourcing case, successful completion of tasks can followed by a success fee or equity awards. Before though assigning a job to a third party, a Non-Disclosure Agreement ’s combined with an Intellectual Property Agreement is good to be employed between the founders and the outsourcing entity.

-The mentor’s capacity to help is also limited by default. It is very rare that someone can help across the total spectrum of startup needs without having to look for assistance in areas that are not mastered (by the mentor). It is imperative for the mentor to be able to recognize his/her limitations, the time constraints related to his/her availability, the project’s timeline as well as the necessary know-how that is required for each step of the way.

-Pre-mature publicity can also become an obstacle or even a threat to a startup’s progress. Invited (or not) journalists typically show interest in offering publicity to accelerated startups in their attempt to provide news to their audience about ecosystem growth and to enrich their medium’s content. In that case, the accelerated startups can be prematurely glorified, and their solutions can be exposed before they reach a certain level of concept certainty. Founders can be destructed by their prematurely publicized success and loose their focus on priorities. Additionally, their announced concept might change multiple times with pivot after pivot until they reach their MVP (or even after that), while an inaccurate information footprint that is left behind might dilute their efforts in the future. Additional risks exposure is possible when founders expose information which is part of an incomplete patent application process that in turn may lead to loss of patent rights; and that is a critical thing to take extra care.

Ecosystem Growth

Different methods of developing a startup ecosystem require a balanced support of both start-ups and mentors, some of whom can become angel investors. The parallel training and incubation of mentors along with the startups, should not be undermined as it can catalyze the process but also the dissemination of knowledge thus achieving a broader and lasting benefit to the ecosystem. The need for mentor development has been identified during the implementation of acceleration programs worldwide starting with the level of understanding of Lean StartUp Methodology, the technological familiarity of the mentors, the logic of investments and the various ways of supporting mentees.

Ecosystem maturity can help in deciding the degree of specialization for designing acceleration programs. Typically, a good sign for the potential implementation of sector agnostic or specific acceleration programs (ie. in a market sector/vertical) is the presence and activity of co-working spaces. Co-working spaces besides their obvious purpose, also act as centers of talent attraction. Many startups prefer to operate in those environments to both keep their costs low and flexible, as well as participate in a community that promotes networking. Startup accelerators need to develop a close cooperation with co-working places to better interpret trends, facilitate program design and promote osmosis with the ecosystem.

Due to the early stage of most of startup accelerators’ residents and their need for pre-seed and seed funding, the development of relationship with funding entities of relative stage is significant. Regardless the fact that many of the early VC funds may appear in acceleration program demo-days, the development of a working relationship with Business Angels, Angel Groups, Angel Funds, or very early mini-VC Funds can be vital as they are more likely to invest in a “good case” coming out of an acceleration program. Of course, keeping in touch and developing that relationship with VC Funds, is only one part of the broader effort to integrate the accelerator with the ecosystem as to put worthy startups on the VC radar.

Publicity is also important but need to be dealt with the right amount of information supply and timing aligned as to make that synthesis work for the benefit of the acceleration program. Local and international ecosystems are full of inflationary information communicated about different startups and “success stories” that sometimes are lacking… success. Awareness and credibility building requires careful content examination and broadcasting to start working for the benefit of the program. The opposite may result to loss of status and interest for the program.

The implementation of mini-events is useful for an acceleration program, as it can contribute with knowledge sharing, positive exposure of the program while supporting the creation of a micro-community. These events can be closed or selectively open to outside audience, depending on the theme, budget, and other conditions. Indicative topics in those events can be:

* Startup Stories: Presentations from more advanced startups or companies
* Intellectual Property and its protection mechanisms.
* Growth Hacking for fast development of optimal cost-benefit
* The Raise of Funding process
* Startup Governance
* Technology Issues: Prototyping, Alpha/BetaTesting, etc

Acceleration Programs Impact

Probably the most important benefit from participating in a startup accelerator is the fast market and concept validation that in turn leads to better planning and increased efficiency in use of available resources. The role of the various acceleration programs is to continuously connect startup founders to experienced entrepreneurs, industry experts, potential customers, investors, etc. that can provide them with fast feedback on their business ideas and how to proceed with their next steps. Talking to potential customers and experts at an early stage, is facilitated with the guidance of a mentor who sometimes taps his/her own network to help startup teams.

Acceleration programs help entrepreneurs to avoid any emotional or conceptual investment on bad ideas, and either abandon them, pivot or evolve to something useful and necessary. Although significant accelerators are, it is also difficult to quantify their contribution to minimize the public spending on supporting ventures and business that do not have a future. Within the Darwinian continuum, Acceleration Programs bring closer startups and early-stage investors thus increasing the possibility of a positive “date” and an investment down the road.

Impact Accelerators

Impact accelerators support start-ups that are expected to have favorable economic outcomes but also positive social or environmental impact. This is the main ingredient that impact accelerators integrate in their model that distinguishes them from the rest of the venture programs that are collectively called “commercial accelerators”.

Startups that offer solutions with some type of social impact can be ideal for these types of accelerator programs. Due to the higher complexity of their goal, fewer of those startups have been able to survive the “valley of death”, and build complementary teams, tap their market sweet-spot and raise the needed capital. That difficulty has led to the creation of more impact-based support programs to change the trend.

According to Rockefeller Foundation (<https://www.rockefellerfoundation.org/>) the most typical impact accelerator program focuses on capacity building of sustainability startup founders via educational training courses. The overall support is directed at business model development needed for scaling, access to networks, including potential investors, customers, as well as and access to resources to the impact venture like funding, office space or services like legal aid etc.

Indicative areas of impact accelerators are:

* Environment and Climate Change
* Energy and mobility
* Circular Economy
* Replacement of Animal Products

When comparing standard evaluation candidates Impact accelerators differ from commercial accelerators in the following:

* less importance on pricing and affordability, in contrast to commercial accelerators although they pay attention to market attractiveness
* product feasibility appears to be a less strict criterion for impact accelerators, so elements like product maturity or presence of distribution networks is evaluated but not as important
* Relatively lower importance is also having the criterion of competitive advantage for impact accelerators.
* Team size is also a significant element for Impact Accelerators due to the variety and of skillsets required to effectively cover a sustainability-based project.

Regardless their few differences, both impact and commercial accelerators give a lot of attention to risk while impact accelerators are less likely to acquire shares in the supported startups.

Participating in Accelerators to raise Capital

Many startups attend accelerators to raise capital. As mentioned, around 60% of the accelerators offer funding in exchange for equity. Startups usually pursue those programs that promise pre-seed capital of around 20-50k euros for an equity exchange ranging between 5-10%. Some of those programs require residency- at least in the pre-pandemic period – which costs around 15-30k euros depending on the program. Other perks that accompany a program from major internet providers like AWS, Google and other players, may increase the total value per participating startup up go to 150k euros. It is not easy though to get accepted in an accelerator. A typical early acceleration program may admit about 10-20% of the applicants in its funnel, while top programs admit less than 4%. According to a study made by GAN (<https://www.gan.co/blog/data-says-getting-accelerator/> ) almost 50% of startup accelerators were sector agnostic with an average size of $38.000 per deal down from $45.000 in 2017. The study reveals a partial shift of provided value to services and perks.

A similar type of accelerators is those who are backed by a Venture Capital Fund. Those programs may offer larger amounts of funding, but their main advantage is their continuous support with follow-on funding from the same institution. One of the main challenges in this case for the participating startups are the relatively low valuations the companies are assessed with which in turn translates to a higher equity share surrendered to the funding entity. On the flip side, a program’s resources leads the startup faster to commercialization and the acquisition of its first clients. It is typical for startups participating in acceleration programs to surrender a 20% of their share after a total funding of +/-150k euros in two consecutive rounds.

One of the most important tasks for a startup and an accelerator is to find the right match between them. That is not an easy process and requires serious research on the acceleration program and its alumni on behalf of the startup and realistic goal setting and alignment of the screening process for the accelerator program.

Startup founders in their effort to decrypt a program’s “secrets” need to carefully examine the terms and conditions, the program’s reputation besides what is announced, and identify to the extend possible the true commitment of the announced mentors and advisors along with the program requirements. A very useful process can be the conducting of interviews with accelerator program alumni and ask directly for their experience of attending the program. This interview is better to get after an introduction on behalf of the program organizers.

Accelerator organizers on the other hand, need to be very careful with the “setting the bar” for the program they wish to run. A very high standard in the selection process and/or the attendance requirements might not work as thought in less advanced/small ecosystems, leading to very low number of applicants; this is a constant challenge to match the program’s goal, cost structure with ecosystem variables.

Acceleration Program Design

Before any acceleration program implementation, its imperative to understand that the basic formula behind any accelerator includes connections to investors, ex-founders, partnerships with companies, and sometimes capital to startups. The average acceleration program is typically fixed-term, cohort-based with a goal to assist companies via seminars, coaching and investor pitches, from tuning their model to raise early investment for their MVP.

The orientation and fine-tuning of the acceleration formula is subject to the following:

* Maturity of the local ecosystem
* Geographic reach of the program
* Focus or Degree of sector specialization
* Funding offered
* Impact pursued
* Availability of resources to operate
* Time constraints
* The cost of the program and sometimes the profit from it.

… and above all the **main goal of the program**.

The plethora of acceleration programs implemented worldwide contributes in one hand to startup acceleration and maturing ecosystems but if improperly combined with mentoring inflation, leads to value dilution instead of adding value to ecosystems. Due to the inflation of multiple mentoring alternatives promising help to founders’ out there, it’s important for any venture program organizer to carefully examine the existing alternatives, their modus operandi and quality that a local ecosystem offers before immersion in the startup world. Like in a competition analysis, is critical to understand the gap in the market of acceleration programs the available alternatives and relate them to startup needs. That can help the organizers to have a clearer picture of the landscape before they design a program.

An example of comparative analysis between different options of programs follows below:



 

After having mapped the startup ecosystem providers, it’s important to understand where the needs that are unmet or not sufficiently covered, as a covered need does not mean that there is no room for a better service. The dynamic tech trends and developments in any business sector may call for changed parameters and alternative ways to face existing or new challenges therefore the decryption of such an analysis require looks to both the present and the future.

Returning to the **goal** of the program, we need to identify why we are doing it and what we want to achieve having in mind the **for-profit/non-for-profit dimension** behind it. In that token we could indicatively consider:

**Create jobs for the local ecosystem or help businesses thrive:** Remember that many scalable startups may expand or even relocate to places where the legal and financial constraints are more favorable for their development. If you want to create and finance operations for local jobs, you might need to consider how restrictive that can be (or not) for certain startups who seek in expanding their operations out of the country’s borders. In the case you want to help startup companies to become scalable, more emphasis should be given on the international networking as well as the mentors and advisors expertise in that direction.

**Provide Funding to help first/baby steps:** The first money in is critical as most of the startups face difficulty in raising them. If the acceleration program wants to cover that need, it is important to screen startups for their present and future investment readiness very carefully from the beginning. In that token admissions and well as two-step (or multiple step) acceleration processes are important to accept and promote the fittest. The type of money offered can also play a role since a grant or private money can determine differently the criteria for any monetary award and so your operating model (i.e. equity-based or not).

**Emphasis on Impact:** in this case its is important to define the type of impact like social (e.g. inclusion of minorities) environmental (e.g. reducing emissions, alternative energy) as well as the ways to measure it. This goal may need specific and very clear description on the objectives and criteria by which startups and other program partners will be invited to participate and selected.

**Offer Proof of Concept (PoC):** testing a prototype or Minimum Viable Product (MVP) is important and finding a vehicle to carry over relative operations is very difficult to find. When such an objective is sought, then a carefully formulated partnering with public and/or private institutions and companies can facilitate the need. Because finding and aligning different companies is a complicated process, PoC capabilities are typically offered in vertical/sector specific programs.

After comparing the desired goal and the landscape parameters the program organizers can proceed with the setting up of the basic model of the acceleration program and having in mind the basics about accelerators it is important to start some initial mapping/plan of the program as to identify its main constraints. The mapping must respond to the following challenges:

* Who the acceleration program targets?
* What is the main promise to participating startups?
* What services will the program offer?
* What is the program’s duration?
* Who will be the program implementors?
* Who will be the program’s partners?

A good, alternative practice to assist in the depiction of the situation is to complete the Business Model Canvas ( <https://www.strategyzer.com/canvas/business-model-canvas> ) for your program thus treating the accelerator itself as a new business.

It is imperative to have answers to all the above before you proceed with anything else. Returning to the **for-profit/non-for-profit dimension** the organizers must decide how to finance the program’s operations. Leaving aside startup funding, there can be many different speculated costs depending on a series of parameters such as: the country or region a program is implemented, the facilities needed, as well as the number and caliber of mentors/advisors that are necessary. This cost may range between $2k (eg. MIT VMS) and $50k ( eg. TechStars) per participating startup.

The cost/startup does not reflect necessarily the value offered neither depicts accurately the actual total cost since many programs have pro-bono or mentors or very low-cost operations. At this point the program organizers should consider budgeting before proceeding with further steps. Given the profile of the program i.e investing accelerator or non-investing accelerator, the total costs may vary significantly. Two **indicative** budgets follow for the two respective types of programs.





It is critical **before** the program organizers decide to plan an “equity – based” investing accelerator to have explored many different aspects like the following:

* The funding scheme and legal entity to operate it
* The sources of funding
* The equity holding process and future cash-out/exit plan
* The legal requirements and processes and their cost
* The desired Internal Rate of Return (IRR) or Return on Investment (RoI) for the program
* The long-term plan with possible repetitions of the program for a period of eg. 4-5 years to create a minimum portfolio (e.g 20-30) of invested teams.
* The greater budget needs to cover a longer period i.e. for a portfolio 20 invested teams in a period of 4 years (5 teams/year) and 254.000 X 4 = 1.016.000 euros + 500.000 euros for follow on funding to them = 1.516.000 euros total budget.

It is understood from the above that running an accelerator (of any type) can be a costly process or even be considered as an investment. Therefore, unless you can source a lot of pro-bono work to cut running costs (maybe to half), you need to be able to finance a capital-intensive process for an average total of a 4–6-month period in which about half of that time will involve some direct engagement with the participants.

Setting up the program

In most cases startups applying to an accelerator will be looking for a combination of the following priorities:

* initial funding to help get one’s idea off the ground.
* access to experienced mentors.
* opportunities to connect with potential customers and investors.
* peer learning and support.
* develop further their idea.
* hands–on experience and an alternative to entrepreneurial education.
* validation of the startup concept

Having the accelerators’ goal and model clarified, the organizers can setup the recruitment and application process that can include:

* Referrals from professionals, investors, and entities (companies, investment funds, institutions, universities, associations etc.) affiliated with the accelerator.
* Showcasing the program in entrepreneurship or impact investing conferences.
* Inbound requests from marketing efforts and social media

An application period is usually announced 2-3 months before the actual acceleration begins. Depending on the type of the program, the extend of the screening process and the budget, the application/examination period may cover a fewer or lesser steps. These can be:

1. Application submission
2. Evaluation of applications
3. Interviews
4. Evaluation of interviews
5. Qualifiers Bootcamps
6. Final Evaluation

A decision to run the program in phases integrating consequent pre-acceleration and acceleration steps or not, can be useful especially if you a) have large number of admitted participants and b) an interim selection process is needed to progressively focus the available resources to fewer teams as to make the allocation more effective.

**IMPORTANT:** It is important to carefully design the program structure having in mind your realistic projections your ability to attract talent from the local ecosystem and your access to the necessary resources.

Indicative examples of program timelines that summarize the steps and the time to complete each one of them are provided below:



In the following table we can see how the main phases differ between investing and non-investing programs. Proof of Concept (PoC) capabilities that integrate corporations that can become the testbed for new product, usually make an acceleration program very attractive. The actual ability for PoC should be carefully though examined as it requires serious commitments on behalf of the partnering companies. In these cases, PoC companies typically offer follow-on cooperation agreements that can also lead to an investment for the startups.



Calculating and tracking the program’s budget and its effectiveness as the program moves ahead can be very helpful. We must note here that programs who invest in teams usually recruit higher – paid mentors and have higher administrative expenses due to more reporting and additional processes related to higher responsibility, compared to non-investing accelerators. Off course exemptions apply here too. Indicative examples of the two types of programs that implement a two-step acceleration process for a total of 2–3-month engagement period follow. The following example projects the **direct value** (not all the program costs) allocated into the participating teams.





Common Failures and Drawbacks

Many times, startup accelerators fail to operate efficiently or deliver on what is promised. That is mainly due to the following main reasons:

1. Not positioned in a clear vertical, ecosystem or not having the reach to the best teams in those.
2. Absence of dedicated mentors and advisors
3. Not adequate reach to the right match of investing entities
4. Absence of clear goal setting followed with the right strategy for that goal
5. Absence of alignment among the program’s stakeholders

Organizers in their effort to deliver something beneficial for the ecosystem or make a difference are trapped in the “acceleration / incubation inflation” as characterized by Mark Cuban and miss their goal by basically following a “mee too” tactic. The organizing team needs to have a very good understanding of the ecosystem conditions in any given time before implementing anything. Mitigation of the mentioned common failures is significant during acceleration design and the organizing team needs to explore various counter-solutions for each of the anticipated problems.

**Videos:**

Holy Land: A Startup Nation Documentary: Duration 53:00

<https://www.youtube.com/watch?v=I5h8GfxIWVY>

Becoming an Entrepreneur in Silicon Valley | Documentary: Duration 1:29:00

<https://www.youtube.com/watch?v=9boLWQi1-Vo>

Lisbon: The Upcoming Startup Hub in Europe | Documentary. Duration 15:00

<https://www.youtube.com/watch?v=CwNNuT219O0>

What is a startup and startup ecosystem? Duration 2:27

<https://www.youtube.com/watch?v=s4RVEZl4etc>

Startup accelerators: are they still worth it? A founder’s experience. Duration 12:20

<https://www.youtube.com/watch?v=Qa3qVc9BxEc>

What is Y Combinator? The Story Of The Startup Accelerator: 8:15

<https://www.youtube.com/watch?v=oXwFeOv5z0I>

**Recommended Literature**

Accelerated Startup, Authors Vitaly Golomb, Haje Jan Kamps

Accelerators in Silicon Valley, Author Peter Ester

Startup Cities, Author Peter S. Cohan

Accelerators-Successful Venture Creation and Growth, ISBN: 978 1 78643 408 1

Startup Accelerators: A Field Guide, Authors: Richard Busulwa, Naomi Birdthistle, Steve Dunn