

# ACCELERATOR

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## JOINT GUIDE TO DEVELOP ACCELERATION PROGRAMMES

*A practical guide for developing and running a new startup  
accelerator programme*

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## 1. Introduction

A startup accelerator is a *formal organization* or a *formal project* (run by an incubator or a technology park) that helps startups to accelerate growth, acquire entrepreneurial competences as quickly as possible, acquire seed funding, and provide a greater overall chance of surviving – all that through a highly structured and competitive mentoring programme. The first startup accelerators were established more than 10 years ago (Y Combinator in the US in 2005), and today there are nearly 1,000 startup accelerators all over the world, public and private. The **main characteristics of a startup accelerator** as a form of support for new ventures are:

- An open application process that is focused on high-performing teams, not individuals
- A highly competitive selection process, where only the best startups get accepted
- A highly structured mentoring package with the best local and international mentors, limited to approximately 3 months (after which the startups become alumni)
- A strong community with peer-to-peer help, first in cohorts and then among all alumni members
- Pre-seed investment in terms of a convertible loan or equity investment (or some kind a reward)

Even though there are nearly 1,000 accelerators all over the world, that doesn't mean the market is already fully saturated. New accelerators are born every day, **but the new ones are usually more specialized and focused**. While the first accelerators were and still are accepting startups from many different industries at the local or global level, new accelerators select particular niches, segments or growth stages to target. By attracting mentors that have particular niche or industry knowledge and offering an adjusted support package, such specialized accelerators can provide even greater value for startups.

Besides a proper strategic focus and orientation of a startup, providing long-term sustainability is another big challenge. In the past decade, many startup accelerators have closed their doors. That means every startup accelerator must be **carefully designed and keep long-term sustainability in mind**. Some accelerators know in advance that they'll operate only for a few years until their acquired funds for operational costs run out. In a way, there's nothing wrong with that, but resources and accumulated knowledge are used much better if long-term sustainability is provided.

The purpose of this guide is to help you **build a new accelerator that will fit perfectly into your local startup ecosystem** and give you a few ideas on how long-term sustainability can be provided. The guide covers all the important strategic, tactical and operational parts when preparing a business plan for a new accelerator, with all the possible flexibility in mind, to make sure you design an accelerator suitable for local needs, gaps and your available resources.

The guide covers seven most important building blocks of every startup accelerator:

1. **The business model** – We'll start with that, since it's the most important overall concept
2. **The strategic focus** – How to differentiate from, collaborate with and fit into the ecosystem
3. **The investment** – Providing proper investments/rewards for the winning teams
4. **The mentoring programme** – Providing a proper mentoring package

5. **The selection process** – How to shape and run the selection process
6. **Building the community** – How to build a community as a core driver of the accelerator
7. **Continuous improvement** – Metrics for startup accelerators, how to constantly improve and make sure the accelerator's co-workers become part of the startup community

### 1.1. The typical revenue model of startup accelerators

Startup accelerators follow various business models to provide long-term sustainability. Before starting a startup accelerator, it's crucial to define how the accelerator's operations will be financed, especially in the long term. There are a few standard revenue streams that accelerators employ:

- **Management fee** – Most startup accelerators manage a seed fund and so invest the funds into the selected startups. They charge the investors in the fund a management fee. That's one of the main sources of financing an accelerator. The management also gets part of the exit profits.
- **Participation fees** – Additionally, some accelerators charge startups a fee for entering their acceleration programme. The fee is usually paid out of the investment. If the investment is not provided, a fee can be subsidized by the government or sponsors. A community membership can also be charged. But it's hard to charge startups anything if they don't get an investment.
- **Sponsors** – Some accelerators have sponsors to operate. It can be one big corporate sponsor for corporate accelerators, or several sponsors from the private or public sector. Incubators, technology parks, consulting companies and other stakeholders can participate as sponsors.
- **Government-backed** – Some accelerators are government-backed by the municipality, regional or national funds. They can be for profit (taking equity) or non-profit accelerators.

Most accelerators provide long-term sustainability by combining different revenue streams above. Some accelerators also offer paid consulting services for mature companies, or rent out space.

### 1.2. The typical business model of startup accelerators

On the following page, you can find a general overview of a typical startup accelerator business model. With the business model in mind, it also makes sense **to clarify what a startup accelerator is not**. Nevertheless, a typical startup accelerator collaborates or integrates all of these elements. A startup accelerator is not ...

- **An incubator or a technology park** – But it can be run by an incubator or a technology park as a public accelerator. Many accelerators also collaborate with incubators and technology parks in terms of providing facilities. Otherwise incubators and technology parks offer longer support to their ventures, are more broadly focused than accelerators, are non-profit, and address local potential at universities, research institutions or in the region.
- **A co-working space** – Usually a startup accelerator does offer common facilities for cohorts of startups to closely work together. They are usually co-working spaces. Some accelerators even require startups to move into their facilities for a few months.
- **A business angel network** – But they do invite business angels to their demo days and collaborate closely with them. Many business angels are also mentors in the accelerator. Some startup accelerators are also sponsored or financed by wealthy business angel investors.

- **A seed fund** – Access to finance is an important part of every accelerator. Some accelerators have their own seed funds to invest, others offer some kind of rewards or sponsorships. But the investment is always combined with a strong mentoring programme and a community.
- **A mentoring programme** – It's the backbone of every accelerator, but every accelerator is much more than just a mentoring programme. It provides a strong community with access to finance.
- **A Startup weekend or Hackathon** – Startup Weekends and Hackathons are most often very important parts of startup accelerators. That's why the Techstars accelerator also bought the NGO behind the Startup Weekend franchise. A Startup weekend or a Hackathon can be a great way to promote an accelerator or as a starting point to slowly build up a startup accelerator from scratch.

The startup accelerator business model:

<p><b>KEY PARTNERS</b></p> <ul style="list-style-type: none"> <li>• Universities</li> <li>• Research institutions</li> <li>• Co-working spaces</li> <li>• Incubators</li> <li>• Technology parks</li> <li>• Mentors and trainers</li> <li>• Private investors <ul style="list-style-type: none"> <li>◦ Business angels</li> <li>◦ VC Funds</li> </ul> </li> <li>• Corporations</li> <li>• Consultants and advisors</li> <li>• Media</li> <li>• Government representatives</li> <li>• International partners</li> </ul>	<p><b>KEY ACTIVITIES</b></p> <ul style="list-style-type: none"> <li>• Managing facilities</li> <li>• Executing acceleration programmes</li> <li>• Organizing events</li> <li>• Building relationships with stakeholders &amp; community</li> <li>• Mentoring startups</li> <li>• Investing / Selecting winners</li> <li>• Participating on boards</li> <li>• Helping with exits</li> <li>• Promoting accelerator</li> <li>• International networking</li> <li>• Educating staff</li> </ul> <p><b>KEY RESOURCES</b></p> <ul style="list-style-type: none"> <li>• Facilities</li> <li>• Competent employees</li> <li>• Mentoring curriculum</li> <li>• Investment process</li> <li>• Mentors</li> <li>• Investment / reward funds</li> <li>• Strong brand</li> </ul>	<p><b>VALUE PROPOSITION</b></p> <ul style="list-style-type: none"> <li>• Mentoring programme</li> <li>• Access to funding</li> <li>• Community</li> <li>• International network</li> <li>• Facilities</li> <li>• Niche expertise</li> </ul>	<p><b>CUSTOMER RELATIONSHIP</b></p> <ul style="list-style-type: none"> <li>• Startup events</li> <li>• Open office</li> <li>• Formal events</li> <li>• Community events</li> <li>• Managing online community</li> <li>• Participating in advisory boards</li> </ul> <p><b>SALES CHANNELS</b></p> <ul style="list-style-type: none"> <li>• Promotional materials</li> <li>• Promotion through ecosystem partners</li> <li>• Social media</li> <li>• Participating on startup events</li> <li>• Industry specific events</li> <li>• PR announcements</li> <li>• Encouraging word-of-mouth promotion</li> <li>• Own events (Hackathons and Startup Weekends)</li> </ul>	<p><b>CUSTOMER SEGMENTATION</b></p> <p>Industries</p> <ul style="list-style-type: none"> <li>• General</li> <li>• Vertical</li> <li>• Niches</li> </ul> <p>Stage</p> <ul style="list-style-type: none"> <li>• Pre-acceleration</li> <li>• Acceleration</li> <li>• Global growth</li> </ul> <p>Audience</p> <ul style="list-style-type: none"> <li>• General</li> <li>• Students</li> <li>• Researchers</li> <li>• Corporates</li> <li>• Seniors</li> <li>• Social entrepreneurs</li> <li>• Others</li> </ul>
<p><b>COST STRUCTURE</b></p> <ul style="list-style-type: none"> <li>• Facilities</li> <li>• Staff</li> <li>• Travel and networking costs</li> <li>• Marketing (website, events etc.)</li> <li>• Event costs (materials, food etc.)</li> <li>• IT tools</li> <li>• Administrative costs (accounting, legal services etc.)</li> </ul>		<p><b>REVENUE STREAMS</b></p> <ul style="list-style-type: none"> <li>• Management fees</li> <li>• Participation fees in acceleration programmes</li> <li>• Community membership fees</li> <li>• Sponsorships</li> <li>• Public funds and resources</li> <li>• Consulting services</li> <li>• Renting out space</li> </ul>		



The first startup accelerators were created by private investors (business angels and VC funds), with the following goals in mind:

1. To provide a better deal flow for the later rounds of investments (series A)
2. To scout for talent on the global level and attract it into the country the accelerator comes from
3. To invest small amounts of money in larger numbers of highly competitive startups
4. To provide strong mentoring support to increase the chances of survival for early-stage companies
5. To bring the startup ecosystem together and form a very influential community

Today, knowing corporate, public and many other types of accelerators, the goals might differ from venture-backed accelerators and can be varied, **from developing the ecosystem and addressing new tech or social trends to encouraging intrapreneurship**. New upcoming startup accelerators usually address a very specific need or niche, and that's why the strategic focus of a newborn startup accelerator, together with defining specific goals, is one of the most important strategic decisions that accelerator managers make.

## 2. The strategic focus of a startup accelerator

Accelerators have been present in the startup ecosystem for more than a decade. Today, there are **more than 950 accelerators** all over the world (source: [F6S](#)). Many accelerators have no restrictions on where the talent comes from. That means the need for new general accelerators is in decline, since they are present all over the world. The market for a traditional accelerator is more or less crowded.

But that doesn't mean the end of accelerators or no opportunities for new ones. Far from it. There's a **new strong paradigm regarding startup accelerators** that can be seen clearly. More and more accelerators are becoming specialized and focused on certain industries, segments or growth stages. Attracting specialized mentors, investors and consultants, combined with providing an adjusted acceleration program can bring additional value to the startup ecosystem.

That's why building a successful startup accelerator today requires you to select the right strategic focus, and this is one of the most important decisions you'll have to make. **Specialization of startup accelerators is the right choice for the upcoming decade**. You need to focus and specialize your offer. So, let's overview different types of startup accelerators present on the market, and several ideas on how you can specialize your new accelerator.

### 2.1. Different types of accelerators

Looking from the macro perspective, we know six different types of accelerators:

1. General accelerator (focused on several industries)
2. Vertical accelerator (focused on one industry) and niche accelerators (targeting a small segment of an industry)
3. Corporate accelerator
4. Government-backed accelerator

5. University and research institution accelerator
6. Social / Impact accelerators

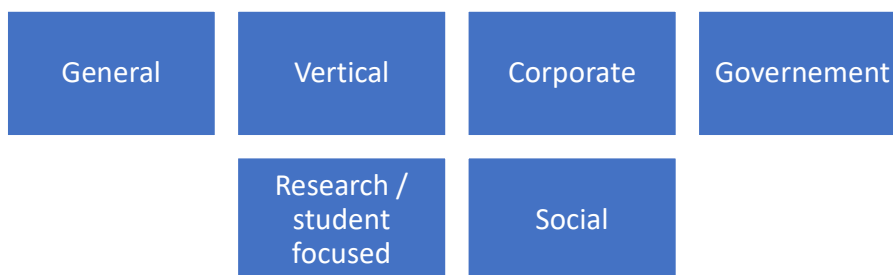


Figure 1: Six different types of accelerators

**General startup accelerators** are focused on more than one industry. They usually select 3 – 5 promising industries and sometimes even accept promising startups from any industry into their programme, if their idea is good enough. For example, Y Combinator, one of the first startup accelerators in the world, lists [25 industries](#) they are investing in and is constantly adding new ones.

On the other hand, **vertical startup accelerators** are focused on one industry only. They shape their mentoring programme to specific industry needs, and gather specialized mentors, consultants, investors and other stakeholders. Many times, vertical accelerators also closely collaborate with research institutions or faculty laboratories in the industry.

Besides general and vertical accelerators, we know three other different types of accelerator. The first are **corporate accelerators**. These accelerators are usually vertically based, funding startups in the industry that the corporation operates in. Sometimes corporate accelerators are also generally focused, if backed by global consulting, investing or other corporations. Then, a startup accelerator that is targeting social entrepreneurs is called **the impact accelerator**.

A special type of accelerators are **government-backed accelerators**. These types of accelerators can be backed by municipalities, national or EU funds. Government support can be seen in various ways – providing additional public funding to private money (1 EUR public for 1 EUR private), subsidizing educational programmes, or offering full financial support for the accelerator’s operations and investment fund.

Government-backed accelerators have an important mission of connecting the right people and providing outstanding educational programmes for potential entrepreneurs to build up the local startup ecosystem. Let’s look at a few examples of different accelerators that are government-backed or supported, in various ways:

- **LAUNCHub Ventures, Bulgaria:** <https://www.launchub.vc/>
- **Nordic Innovation House:** <https://www.nordicinnovationhouse.com/>
- **German Accelerator:** <http://germanaccelerator.com/>
- **Startup Chile:** <http://www.startupchile.org/>
- **Startup Slovenia:** <http://www.startup.si/en-us/>

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- **UK Defense & Security Accelerator:**  
<https://www.gov.uk/government/organisations/defence-and-security-accelerator>
- **Dubai Future (Humanitarian) Accelerator:**  
<https://dubaifutureaccelerators.com/en/humanitarian-accelerators>

As we can see from the examples above, government-backed startup accelerators can have completely different strategic or industry focus. The strategic focus should always be based on the local needs, gaps, potential and governmental economy development strategy.

The last type of startup accelerators are the ones targeting universities and research institutions. Their main idea is to either accelerate innovation transfer from research laboratories to markets, or to encourage entrepreneurship among students.

**Accelerators that target universities and research institutions** collaborate closely with university incubators, technology parks and technology transfer offices. They provide a comprehensive programme for students, researchers and other staff to commercialize applicable technologies from the most advanced research laboratories.

Example of different university- and research-based startup acceleration programmes:

- **Harvard Biomedical & Engineering Accelerators, US** – An example of two specialized accelerators run at one of the best universities in the world. More info: <http://otd.harvard.edu/accelerators/>. Harvard University also has a general acceleration programme, helping students ideate, prototype, build and launch new companies. More info: <https://i-lab.harvard.edu/>
- **StartX Standard, US** – Stanford’s acceleration programme. More: <https://startx.com/>
- **TechCelerator, US** – Their pre-acceleration programme is designed to bring research to startups. More: [techceleratorstatecollege.org/techcelerator\\_training\\_programs/research\\_to\\_start-up](http://techceleratorstatecollege.org/techcelerator_training_programs/research_to_start-up)
- **Cicada Innovation, Australia** – Joined acceleration program of several Australian universities. They offer incubation and acceleration programmes. More info: <http://cicadainnovations.com/>
- **Bond University, Australia** – Their idea is to accelerate ideas from the classroom to the boardroom. They offer acceleration programmes for students. More info: <https://bond.edu.au/intl/bond-business-accelerator>
- **LaunchYU, Canada** – Their AccelerateUP 4-month programme is designed to support entrepreneurs as they build, launch, and scale their ventures. More: <http://launchyu.ca/>

As we can see, university and research institutions are also **becoming very specialized, targeting different technologies, laboratories and growth stages**. They also offer students and research staff different types of support, networking and funding opportunities.



Figure 2: Three different types of accelerators run at universities and research facilities

### 2.1.1. Targeting different growth stages

Most startup accelerators are focused on helping companies **find their product/market fit**. That means a startup that wants to apply is already formally founded, has a formed team that is prepared to work on their idea full time, and they have an innovative idea on a fast-growing market.

Nevertheless, we can also see **specialization by different growth stages**. Next to traditional startup accelerators, we can see the establishment of three new types of accelerators, targeting different growth stages (some accelerators cover all the stages with different programmes within one accelerator):

- **Pre-accelerators** – Pre-accelerators are focused on bridging the gap between research and startup, prepare the startup for applying to startup accelerators or encouraging entrepreneurship by organizing Startup weekends and Hackathons. An example is the FFED from London (<http://ffwdlondon.com/>) and the formal Startup Weekend franchise (<https://startupweekend.org/>) from the TechStars accelerator.
- **Later stage accelerators** – On the other end of spectrum, there are more and more accelerators focused on companies that have successfully found the product/market fit, and their goal is to help them grow internationally. These accelerators are usually corporate or VC-backed. An example is the Disney Accelerator (<https://disneyaccelerator.com/>) that switched its focus to later stage startups.
- **Intrapreneurship** – Another type of accelerators to mention are the ones formed with the goal of accelerating intrapreneurship in corporate environments. An example is AngelHack's Corporate Hackathon Programme (<https://angelhack.com/corporatehackathons/>). Corporations can create corporate accelerators to either collaborate and finance new startups, or the accelerators are completely internally focused, addressing their staff and corporate culture.



Figure 3: Three different growth stages accelerators can target

As we can see, there are many variables to choose from when designing a new accelerator. Consequently, a new accelerator should always be positioned **with the local market in mind**. That means building a successful accelerator starts with identifying local needs, gaps and potentials.

## 2.2. Identify local needs, gaps and potentials

In order for an accelerator to be successful today, it must fill a gap in the local startup ecosystem or address a new global trend. On a very practical level, filling a local gap means **finding a not-yet-addressed market segment or technology niche** that usually has a strong presence on the local level. When analyzing local needs, gaps and potentials, consider the following:

- Outstanding faculties and research institutions with applicable research orientation
- Dominant industries and R&D capabilities in the region (traditional industries, industry of the currently most successful local startups etc.)
- Proactive multinational corporations present in the local environment
- Preferences of local private and institutional investors (business angels, VC funds etc.)
- Competent local mentoring and consulting experts
- Governmental strategy for encouraging the development of the local environment
- Global trends and a global network you could engage in

One very important mission of every startup accelerator, especially a public one, is to connect all startup ecosystem stakeholders through different mentoring and support activities. By identifying the local needs, gaps and potentials, you can easily define the right market segment that will enable your startup accelerator to **be different from other startup players** and attract the critical amount of talent in the industry (startups, mentors, investors etc.) to make the startup accelerator successful.

Could your startup accelerator specialize in **one of the following general global technology trends**:

- Artificial Intelligence
- Virtual reality
- Internet of Things
- Fintech and Insuretech
- Cleantech and energy
- Biotechnology (example: <http://indiebio.co/>)
- Medical devices & Equipment
- Business Intelligence
- M-commerce
- Automation
- Additive Manufacturing (3D Printing), New Materials and Packaging
- Smart Cities
- Travel & Hospitality
- Hardware (example: <http://alphalabgear.org/>)

Examples of niches inside different perspective industries:

- Healthcare software (example: <https://healthbox.com/>, <https://www.healthwildcatters.com/>)
- Chat bots and live video streaming
- Drone solutions
- GovTech (example: <http://govtechfund.com/>)
- Real Estate Accelerator (example: <http://www.narreach.com>)
- Software-as-a-service (example: <http://acceleprise.vc/>)
- Food related businesses (example: <https://food-x.com/>)
- Social entrepreneurship (also called impact accelerators)

**ACTION ITEMS for identifying potential industries and niches for your accelerator:**

1. List all the industries strongly represented in the region
2. Analyze governmental strategic and development policies for the region
3. List faculty laboratories and research institutions you could collaborate with
4. List at least 10 corporations you could collaborate with
5. List at least 10 private investors you could invite to demo days. Which sectors do they favor when investing?
6. List at least 20 successful startup founders you could invite to be mentors in the mentoring programme. Which sectors are their companies operating in?

### 2.3. Strategically positioning your accelerator

Based on all the presented criteria and identified local needs and potentials, the first important strategic decision is to define the strategic orientation and **market position of a newly founded accelerator**. Here is the summary of all the criteria that can help define the strategic focus of the accelerator:

Orientation	Industries	Investment provided	Audience	Stage
General	Local strengths	Private	General	Pre-acceleration
Specialized	Global trends	Public	Students	Acceleration
Corporate	Special niches	Private-Public	Researchers	Later stage
Research		Rewards	Seniors	Intrapreneurship
			Social entrepr.	All

Depending on the strategic focus of your accelerator, the next step is to **define other strategic components** – the accelerator’s vision, mission and core values. It’s also important to properly connect the startup accelerator with other ecosystem partners and to build a persona of the targeted audience that can serve as the input for preparing a better support package and marketing strategy for your accelerator.

#### 2.3.1. Building a persona of the targeted startups

After defining the strategic focus of your startup accelerator, the next reasonable step is to define a persona. Personas are used to represent different user types that might use the product or service in a similar way. Personas are **fictional characters representing the ideal user** or a typical character for a user segment. They are hypothetical users, built as a substitute for the target user.

When you define a typical persona, you define their goals, desires, behavioral patterns, buying/applying triggers, limitations and other elements, such as demographics, biographics, geographic and psychographic attributes, and so on. The parameters used most frequently to define personas are based especially on what they want to do, how they behave, what motivates them, how they think and what they want to accomplish. The idea is to clearly define who the target audience of your accelerator will be, and where and how you can address them.

**ACTION ITEM – Define a persona for your accelerator. Answer the following question:**

1. Where is your targeted audience located (geographically)?
2. Where do they spend most of their time (online and offline)?
3. What kind of skills and education do they have?
4. What would convince them to apply for your accelerator?
5. Who do they respect and look up to?
6. What are their needs and main pain points?
7. What are their main information sources?
8. Define a typical day in their life.
9. Define their main values, attitudes and beliefs.
10. Do the same for potential mentors, investors and other partners.

Creating a persona for targeted startup founders should further clarify your strategic positioning of the startup accelerator – who you want to work with, connect to, and where your audience lives and what they like. The gathered data are also very useful for shaping a proper marketing strategy.

### 2.3.2. Defining vision, mission and core values

The next strategic step is to define the vision, mission and core values of the accelerator. The vision **is the long-term strategic goal**, generally specifying where and how you see the accelerator in 5 – 10 years. The vision should be defined especially based on the following factors:

- The final positioning of the accelerator in the startup ecosystem
- The potential growth, scope and further development or improvements of the accelerator
- The number of startups you will support on an annual basis and how the number will grow
- The number of mentors and other stakeholders you will attract
- The plan for providing long-term sustainability of the programme

Besides the vision, it also makes sense to define the mission and core values. **The general mission** of every accelerator is to speed up startup development and growth by providing financial support, mentoring, training and community. You can make any derivative of such a mission to make it viable for your accelerator. The mission can also differ depending on the startup accelerator type:

- **Venture-backed:** To provide a better deal-flow and achieving high ROI for investors
- **Corporate accelerator:** To keep the corporation competitive or solve specific tech issues
- **Public accelerator:** To further develop the startup ecosystem

One more strategic decision to make regards **the core values of the accelerator**. Defining the core values is especially important for being attractive for the best startups. Values also define the cultural rules for how a startup accelerator will be run. The right values are very important for community-building activities.

Examples of smart cultural values of startup accelerators are:

- Minimal red tape
- Complete transparency
- Only experienced entrepreneurs serve as mentors
- Becoming better every year
- Applying only lean startup principles (instead of a business plan)
- Working closely with all the stakeholders etc.

### 2.3.3. Positioning the accelerator in the startup ecosystem

Properly positioning in the startup ecosystem is crucial for the success of every startup accelerator. A startup accelerator needs a wide network of partners to be successful, from mentors and investors to corporate sponsors. In general, it's **always better to specialize and collaborate** than to directly compete with others. An important job of an accelerator is thus to integrate all the partners in the ecosystem.

Specialize and collaborate

Compete with others

Today, support in the startup ecosystem is so competitive that it's better to specialize and collaborate than to compete with the same support package as others have. So, **specialize and partner up!**

The most common partners of startup accelerators are:

1. **Universities and research institutions** – for additional inflow of business ideas and teams
2. **Coworking spaces, incubators and technology parks** – for facilities, mentors and the community
3. **Mentors and trainers** – successful entrepreneurs, consultants and others
4. **Private investors** – from business angels and VC funds to corporate investors
5. **Corporations** – as mentors, sponsors, potential buyers of startups and offering perks
6. **Consultants** – different consulting services (accounting, legal etc.) can be of great help to startups
7. **Media** – they can be of great help for promoting the accelerator and startups
8. **Government representatives** – for providing subsidize and additional support
9. **International partners** – for providing additional help to startups with international growth
10. **Other accelerators** – every accelerator can successfully collaborate with other accelerators



**ACTION ITEM – Positioning the accelerator with other players in the ecosystem in mind**

- Clearly define how you'll differentiate from other players on the market
- Prepare a table with all the potential partners you could collaborate with. Make sure you identify at least 50 – 100 partners.

2.3.4. Defining the offer for selected startups

The last strategic step is to **define what the accelerator offers to startups** (and other stakeholders such as mentors and investors). On the following pages, we'll look at many different products and services that a startup accelerator can offer on the market. In general, the offer package is based on a combination of the following elements:

- Investment and other monetary and non-monetary rewards and subsidies
- Mentoring package (before and after the application)
- Community and alumni services
- International networking

Let's now dive deep into different types of offers a startup accelerator can provide on the market.

A: Investments,  
rewards and perks

B: The mentoring  
package

C. Community and  
international  
network

### 3. Investment and other potential monetary and practical rewards

Besides the mentoring and coaching programme, **access to funding is one of the most important parts of every startup accelerator**. Depending on how well seed financing is developed in the region, the financial investments can be either public, private or mixed. If it's not possible to provide investment funding at all, a government subsidy or sponsorship rewards are also viable options.

Besides a financial investment or a monetary reward, many accelerators provide **additional perks and benefits** to the selected startups in the form of free facilities, equipment, discounted subscription, free PR activities etc. If there's no possibility for an investment or monetary reward in an underdeveloped ecosystem, building an attractive package with valuable perks can be a good alternative.

#### 3.1. Investment (size, valuation, structure, sources of financing)

Most startup accelerators **offer some kind of an investment**. The investment can be either private, public, or a mixture of both. Private money is usually provided by business angels, VC funds, banks, corporations, family offices and other sophisticated investment institutions. Public money can be provided from the local, national or EU budget.

The most common investment strategy of startup accelerators is the following:

- **Investment size** per startup: 20,000 EUR – 200,000 EUR
- **For a share of** 5 – 15% (if equity investment)
- **Investment type:** Equity investment or convertible loan

The investment can be an equity investment or a convertible loan (also called convertible note). With **the equity investment**, the accelerator immediately becomes a shareholder in a company. It usually means a known deal (valuation, terms) before the application process, namely how big of a share the accelerator gets for a certain investment size. The investment also comes with usual venture capital terms.

The other more popular alternative with accelerators today is **a convertible loan**. The convertible loan is a type of loan that can be converted into shares (equity). The valuation is usually linked to series A funding. The convertible loan is converted into equity at the same valuation that the series A venture capital fund recognizes, with a certain discount for entering before the VCs.

The advantages of a convertible loan are:

- Less legal work and lower costs of financing the company
- Less legal work and lower costs in writing off an investment
- An open valuation, linked to series A funding
- Easier accounting for the investor

##### 3.1.1. Usual terms and terms sheets

A seed investment usually also brings **special terms a startup accelerator enjoys**. The main idea of the terms is to protect investors from losing the money and to maximize their returns. It's absolutely

recommended to get an experienced legal firm to help you prepare all the legal documents in case of an equity investment or a convertible note.

Below is a quick overview of frequent terms in seed investment deals that startup accelerators use as well. Rarely all of the clauses are used and some startup accelerators have much stricter terms than others. Examples of frequent clauses in a term-sheet are:

- Investment amount
- Pre-money and post-money valuation
- Potential follow-on investment (if certain criteria are met)
- Where the company needs to be funded (especially for government-backed accelerators)
- Cap table – number and types of shares
- Board and voting rights
- Restrictive covenants, vesting and bad leaver clauses
- Option pool defined for key personnel besides founders
- Use of proceeds – how money will be spent approximately
- IP protection and non-compete agreement
- Right of first refusal, liquidation preferences, tag-along, drag-along, anti-dilution clause
- Reporting, information and management rights
- Who covers legal and other expenses related to the investment
- Conviviality and exclusivity of the deal
- Defining whether the term-sheet is binding or non-binding
- Anti-money laundering clauses (where public financing is present)

Many accelerators such as [Y combinator](#) (safe - they are replacing convertible notes with simple agreement for future equity), [Techstars](#) and [Foundry Group](#) **publicly share their term sheets** and can be seen as examples. Additionally, venture capital associations like EBAN, EVCA, BVCA share examples of different recommended term-sheets. These publicly shared term-sheets can be a good starting point for your accelerator, but you definitely have to get appropriate legal counseling. Based on the term-sheet, a shareholder's agreement and other legal documents for a limited company are then prepared.

### 3.1.2. Private, public and public-private funding

The source of money for the investment **can be either public, private, or a mixture of both**. The source of the investment money greatly depends on the general development of the economic environment and the presence of institutional and seed investors. There are several options for how money can be successfully acquired and mixed:

1. 100% private money from business angels, corporations and other sources
  - Invested in the startup accelerator, fund managed & invested by the accelerator
  - Every investor decides individually at the demo days
2. 100% public money invested in startups from the local, national or EU budget
  - Managed by a private party
  - Directly invested by public representatives

- Invested through a tender
- 3. Public money invested into startups, requiring the presence of a private investor
  - Directly invested by public representatives
  - Invested through a tender
- 4. Private money leveraged with public money (1 EUR of public for every 1 EUR of private)
  - On the level of every investment
  - On the level of the startup accelerator fund

The core decision to make is **whether you want to invest the money and manage investments as an accelerator or just connect startups and investors as a facilitator**. After you make that decision, the next step to make is to analyze potential sources for the investments.

**ACTION ITEM – Is there potential to attract investors to collaborate in your accelerator?**

- Would you rather serve as a managing company for the investors (selecting, managing investments and providing ROI) or only connect startups with investors (and they decide where and how they will invest on an individual basis)?
- Make a list of 20 – 30 potential investors (business angels, VC funds, family offices, etc.) that could participate in your accelerator (local, regional and international)?
- Do you have any options to attract public funding for your accelerator – either from the local, national or EU budget?

### 3.2. Non-investment monetary rewards

In some environments, seed investing is still underdeveloped to a stage where it is **practically impossible to secure seed funding for the accelerator**. Consequently, the next viable option to consider is attracting non-investment monetary rewards for accelerator programme winners. There are two types of potential non-investment monetary rewards:

1. Government subsidies
2. Financial prizes from sponsors

One option is a government subsidy (based on a de minimis scheme, for example) or to attract monetary rewards from different government agencies. A similar option is securing monetary competition prizes from several different sources, such as:

1. Banks, insurance companies, VC funds and other financial institutions
2. Big corporations
3. Incubators and technology parks
4. Consulting companies like the Big Four (Deloitte, KPMG, EY, PWC)
5. Local successful startups

All these potential partners could also provide additional sourcing for startup accelerator operations to ensure long-term sustainability.

**ACTION ITEM – Who could provide sponsorship and financial rewards for your startup accelerator?**

- For the prize fund for the winners
- To co-finance the operations of your startup accelerator

### 3.3. Other non-monetary rewards – practical rewards

Sometimes, in a smaller or underdeveloped startup ecosystem, there is no interest to contribute investment or reward money from any of the startup ecosystem stakeholders. In such cases, non-monetary rewards (perks or practical rewards) can be provided. Many companies are prepared to offer discounted or even free products or services (as part of their promotion) to the winning startups.

**Attracting several practical rewards can sum up into a very attractive reward fund** for startup accelerator winners. If there's no way to provide any financing options or monetary rewards, absolutely consider acquiring interesting (discounted or free) products or services that most startups require. Such rewards can also provide great additional value if you already have an investment fund.

Non-monetary practical rewards can be acquired from local, national and multinational companies. Many globally known companies offer startup ecosystem facilitators benefits packages for the startups. You have many options when it comes to practical rewards. Examples of such rewards are:

- **Free facilities for a certain period of time** – provided by co-working spaces, incubators, technology parks, big corporations. Many startup accelerators also have a space of their own, since it's a great way for building a community.
- **Software and hardware equipment** – From computers, accessories and smartphones to free IT infrastructure, there are so many options for such rewards. Globally known companies like Google, Microsoft, Amazon, Oracle are often prepared to offer them.
- **Consulting services** – Free accounting, legal advice, PR activities and so on are always welcome free services for startups to help them organize their business properly.
- **Access to corporate partners** – Especially in the form of new distribution channels, support with organizing production capacities or as the first buyers of the products and services of startups.
- **Premium mentorship** – Additional mentorship to the acceleration programme can be provided, such as 1:1 mentorship with successful businesspeople, shadow experiences with CEOs etc.
- **International business trips to pitching events** – As a reward, many accelerators offer to finance a trip to a pitch event in the most developed startup ecosystems in the world like Silicon Valley. If you can organize such a trip, it can be a great reward for the winning startups.

**ACTION ITEM – Putting together the rewards**

Build an **attractive reward/investment package** for your accelerator. Consider mixing together the following rewards:

- Direct investment – equity or CLA (if possible)

- Organizing demo days with renowned investors
- Government subsidy
- Financial sponsorship and rewards
- Non-monetary (practical) rewards and perks

Based on the investment/reward fund, how many companies you can support:

- **How many startups** can you support per batch? Startup accelerators usually select from 5 – 20 companies per cohort that enter their acceleration programmes.
- **How many cohorts** can you repeat in a year? Most startup accelerator run the selection and acceleration programmes 1 or 2 times per year.

## 4. Define the mentoring package

Besides access to finance (or a reward package), the second important element of every startup accelerator is the mentoring package. Research has shown (Startup Genome) that **providing a proper mentoring programme greatly decreases the risk of startup failure**. As such, a quality mentoring programme is a crucial part of every successful startup accelerator.

Mentoring stage	Type of mentorship	Types of mentors
Before the investment / reward	Structured programme	Technical – academic
After the investment / reward	One-on-one sessions	Technical – industry
	Peer-to-peer help	Business – CXO level
	Office hours	Consultants specialists
		Startup experts
		Corporate managers
		Administrative support
		Alumni

It is good practice to attract **a wide variety of mentors** in the acceleration programme. When it comes to mentors, quality is definitely more important than quantity, but there are many experienced business people with domain knowledge or entrepreneurial experience who are prepared to collaborate in a startup accelerator as a way of giving back to the community. It makes sense to invite all the experienced entrepreneurs and executives who are willing to help the young entrepreneurs.

Startup accelerators usually provide **different types of mentorship**. Besides the structured mentoring programme (regular weekly sessions with a carefully defined curriculum), one-on-one sessions are usually organized as well. Peer-to-peer help and alumni-to-junior help between startups are also a very important part of mentoring. As a consequence, a strong community between startup accelerator’s members can be built. Some accelerators also have open office hours, when the staff consults and helps the startup teams.

### 4.1. Different mentoring stages based on the selection process

Later in this guide, we’ll discuss how to properly define the selection process and criteria. At this stage, it’s important to understand **how the selection process affects the mentoring programme**. The mentoring programme can be focused on three different stages based on the growth stage that the startup accelerator is targeting (some accelerators cover two or even all three stages):

- **Pre-acceleration:** Pre-acceleration activities are usually focused on promoting the accelerator, providing help with building teams, developing ideas and filling out a proper application. Based on the received application, the winners are selected for the acceleration programme.

- **Acceleration programme:** The selected startups enter the mentoring programme for approximately 3 months (it can be between 2 and 4). During this time, they get all the support necessary for finding their product/market fit and traction. Afterwards, they should also be ready for series A.
- **Growth programme:** The startups that get a new round of an investment might additionally enter the growth programme. The growth programme helps startups in the post product/market fit stage with activities like building the company, going global and scaling their operations.

Different possibilities of the accelerator’s selection and support process:



Figure 4: The process covers all acceleration stages from forming an idea to global growth.

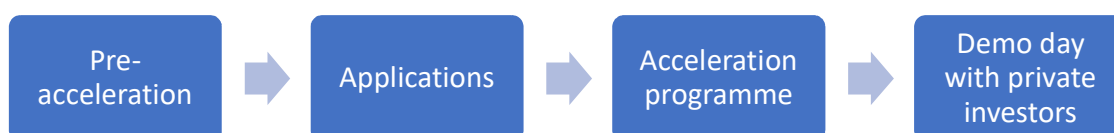


Figure 5: The acceleration process is focused on forming new companies and them potentially getting an investment.



Figure 6: The mentoring process is focused on preparing an already established startup for investment and high growth

When defining the selection process, you should **consider criteria like:** your startup accelerator vision, size of the investment/reward fund, type of mentors in the local environment, resources available, and other similar factors. It’s important to form a clear and high-quality selection process and a mentoring programme that offers startups help with the most challenging problems in different development stages. The main startup challenges in different stages:

Pre-acceleration	Acceleration	Scaling and global growth
Goal: Idea and team	Goal: Product/market fit	Goal: Global expansion
<ul style="list-style-type: none"> <li>• Forming an idea</li> <li>• Prototyping</li> <li>• Customer discovery</li> <li>• Forming team</li> <li>• Founding a company</li> </ul>	<ul style="list-style-type: none"> <li>• Seed investment</li> <li>• Idea validation</li> <li>• Finding early evangelists</li> <li>• Building the product</li> <li>• Expanding the team</li> </ul>	<ul style="list-style-type: none"> <li>• Building a company around the product (professionalizing business functions)</li> <li>• International expansion</li> </ul>



Now let's look at all the different mentoring possibilities a startup accelerator can offer.

#### 4.2. Pre-acceleration: Before filling out a formal application for the startup accelerator

Many seed accelerators run **pre-acceleration activities to encourage new applications** into their programme(s). The main goals of pre-acceleration activities are the following:

1. General promotion of entrepreneurship and startups
2. Promoting the startup accelerator and their programmes
3. Encouraging new teams and idea development
4. Helping startup teams with preparing proper formal application
5. Meeting some of the startup founders for the first time

The most common pre-acceleration activities are:

- Startup Weekends and Hackathons
- One-on-one mentoring
- Help with the formal application process
- Investment Readiness Programmes / Pitch Trainings
- Various other types of startup events

##### 4.2.1. Startup Weekends, hackathons and business challenges

The best promotional and pre-acceleration activities of accelerators are Startup Weekends, hackathons and various business challenges. They are **all very popular events run by startup accelerators** and other startup ecosystem stakeholders and startup enthusiasts all over the world. All types of events mentioned above are quite easy to organize, they attract many people and provide a good insight into the execution level of the teams in a very short period of time. Here are the differences between the three types of the events:

- **Startup Weekend** (<http://startupweekend.org/>): Startup Weekend has become part of the Techstars accelerator programme. A Startup Weekend is a 54-hour event that allows individuals and teams to turn their idea into reality. The event has a very standard format. It starts on Friday evening when some participants pitch their ideas to all other participants. Then teams are formed around the best pitched ideas, and they spend the rest of the weekend validating and building their idea. The whole process is supported by local and sometimes even international mentors. On Sunday evening, the last day of the event, teams come together and pitch their newly-launched ideas to a panel of judges. The judges select 1 to 3 winners who get different kind of rewards. Entering a startup accelerator can be one of them.
- **Hackathon**: A Hackathon is an event very similar to a Startup Weekend, with the big distinction that Hackathon events are focused solely on building concrete software solutions during the event. While the goal of a Startup weekend is to validate ideas and form companies, a Hackathon is an event at which computer programmers, graphic designers, UX experts, project managers and others collaborate intensively on software projects. The rules of every Hackathon can vary, from

using a specific programming language to solving a specific problem with different software solutions or even accelerating internal innovation in big companies.

- **Business Challenges:** Business challenges come in various formats and styles, but their main purpose is that participants work on concrete issues and challenges provided by mature companies. A successful company presents a business or technical challenge that the participants must solve, and then the startup teams compete to provide the best solution for the challenge. The management of the company selects the best solution and provides some kind of a reward for the winners. Such a business challenge can be nicely combined with the Startup weekend or Hackathon format of events.

In some cases, these types of activities can present the whole acceleration programme, if not enough resources are available; or they can be a good starting point for a new accelerator.

#### 4.2.2. One-on-one mentoring for developing business ideas

Events like Startup Weekend or Hackathon always include support from local and international mentors. But additionally, a startup accelerator can **organize one-on-one mentoring events with their mentors**, alumni and other experts. Such mentoring events exhibit the high value added that the accelerators provide with their quality mentors and mentoring programmes.

At one-on-one events, mentors usually help participants further develop their ideas, but also with their contacts and, of course, the expert knowledge they possess on how to build a successful business. However, since mentors seldom know a lot about the formal application process of an accelerator, such educational events can be additionally organized.

#### 4.2.3. Help with the formal application process

Most startup accelerators have a very simple application process. The applicants have to fill in a simple (online) form with different questions from a business plan. Nevertheless, every accelerator wants to get as many quality applications as possible. Consequently, some accelerators organize formal help with preparing the proper and quality applications. At such events, **startup accelerator staff helps applicants by:**

- Answering the most frequently asked questions about the application process
- Making startup teams understand what kind of information is required with specific questions
- Educating startup teams on how much detail is needed when replying to a specific question in the application
- Explaining different requirements (legal, business wise etc.) in detail, to make sure that only teams that meet all the basic criteria apply
- Meeting all the deadlines in the selection process (with reminders, personal relationships etc.)

#### 4.2.4. Investment readiness programme and pitch trainings

Startup accelerators that aren't focused on pre-acceleration activities often organize an investment readiness programme (IRP) or a pitch training for potential applicants. The purpose of the IRP is to **prepare**

**already established startups for the demo days as well as possible.** At the demo days, the winners are usually selected – the startups that get an investment, and then enter the acceleration programme. But there are usually also individual investors present at the demo days, which means pitches do need to be prepared to be as good as possible. The investment readiness programme usually covers the following topics:

- **Different types of funding explained** –IRP training usually starts with an explanation of different financing mechanisms for startups, such as debt and equity financing, convertible loans and subsidies. It's also explained what bootstrapping a startup means as an alternative.
- **The seed investment process** – Then the seed investment process is explained, from pitching and first meetings to signing a term sheet. The presentation can also be focused on a specific investment process run by the startup accelerator. It's also beneficial to explain all the ways a startup can get in contact with other private investors.
- **Investment documentation** – It's also important for entrepreneurs to understand what kind of documentation investors usually require. Applications for a startup accelerator are usually done by filling out an online form, but for demo days investors might additionally require presentation decks, business plans, proofs of traction, and so on.
- **Structure of a good pitch** – At the end, entrepreneurs must know how to prepare a good speech, from the number of slides and topics traditionally covered in the business plan to following best practices of public speaking.
- **Building a successful business** – Longer investment readiness trainings also provide details on investors' expectations, building a successful business using the lean startup methodologies, gaining traction on the market, and so on.

#### 4.2.5. Different types of startup events

As part of the promotional and educational activities of a startup accelerator, **many other types of events for startups can be organized.** Startup accelerators usually organize or participate in local, national and international startup events to promote their activities and acquire additional applications.

Examples of such promotional and educational events are:

- Workshops with mentors
- Round tables with their alumni, mentors and other partners
- Visits of successful companies
- International networking events
- Informal events and similar

#### 4.3. Building the acceleration programme for the selected startups

Pre-acceleration or investment readiness activities are focused on promoting the startup accelerator and receiving as many quality applications as possible. We will discuss how to select the best startups in one of the following chapters. For now, let's focus on building a proper acceleration programme for the selected startups.

Usually the startup acceleration programme is focused on one of the following two things (depending on which growth stage you are targeting):

- A. Finding the product/market fit and seed investors:** These types of programmes are usually organized by those accelerators that don't provide funding for the startups (or only smaller amounts of it), but instead only offer networking activities with investors. Through the programme, they properly prepare the startups for the demo day with private investors and VCs, helping them find their product/market fit, some traction and excel at pitching. The main purpose of such an acceleration programme is for startup companies to find their product/market fit and secure a seed round of investment.
- B. Global scaling and accelerating growth:** The purpose of the programme is to accelerate growth of the startups that got the seed investment from the accelerator and prepare them for an A-round investment from VC funds. The main purpose of the programme is to build a company around the product/market fit and then exit the startup stage or secure the A round investment. These acceleration programmes are for more mature startups.

Number one reason why startups fail	Number two reason why startups fail
A: There is no market, so no product/market fit can be found	B: The company fails at scaling or scales too soon

#### 4.3.1. Product/market fit: From a new startup company to a seed investment

**A:** Some startup accelerators (that are focused more on pre-acceleration activities) run the selected companies through their acceleration programme with the goal of preparing the companies for a potential investment. Such accelerators usually don't provide their own investment funds (only some type of rewards), but instead properly prepare companies for demo days with private investors in their network. The idea is to **accelerate the path from a newborn company to a seed investment**. These types of acceleration programmes are kind of an extended version of the investment readiness programme.

**The usual format** of a such an educational acceleration programme is:

- Weekly mentoring sessions that last from 2 to 4 months
- Every mentoring session lasts from 2 to 4 hours (exceptionally a whole day)
- Every mentoring session is dedicated to one startup topic and run by an accelerator's mentor or an experienced startup consultant
- First the theory is explained, and then very practical work takes place
- At the end of every session, a successful entrepreneur presents their story for motivation
- After every event, informal gathering can take place
- Group mentoring sessions are complemented with additional one-on-one sessions

The most common topics covered in such a "product/market fit" acceleration program are the following (based on lean startup methodologies):

- Different types of startups and markets
- Customer discovery and validation

- Agile product development aligned with customer demands
- Minimum Viable Product
- Lean canvas and business model generation
- Getting traction and scaling
- Innovation accounting and data-driven company
- Fundraising, investment process, term sheet, valuation and pitching
- Building a company around the product

Lean startup topics can also be complemented with more traditional topics:

- Writing a business plan (especially for more traditional industries)
- Building a winning team
- Marketing, internet marketing and sales
- Accounting, legal and tax issues for startups
- Other similar topics

The acceleration programme offers 8 – 15 sessions, every session dedicated to a different startup or business topic. **Every session is very practice-oriented**, with concrete execution tasks that bring a newborn company one step closer to being investment ready. Examples of practical activities during the sessions are building minimum viable products, getting feedback from potential customers, finalizing the idea, preparing the pitch, and so on.

#### 4.3.2. Global scaling: From seed to A round

**B:** Most startup accelerators provide a mentoring programme for selected startups, which get an investment from the startup accelerator itself. The investment presents the official entrance into the accelerator, together with joining the community, mentoring programme, one-on-one mentoring sessions, gaining access to facilities, and so on.

Startups that enter these types of accelerators already have their minimum viable product, some traction, a formed team, and are working on their startup full time. From the accelerator, they get a seed investment of up to 200.000 EUR, which usually also requires **them to move into the accelerator's facilities**. The mentoring programme is focused on helping participants gain additional traction, grow fast, build a company around the product, and secure the A round from venture capital funds.

**The usual format** of such a growth programme is very similar to the previous one:

- Weekly mentoring sessions that last from 2 to 4 months
- Every mentoring session lasts from 2 to 4 hours (exceptionally a whole day)
- Every mentoring session is dedicated to one startup topic and run by an accelerator's mentor or an experienced startup consultant
- First the theory is explained, and then very practical work takes place
- At the end of every session, a successful entrepreneur presents their story for motivation
- After every event, an informal gathering can take place

- The group mentoring sessions are complemented with additional one-on-one sessions

The most common topics covered in such an acceleration program are (based on lean startup methodologies):

- Building a company around the product
- Product, innovation management and constant improvement
- Quality assurance
- Optimizing the supply chain
- Becoming a data-driven company
- Marketing and sales channels
- Digital and content marketing
- Organizing sales
- Successfully running day-to-day operations
- Leading a startup team
- Project and agile management
- Business finance
- Attracting and managing talent
- Investment readiness for the A round
- International expansion

The acceleration programme offers 8 – 15 sessions, every session dedicated to a different scaling topic. Every session is very practice-oriented, with concrete execution tasks that bring a startup company one step closer to exiting the startup stage or securing a VC investment.

#### 4.3.3. General direction for organizing an acceleration programme

Here are some additional general directions and pieces of advice for **putting together a winning acceleration programme** for startups, no matter which stage you are targeting:

- Provide high-quality lecturers who have practical experience
- Make sure trainings are execution-oriented and the participants deliver concrete results
- There should be practical homework between two sessions
- Don't make the programme too demanding or too long, startups need to work on their business (4 – 6 hours per week is more than enough)
- Provide a framework for measuring the progress of startup teams
- Make the educational events flexible and driven by the community

#### 4.4. Engaging different types of mentors

For high-quality mentorship of every startup accelerator, it's **important to bring together various types of mentors from different fields** and with different backgrounds. It's recommended that the vast majority of mentors are experienced entrepreneurs, but it also makes sense to include other people with business

expertise. When preparing a list of potential mentors to engage in your accelerator, consider the following types of mentors:

- **Experienced entrepreneurs:** The most important types of mentors are experienced entrepreneurs, preferably the ones who built their companies from scratch in one of the industries targeted by the startup accelerator. The invited mentors-founders can act as CEOs, CTOs or in other executive positions in successful startups.
- **Academic background:** Individuals with an academic background can also provide great value, especially if they possess practical business knowledge or are experts in a specific technology field. The best academic mentors are usually the ones who are very inclined towards collaboration between research institutions and the economy or who co-founded their own startup companies.
- **Consultants and advisors:** Experienced consultants and advisors can help startups professionalize different business functions. The consultants can be experts in marketing, sales, finance, taxes, legal issues and similar. But it's very important that the participating consultants don't try to sell their services to the startups.
- **Corporate representatives:** Startups can learn a lot from corporations. If corporations want to be in touch with startups to stay competitive and innovative, startup founders can learn a lot from corporations in terms of how to organize processes, organizational culture, follow international expansion and form strategic alliances.
- **International mentors:** Besides local mentors, it's valuable for every startup accelerator to attract additional mentors from different countries. The best way to achieve that is to collaborate with other accelerators from around the world. International mentors can give great advice, not only in the field of successful company formation, but also in international expansion and setting up a subsidiary in the country they reside in.
- **Peer-to-peer help:** it's important to organize all startup accelerator activities in a way that the participants can help each other out (including peer-to-peer, alumni and newcomers' help). That's achieved by strategically building a community and by organizing informal events, as well as by organizing formal peer-to-peer mentoring gatherings. Since startup founders share common problems, mutual help is a great way for them to solve their problems faster.

A startup accelerator usually has **between 30 and 100 different mentors** from various fields. As mentioned, quality is more important than quantity, but make sure you provide a variety of expertise and experience to all the startups included in the accelerator.

#### 4.4.1. Administrative help, board meetings and measuring progress

Besides the mentoring programme, a startup accelerator can provide **additional administrative help to startups** (especially for extensive reporting if there are public funds included). The management of a startup accelerator also needs to decide how involved they will be in their investments. There are two general approaches with that:

- **Hands-off approach:** The best accelerators in the world usually follow the hands-off approach towards their investments. They provide the best possible mentoring, networking and access to knowledge, but then they trust the founders to successfully build their businesses. They don't get

that involved in how the startup founders run their business. That approach is based on the fact that many new businesses fail and there's nothing you can do. But the best ones always know how to survive. Such an investment approach is also based on a big allocation of funds in many startups, where the best ones prevail and are sold for huge amounts of money. But only the best accelerators can afford such an approach.

- **Hands-on approach:** The second model is called the hands-on approach, which includes regular monitoring, supervision and carefully reading monthly reports from the invested startups. In this case, a startup accelerator usually provides a framework for reporting, organizes board or advisory meetings, and helps startups deal with their main issues in running a company. The main idea of the hands-on approach is to help startups before they get into trouble, and it's more about additional help than executing supervision only. The hand-on approach is usually provided by organizing advisory boards, where mentors and accelerator staff have a seat at the table.

Some accelerators find a middle path in between these two approaches. In every case, a very important standpoint is that all these "monitoring and reporting" activities should provide additional value for startup founders, not only stifle them with supervision or additional administrative work.

In public accelerators, where more reporting is required by default, the accelerator staff can **provide help to startup founders by preparing reports**, organizing advisory meetings and offering full support for similar administrative tasks (an example is the Slovenian SK accelerator). Usually an accelerator can additionally engage experts from incubators, technology parks, technology transfer offices and other experts who know how private and public sector function very well. Here's a list of the services that can be provided in this regard:

- Help preparing monthly and yearly reports
- Help with other administrative tasks required by the accelerator
- Support with preparing a yearly plan, 100-day plan and other plans
- Organizing additional one-on-one mentoring sessions
- Providing additional mentors for specific issues that startups have to solve
- Advising in using other services available in the startup ecosystem (incubators, technology parks)
- Encouraging networking among startups
- Providing PR and promotional services
- Helping getting the first clients, especially for B2B businesses

The final question regarding the mentoring programme is **how to monitor the progress of the included startups**. There are many potential metrics to be included. They can be gathered with monthly reports, feedback forms from mentors and support staff of the accelerator, individual interviews with startup founders and similar. Below are examples of metrics that can monitor a startup's progress.

#### **Seriousness of the participation in the accelerator**

- Participating in the mentoring sessions (usually 80% participation is required)
- Number of one-on-one mentoring sessions
- Completion of the exercises given



- Homework done during the sessions

**Innovation accounting – set of metrics before product/market fit**

- One metric that matters
- AARRR framework
- Net Promoter Score
- Cohort analysis

**Financial and performance metrics**

- Number of customers
- Lifetime value of customer and customer acquisition costs
- Revenue, costs and cost structure, break-even point
- Additional funding secured from business angels and VC investors

**ACTION ITEM – Build the mentoring programme for your accelerator**

- Define the best pre-application activities for your accelerator for building up the pipeline
- Will your programme help startups find their product/market fit or scale or both?
- Will startups have to move their offices to one location or not?
- Define the curriculum for the mentoring programme – the number of sessions, sessions' duration, topics covered, lecturers, guests at events etc.
- Define the general framework and outputs for every session and the programme in general
- Prepare general recommendations for lecturers on how they should prepare their mentoring sessions
- When and how will you offer additional on-on-one mentoring sessions for startups?
- Will you provide hands-on support, participating in advisory boards?
- Will the accelerator's staff help with administrative tasks?
- How will you monitor the teams'?

## 5. Community, alumni services and train the trainer programme

A very important part of every startup accelerator is its community. **The stronger the community, the stronger the accelerator.** Every accelerator starts with a small community that can grow big throughout the years and then maybe even turn into an international entrepreneurial community, which has really big value. Thus, it's mandatory to plan community-building services and activities for your startup accelerator ahead of time.

### 5.1. Planning community-building activities

**The community usually gets forged at informal events.** That means your accelerator needs a series of informal gatherings, besides all the formal mentoring sessions and formal one-on-one meetings. There are several common types of community-building activities:

- Semi-formal networking events
- Informal events
- Working in a common space
- Visits to local and international conferences

#### 5.1.1. Semi-formal networking events

Semi-formal networking events are gatherings with a **strong educational and social component.** Usually there's a short formal programme, followed by informal socialization during an evening meal. There are many different types of semi-formal events that can be organized by a startup accelerator. Here are a few examples and ideas:

- A fireside chat with a successful entrepreneur, followed by networking
- Speed networking
- Randomly formed teams working on fun business tasks (design thinking, LEGO challenges etc.)

#### 5.1.2. Informal events

Informal events usually take place after formal mentoring events in the acceleration programme. It's very important to **encourage startup entrepreneurs to join informal events**, otherwise many of them just go home. It also makes sense to reserve a few tables in a nearby bar, pub or restaurant up front.

For the first few informal meetings, the startup accelerator team needs to actively participate to animate the discussion between members and helps with building new relationships. **In the later stages, the community will probably take off on its own.** In some accelerators, all the participants agree that every time after the formal meeting, one of the startup participants takes over the organization of the informal gathering. That can unburden the accelerator's staff a little bit.

#### 5.1.3. Common co-working space and help with the logistics

Many startup accelerators demand that the startups they invest in move into their co-working spaces. **Working in a common space is still one of the best ways for building a community** of strongly connected

people, since they see each other every day and informal chats are initiated during the breaks. Some accelerators have their own facilities, others use facilities from incubators, technology parks or industry parks. A combination of a co-working space and dedicated offices for more mature startups is usually the best space organization.

Startup accelerators that want to attract international talent often **provide additional help to foreign startup teams with logistics**, visas if they're necessary, finding accommodation (that might even be subsidized) and successful integration in the new environment. Since attracting international talent is the goal of many accelerators, providing such services can be a great value added.

#### 5.1.4. Visits to local and international startup conferences

An additional accelerator service that is a great community-building activity **are group visits to local and international startup conferences (or successful companies)**. The accelerator can organize the logistics and accommodation, get a discounted price for the conference ticket, and organize various networking and relationship-building activities during the visit.

#### 5.2. Alumni services for the graduates

One important part of community-building activities should be focused on the alumni members, namely all the startups that have successfully graduated from the startup accelerator. Satisfied and grateful startup entrepreneurs are not only the best promoters of the startup accelerator, but also a great community-building force. So, it's mandatory to add some type of alumni services to community-building activities.

Example of such services for alumni members are:

- **Annual community meetings** – Annual gatherings of all alumni members, which can be formal or informal in nature.
- **Alumni entrepreneurs mentoring newcomers** – One of the best ways to keep the community together is to organize mentoring sessions with alumni members and new applicants.
- **Presenting success stories in the media** – It's a win-win combination for the accelerator and alumni member, since they both get promotion and traction.
- **Providing perks and benefits** – Just like an accelerator can offer different perks in the form of discounts, free services and fast-track proceedings for the winners in every batch, the same services can be offered to alumni members.
- **Talent scouting** – Many times, accelerators help their alumni members attract talent and find key employees, since the alumni companies are usually still growing fast.

#### 5.3. Building a network of partners and integrating them

The main job of an accelerator, besides educating and providing access to finance for startups, **is to build a strong network of partners and integrate them under the common goal** of creating a strong community and a new driving force for the development of the regional startup ecosystem.

The startup ecosystems develop the fastest when the right people are brought together. Consequently, especially publicly funded accelerators must make sure they are bringing together all other stakeholders with the common goal of building many new perspective startups in the region (with local and international talent). **Every successful startup accelerator usually collaborates closely with:**

- New startups
- Successful entrepreneurs
- Private investors – business angels, venture capital funds, family offices etc.
- Consultants, mentors and startup experts
- Universities, research institutes and technology centers
- Facilitators – incubators, technology parks, technology transfer offices etc.
- Corporate partners
- Other international and local accelerators

#### 5.4. Train the trainer programme

The startup accelerator **staff is the heart of the community**. The quality of the mentoring programme and the professional network also depends on competent staff. That means the accelerator's staff itself must be very competent, educated and motivated. Especially for publicly supported accelerators, it's very important not to become too administrative, but to build the startup accelerator on the right values.

The competences of the startup accelerator's staff can be acquired in various ways, including:

- **Train the trainer programmes** – Many public accelerators and other startup ecosystem facilitators run or participate in train the trainer programmes. They invite experts from already established successful accelerators or other experts to comprehensively train them in various startup subjects like the lean startup, agile development, investment readiness and similar topics. These programmes are a great way for community stakeholders to help each other out, especially on the international level (more developed communities helping less developed ones).
- **Community knowledge transfer** – By developing a strong (international) community, knowledge automatically gets transferred at educational and informal events. Thus, it's very important that startup accelerator staff gets actively involved in the international community and encourages knowledge transfer between all the members.
- **International collaboration** – Especially beneficial for knowledge transfer is international collaboration between different countries, where each country shares their best practices. Then these best practices can be transferred to other countries. That's why it's mandatory for every startup accelerator to become part of the international community.

Train the trainer programmes for startup accelerator staff can be focused on various topics, such as:

- Successfully working with entrepreneurs as a startup ecosystem facilitator
- Setting up and running a startup accelerator
- How to select the best startups in the acceleration programme
- Lean startup, agile management and other contemporary startup building activities

- Building a strong community and similar

**ACTION ITEM – Strategy for building a community**

- Define the semi-formal and informal events you plan to organize
- List all the services you'll offer to the alumni members
- Define how you plan to efficiently connect alumni members with new applicants
- Define your strategy for building a strong community of partners and stakeholders
- What kind of competences does your staff need to develop – will you join any train the trainer programme?
- What's your strategy for internationalizing your startup accelerator and becoming part of the international acceleration network?

## 6. Attracting and selecting the right startups

This final chapter is dedicated to attracting and selecting the right startups. The best way to attract the right startups is to prepare an attractive, high-quality acceleration programme, provide a seed investment fund or different attractive prizes and, of course, join together the key ecosystem stakeholders and influencers. Nevertheless, since support services for startups are quite good in most countries, **a good promotional strategy must be in place to attract as many good startups as possible.**

### 6.1. Marketing and promotional activities

There are many promotional activities you can do to promote your startup accelerator. The most popular ones are listed below. Combining several of them based on the resources you have is the best option to go for. At this point, information from the persona you made at the beginning can provide a valuable insight into how to activate the right marketing channels to reach your targeted audience. Here's the list of promotional activities you can do to promote the startup accelerator:

- **Basic promotional materials** – The basic materials for promoting your accelerator include building a website, designing business cards and maybe also some promotional brochures, flyers and posters. Out of all of these, a quality website is definitely the most important one.
- **Startup ecosystem partners** – One of the best ways to promote an accelerator is by engaging startup ecosystem partners. Most startup ecosystem partners have mailing lists, members, community sites, forums etc. Them announcing the news about your new startup accelerator can be one of the best ways of promoting the accelerator and getting the word out.
- **Social media** – Being active on social media (organic and paid) is also a great way to reach your target audience. Participating in online startup communities, posting valuable content or starting a paid campaign are all viable options for promoting a startup accelerator.
- **Promotion on different startup events** – In order for a startup accelerator to be successful, their staff needs to become part of the general startup community. The best way to achieve that is to participate at different startup events, including conferences, demo days, business educational events and more. The staff can participate as presenters, lecturers or mentors at such events.
- **Industry-specific events** – In case you're targeting only one industry.
- **PR announcement** – Preparing a big PR announcement is also a good marketing move. Appearing in general and business news, local startup media or internet portals can prove to have a great reach to your target audience. In the later stages of startup accelerator development, presenting success stories, new mentors and the progress of the local startup ecosystem can all be interesting information for the media and at the same time great promotion for the accelerator.
- **Pre-acceleration activities** – As we discussed in earlier chapters, pre-acceleration activities can be one of the best options for high-quality promotion. You can organize educational events, startup weekends, hackathons or similar events solely for promotional purposes.
- **Word-of-mouth promotion** – Building a strong community of mentors, alumni and partners always brings word-of-mouth marketing effects. If you are a valuable partner in the community, community members will love to promote your activities.

**ACTION ITEM – Make a marketing plan for the accelerator**

- Prepare a marketing plan for your accelerator
- List all the partners, mentors and media that can help you with promotion

While you're building the marketing strategy, please keep in mind **why a startup would join your accelerator**. The most common motives for a startup to join an accelerator are:

- Getting honest feedback on their team and idea
- Gaining access to experienced mentors
- Seed investment or additional access to finance
- Opportunity to network with investors, experienced entrepreneurs and other stakeholders
- Enjoying peer-to-peer support
- Guidance in developing their idea (find product/market fit) or building a company around it
- International networking
- Potential access to new customers
- PR and promotional services

## 6.2. The selection process

Another important part of every accelerator that needs to be properly set up is the selection process. **The selection process needs to be fully transparent, the selection criteria clear and the jury as competent as possible**. To properly define the selection process, you need the following:

- Very clearly defined timeline, selection process and deadlines
- Application form, which can be online or offline
- Defined general conditions regarding which startups can apply (age, legal requirements etc.)
- Clearly defined selection criteria – hard and soft criteria (how the winner will be selected)
- Demo days, where startups pitch their ideas (or interviews to get to know startups)
- Selection jury
- Formal acceleration agreement for the winners

### 6.2.1. Clearly presenting the selection process and the timeline

The first very important thing is to **clearly present the selection process**, including all the deadlines and commitments required from the startup teams. Especially if an accelerator has several programmes (pre-acceleration, acceleration and post-acceleration activities), it's mandatory to make clear distinctions between the programmes and to clearly present the deadlines, the mentoring process and all the benefits.

The best way to present the timeline is in a graphic form – or infographics. **Infographics is the best way to present complex information in an understandable and visual way**. So, make sure the selection and acceleration process is clearly presented on your website and on other promotional materials. You should also announce when you plan to hold new selection batches in the future.

The most important information on the timeline are the deadlines – until when are you accepting applications and where to apply. Expect that 80% of the applications will be delivered on the last day.

### 6.2.2. Application form – online / offline

Almost none of the accelerators require a business plan, since they have a bad reputation among startups. Instead, they provide an application form. The application form is nothing but a bunch of questions taken out of a simplified business plan. The application form can usually be **filled out and submitted online**. Some accelerators develop their own application system, others use online services like FP6 or similar.

The most common questions on the application form are the following (IDEA – MARKET – TEAM):

- Describing the idea and the problem the idea is solving
- Competition, the main differentiator from the competition and the unique value proposition
- The development stage of the idea and how the idea was validated
- Technology behind the idea and intellectual property
- Market size and growth
- Targeted market segments, early evangelists and current customers
- Marketing channels and customer relationships
- The sales process and customer acquisition cost
- The team behind the idea – their competences, commitments and compatibility
- Investment needed and use of proceeds
- Current mentors of the startup

### 6.2.3. Defining the selection criteria and selection process

The more information the startups have about the selection process and criteria, the better they can estimate whether they fit the type of startups you are looking for. So, make sure all the selection criteria are as transparent as possible. **The selection process usually consists of three stages:**



The applications that don't meet the formal criteria can be easily eliminated (an example is that the applied company is too old or isn't startup at all). After the unsuitable applications are eliminated, **the hard part of selecting winners takes place**. The winners are usually selected by reviewing written applications, performing interviews and listening to pitches at demo days. For marking written applications and demo days, scoring cards are usually provided to the jury members. The main (soft) selection criteria for accelerators are usually the following:

1. **Quality of the team** – Number of founders, their competences and experience and how long they have been working together.
2. **Idea and technology** – Innovativeness of an idea, unique value proposition, unfair advantage from competition and intellectual property.



3. **Market attractiveness** – Market size and market growth, is the company targeting local or global markets, what are the entrance obstacles and similar.
4. **MVP and traction** – Does the company already have a minimum viable product or a prototype, early evangelists (first customers) and other proofs of idea validation?
5. **Business model** – Does a company have a viable and profitable business model, including a defined supply chain, distribution channels, marketing and customer relationship strategy, partners, resources, activities, revenue streams and cost structure?
6. **Quality of the pitch** – How well did a startup team prepare the pitch, were they confident, professional and made a good impression that they can execute their plan?

#### 6.2.4. The initial screening process

The purpose of the initial application screening process is to **eliminate the ones that don't fit the basic criteria**. If an accelerator has an attractive offer and it's very well promoted, it can receive hundreds of applications. Unfortunately, many applications don't fit the basic criteria.

Examples of basic criteria that need to be met, otherwise applications are eliminated immediately:

- The age or stage of a company (older than 3 years, for example)
- Legal structure (only limited private companies or where the company is founded, for example)
- Industries that are not targeted by the accelerator (traditional industries, for example)
- Commitment of founders (not fully committed or not prepared to move to another location)
- Private investors (some accelerators demand private investors, other forbid having one)
- Additional criteria when public funds are provided (funding schemes maximums, at least one person formally employed in the company, planned use of proceeds etc.)

The applications that don't fit the basic criteria can be excluded immediately, **without judges even seeing them**. A formal rejection with an explanation should be provided to the teams.

#### 6.2.5. The selection jury

A competent selection jury is crucial for selecting the right startups for the accelerator. If the accelerator is also managing an investment fund, the selection jury members are usually accelerator managers and a few trustworthy entrepreneurs who also serve as mentors. Since the accelerator strives to make ROI for their investors, it's the accelerator's management responsibility to make the right choice.

On the other hand, if the accelerator doesn't manage an investment fund but only provides rewards, networking with private investors and other similar benefits, **the selection jury usually consists of successful entrepreneurs, mentors, startup ecosystem representatives** and other experts. When it comes to the jury, the following things need to be considered:

- Number of judges
- How the startups will be selected – based on a scoring card, consensus, interviews etc.
- Will the judges review only written applications or give marks at the demo days
- Whether a juror needs to withhold their vote in case of conflict of interest

- Whether voting and reviews are private or public (can every startup get feedback)

**Usually the jury consists of 3, 5 or 7 judges.** In some cases, it can be even up to 30 or even more members of the jury who participate in the selection process.

The judges review written applications, perform interviews and listen to pitches at demo days. The selection is based on a combination of a scoring card and discussion. In the case of public funds, the selection can be based solely on a transparent scorecard. The jurors definitely need to withhold their vote if they are connected to a specific startup in any way (as a founder, investor, mentor etc.). Usually only the winners are announced in the end, but providing feedback for every startup that was turned down can prove to be valuable (if there aren't too many of them).

#### 6.2.6. Demo days and personal interviews

An important part of the selection process is meeting the startups. **It's impossible to select the right startups based solely on the written application.** The events where startups get presented in front of a jury and investors are called demo days. They are a crucial part of the acceleration process, and there can be several demo days organized for every batch of mentored startups.

The two most common demo days types are:

- **Demo day before the acceleration process:** These demo days are meant to select the winners that will enter the acceleration process. As mentioned, some startup accelerators provide funding for the winners at demo days to finance their operation during the acceleration process. Others only announce the winners that enter the acceleration process in which the startups will prepare for an investment.
- **Demo day after the acceleration process:** Additional demo days are usually organized for business angels, VC funds and other investors. The idea is that well-prepared startups get additional funding for their fast growth (series A). Sometimes, startup accelerators also provide additional funds from their own pocket.

Besides the demo days, many accelerators perform personal or online interviews with the applicants. As an accelerator manager, you can combine interviews with several demo days, at which the jury and investors can monitor the progress of the startup teams, selecting the best teams for the accelerator. So, plan as many demo days as needed based on your acceleration process. **Demo days are also a great way to build a relationship with investors** – for startups and accelerator staff members.

#### 6.2.7. Formal acceleration agreement

Some accelerators provide **a formal agreement with the selected startups.** In case of providing funding, that means an additional agreement to a term-sheet and then a convertible loan or shareholder's agreement. A formal acceleration agreement usually consists of the following elements:

- The obligations of the accelerator

- Providing facilities (if applicable)
- Providing a structured acceleration mentoring programme
- Providing one-on-one mentorship
- Providing rewards, discounts and other perks
- Performing PR and promotional activities
- The obligations of the startup
  - Moving to startup accelerator facilities (if applicable)
  - Participating in acceleration programmes and demo days
  - Promoting the accelerator at events and their website
  - Becoming an alumni member
- The costs of the acceleration programme (and who covers them)

## 7. Government-backed accelerators

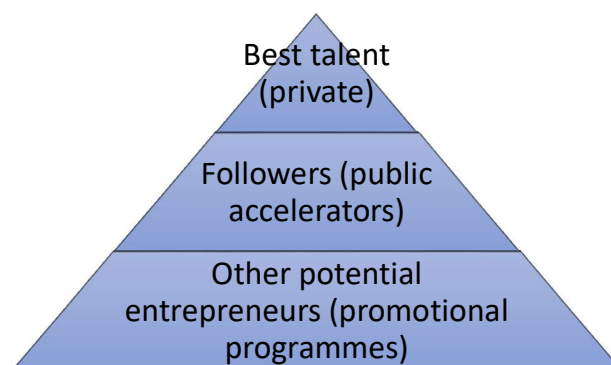
**Government-backed accelerators have a very important role in the startup ecosystem.** Where private accelerators are profit focused, selecting only a handful of the best startups, and corporate accelerators are limited by their internal politics and the industry they work in, government-backed accelerators can have a broader mission in the startup ecosystem.

There are six main strategic reasons to establish a public accelerator in every country:

- Supporting followers so that they become leaders
- Systematically encouraging entrepreneurship in the region
- Bringing together all ecosystem partners
- Knowledge transfer between stakeholders
- Building an accelerator according to the government's economic development strategy
- Going from subsidized to investment financing mechanisms

The main purpose of private accelerators is to make money for their investors. They select the best companies and acquire a stake in them, with the goal of selling them in the future. The capital gain is then split between investors and the accelerator's managers. A private accelerator can have programmes to create social value, but most often they are focused on the best people in the region.

But that doesn't mean it's not viable and reasonable to also **support the followers who can become leaders.** A public accelerator can help talented people who didn't have enough support in the past to become the best and build high-growth companies. The public accelerator can also allocate more resources into promotional and educational activities that are crucial for entrepreneurial activity, or **target more specific demographic groups.**



Incubators, technology parks and other public startup ecosystem institutions offer many highly valuable activities for encouraging entrepreneurship – including educational workshops, networking events, facilities, community etc. A lot of talent converges into such an entrepreneurial hub. But it's important that the support institutions don't only motivate, encourage and activate entrepreneurial potential, but also offer systematic, comprehensive and holistic programmes for starting and growing companies. That's why the concept of a **startup accelerator goes hand in hand with what other programmes facilitators** are offering to their target market.

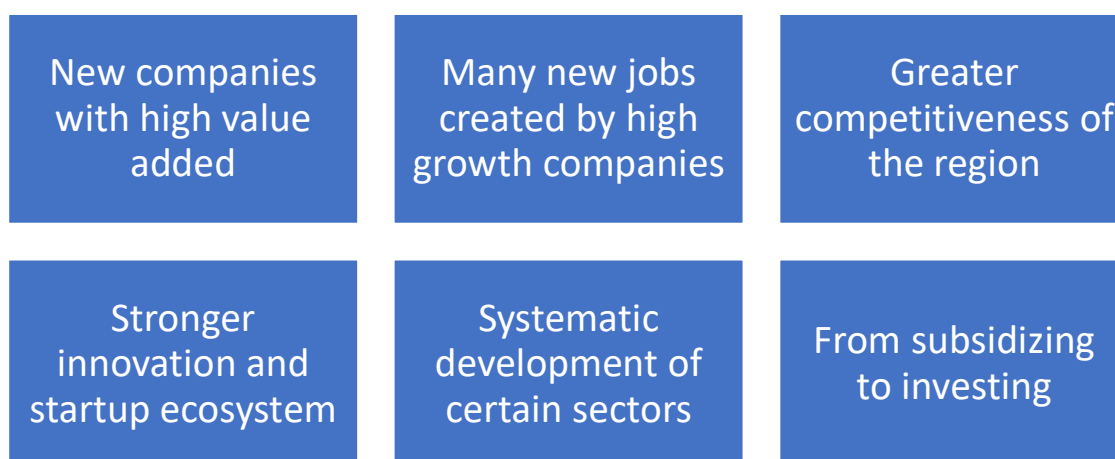
Public accelerators also have a very important goal of bringing all the ecosystem partners together and encouraging knowledge transfer between them. A local startup ecosystem develops when the right people with the right vision come together. There must be close collaboration between all the parties

present – investors, academia, mentors etc. A public accelerator can have **a crucial role in connecting all the stakeholders** and encouraging knowledge transfer.

A public accelerator can also be a great vehicle to **meet some of the government’s technological and economic goals for the region**. An accelerator as a mechanism to accelerate businesses, technological development and talent can be a great way to develop certain fortes of the local area (unlocking student potential, commercializing technologies on excelling research institutions etc.).

Last but not least, the government can allocate some of the funds **it used to support enterprises with subsidies** to co-investing into businesses together with private investors. That activates additional private investor activity (because of the leverage), and even more importantly, the knowledge is transferred from successful investors to public employees. Consequently, a public accelerator can be a great success story of public-private collaboration.

The end goals of establishing a public accelerator:



In summary, the main benefits for the government in case of establishing a public accelerator are:

- Systematic and comprehensive support beyond only promoting entrepreneurship, which results **in an increase in new companies and new jobs**.
- Activating talent in different niches, demographic segments and other hidden potentials of a certain region, which results in **greater competitiveness of the country**.
- Attracting talent from abroad, achieving the knowledge transfer effect and bringing the right parties together to make the **innovation and startup ecosystem stronger**.
- **Targeted development of certain industries or market segments** that are underdeveloped, or targeted development of the country’s fortes to develop the core competencies of the country even further.

- Transitioning towards a more viable mechanism of support for enterprises – **from subsidizing to investing**. The returns on investment can be reinvested into new businesses.

### 7.1. Examples of publicly backed accelerators

Because startup accelerators present a very efficient way of systematically supporting new entrepreneurial activities, there are many new public accelerators popping up around the world. And there are many ways how a government can back a public accelerator. Here are some examples:

- **LAUNCHub Ventures, Bulgaria** – Investment funds were provided by the EIF through the JEREMIE scheme. The programme and investments are run by a private management company. More info: <https://www.launchub.vc/>
- **Nordic Innovation House** – They connect Nordic startups and US markets, presenting a very nice example of transnational and international collaboration. They are supported by Nordic Country Government Agencies. More info: <https://www.nordicinnovationhouse.com/>
- **German Accelerator** – They connect German startups in ICT and Life Sciences with investors and mentors on the US market. More info: <http://germanaccelerator.com/>
- **Startup Chile** – One of the most popular and successful government-backed accelerators, attracting talent from all over the world. More info: <http://www.startupchile.org/>
- **Startup Slovenia (SK75, SK200)** – Two very successful government-backed accelerators with strong educational programmes and mixing public and private money. It's based on a government tender with a required private investment. More: <http://www.startup.si/en-us/>
- **UK Defense & Security Accelerator** – An example of a government-backed specialized startup accelerator, supporting only one industry. More info: <https://www.gov.uk/government/organisations/defence-and-security-accelerator>
- **Dubai Future (Humanitarian) Accelerator** – An example of a government accelerator that runs a general and very interesting specialized social programme for their startups. More info: <https://dubaifutureaccelerators.com/en/humanitarian-accelerators>

These example accelerators vary significantly in their main strategic goal, from helping startups to globalize and developing certain technological sectors or social components, to accelerating startup growth or transitioning from a subsidized way of helping enterprises to public investments.

### 7.2. Choosing the right public partner to run the accelerator

When establishing a new public accelerator, it's very important that the accelerator is run by the right experienced public organization in the startup ecosystem. It must be an organization with a wide network and comprehension of how the public and private sectors work. The main criteria for selecting a public organization to run an accelerator are:

- **Competent staff:** The most important factor is competent and motivated staff, who already successfully executed several successful startup projects, especially educational events, demo days, promotional events, networking dinners and similar.

- **Promotional capacities:** The organization need strong promotional capacities to build up and regularly promote the accelerator. Social media channels, mailing lists, membership lists and experience with promoting events are always necessary for a successful take off of an accelerator. The promotional capacities must reach the regional or even national level.
- **Infrastructure:** In some cases, an infrastructure can be a great benefit for organizing a co-working space and mentoring events for the startup companies. Having a common facility is an important part of building a community.
- **Understanding a specific market segment:** In case that the startup accelerator is a vertical one, the manager of the acceleration programme must have a very good understanding of their target market (students, researchers, social entrepreneurs, certain technology sector etc.). If the accelerator is a horizontal one, it's important for the executant to understand several targeted market segments.
- **Integrating all the national stakeholders:** The organization that runs the accelerator must be able to integrate all the private and public partners from the startup ecosystem – investors, mentors, corporations etc. It's beneficial if the organization already has some kind of collaboration with the stakeholders.
- **International network:** It's very beneficial if the executant of the acceleration programme has a wide international network by being a member of different international associations (IASP, EBAN) or has different partners based on different EU projects or organizing international conferences and other events.
- **Synergies with other programmes:** If the organization already runs several other facilitating activities for startups (educational and promotional events, demo days, mentoring programmes etc.), synergies can take place with the new acceleration programme, and the new programme can take off more easily.

A professional plan for a public startup accelerator should clearly show strategic and operational goals, all the collateral benefits of such an accelerator, and the executional capacities of the organization that would run such a programme.

## 8. Summary with a checklist and recommended next steps

We have looked at all the important major and minor decisions a startup accelerator manager has to make in order to build a successful new accelerator. **The most important message is that there are many different types of accelerators.** That means that when building a new accelerator, it is of utmost importance to consider the local needs, gaps and available resources, and adjust the acceleration programme accordingly. Nevertheless, you must consider all the important building blocks of an accelerator:

1. **The business model** – Providing long-term sustainability
2. **The strategic focus** – Differentiating, collaborating and fitting into the ecosystem
3. **The investment** – Providing proper investments/rewards for the winning teams
4. **The mentoring programme** – Providing a proper mentoring package
5. **The selection process** – Shaping and running a fair and transparent selection process
6. **The community** – Building a community as a core driver of the accelerator

As a summary, please go through the checklist below when forming a new accelerator, to make sure you didn't leave out any important decision.

Startup accelerator strategy or tactical element	Clearly defined	
The accelerator has a clear industry focus: <ul style="list-style-type: none"> <li>• General accelerator (several industries)</li> <li>• Vertical accelerator (one industry or niche)</li> </ul>	Yes	No
The accelerator's operations are supported by: <ul style="list-style-type: none"> <li>• Private investors (fund management fee)</li> <li>• Sponsors</li> <li>• One corporation (corporate accelerator)</li> <li>• Government</li> <li>• Mixture of all of the above</li> </ul>	Yes	No
We have a clear plan that the operation will be: <ul style="list-style-type: none"> <li>• One-time (only until the current funds are available)</li> <li>• Long-term, sustainable (lasting for years) – preferable</li> </ul>	Yes	No
The segment / persona of the accelerator is clearly defined: <ul style="list-style-type: none"> <li>• Students</li> <li>• Researchers</li> <li>• Corporate employees</li> <li>• Seniors</li> <li>• Social entrepreneurs</li> <li>• General population</li> </ul>	Yes	No
The targeted growth stages are clearly defined: <ul style="list-style-type: none"> <li>• Pre-acceleration</li> </ul>	Yes	No



<ul style="list-style-type: none"> <li>• Acceleration</li> <li>• Later-stage acceleration</li> <li>• All of the above</li> <li>• Intrapreneurship</li> </ul>		
<p>We have prepared a list of domestic/international partners:</p> <ul style="list-style-type: none"> <li>• Universities and research institutions</li> <li>• Coworking spaces, incubators and technology parks</li> <li>• Mentors and trainers</li> <li>• Private investors</li> <li>• Corporations</li> <li>• Consultants and advisors</li> <li>• Media</li> <li>• Government representatives</li> <li>• International partners</li> <li>• Other accelerators</li> </ul>	Yes	No
The vision, mission and core goals of the accelerator defined	Yes	No
<p>The investment/reward package is clearly defined:</p> <ul style="list-style-type: none"> <li>• Equity investment (Term sheet and other contracts)</li> <li>• Convertible loan (CLA)</li> <li>• Subsidies</li> <li>• Financial prizes from sponsors</li> <li>• Non-monetary rewards</li> <li>• Demo days with private investors</li> <li>• Mix of the possibilities listed above (which ones?)</li> </ul>	Yes	No
<p>The mentoring package is clearly defined:</p> <ul style="list-style-type: none"> <li>• Clearly defined pre-application activities (hackathons ...)</li> <li>• Will a hackathon/startup weekend be at the core of the acceleration process</li> <li>• Number of acceleration programmes (one, two, three)</li> <li>• Carefully scripted curriculum for the programme</li> <li>• Additional one-one-one mentoring programme</li> <li>• Help with the formal application process provided</li> <li>• All 8 types of mentors engaged</li> <li>• Number of mentors engaged (30+)</li> </ul>	Yes	No
<p>Approach to selected startups, besides the formal programme</p> <ul style="list-style-type: none"> <li>• Hands-on (participating on boards, reading reports etc.)</li> <li>• Hands-off</li> </ul>	Yes	No
<p>Community services</p> <ul style="list-style-type: none"> <li>• Will a common facility be provided?</li> </ul>	Yes	No

<ul style="list-style-type: none"> <li>○ Mandatory / Optional</li> <li>● Plan for informal and semi-formal events</li> <li>● Peer-to-peer mentoring scheme</li> <li>● Alumni-to-novice mentoring scheme</li> <li>● Alumni services defined</li> </ul>		
<p>Educating the accelerator’s coworkers</p> <ul style="list-style-type: none"> <li>● Joining a “train the trainers” programme</li> <li>● Encouraging knowledge transfer in the community</li> </ul>	Yes	No
<p>Clearly defined marketing plan:</p> <ul style="list-style-type: none"> <li>● Promotional materials</li> <li>● Partner promotion</li> <li>● Social media</li> <li>● Participating at startup events</li> <li>● Participating at industry events</li> <li>● PR announcements</li> <li>● Encouraging word-of-mouth promotion</li> <li>● Own events</li> </ul>	Yes	No
<p>Clearly defined selection process:</p> <ul style="list-style-type: none"> <li>● The selection process</li> <li>● The application form</li> <li>● The jury members</li> <li>● Hard selection criteria (objective)</li> <li>● Soft selection criteria (subjective)</li> <li>● Demo days, interviews</li> <li>● Formal acceleration agreement</li> </ul>	Yes	No

If you answered “yes” on all startup accelerator elements above, here are **the next steps to be made:**

- Prepare an operations plan for the current year or the next
- Clearly define the timeline (applications open 1 or 2 times per year)
- Prepare promotional materials for the accelerator
- Start building local and international partnerships
- Announce the application date with a complete timeline
- Execute marketing and promotional activities
- Execute acceleration activities
- Continuously improve your offer and acceleration process

## 9. Concluding remarks and final advice

**We hope that this startup accelerator guide will help you build a new successful accelerator – big or small.** There's never enough support for startups and new accelerators are welcome, especially in a developing ecosystem and new niches. As mentioned several times, the accelerator must always be adjusted to local needs, resources and the development stage of the ecosystem. Nevertheless, it is mandatory to integrate as many domestic and international partners as possible, by providing proper staff training to become a respectable part of the startup community. As the final advice, make sure your startup accelerator is constantly improving and that you measure your progress and success.

### 9.1. Continuous improvement

A vital principle for every organization that wishes to be successful today is called continuous improvement. Startup accelerators are no exception. So, **make sure, you're constantly gathering feedback from all the stakeholders, especially startups and mentors**, and that you keep improving your offer and services. The continuous improvement of a startup accelerator is based especially on:

- Getting feedback from startups, mentors and other participants
- Training, educating and motivating startup accelerator staff and coworkers
- Providing an increasingly better acceleration programme and investment/reward package
- Attracting new domestic mentors and partners and encouraging knowledge transfer
- Minimizing administration and other time-wasting activities
- Constantly adjusting to local needs

Mighty oaks from little acorns grow. That means an accelerator can start off as a very well-organized startup weekend. The next batch can have bigger rewards and a more structured mentoring programme. Then slowly, one-one-one sessions can be added. Then first international mentors can be attracted and so on and so forth. It's better to start small and provide sustainability than to overestimate one's capabilities and the local needs and in the end, the acceleration programme closes its doors after a single batch.

### 9.2. Success factors of startup accelerators

It's also a good idea to measure the success and progress of your startup accelerator. **The metrics you can use to measure your accelerator's success** are:

- Number of startup applicant in different batches and in total
- Number of new companies formed in the pre-acceleration phase
- Number of selected startups in the acceleration process
- Amount of seed and early stage funding raised (accelerator and follow-up investments)
- Number of new employees in the supported ventures
- Number of participating mentors
- Number of domestic and international partners
- Number of informal and other events

- Number of sponsors
- Number and monetary size of exits (if the accelerator is managing a fund)
- Survival rate of startups

You can build a successful accelerator with impressive metrics if you follow all the guidelines mentioned in this document. As the final summary and recap, the main building blocks and success factors of every successful accelerator are:

1. **Strategically differentiate and connect** – There are many startup accelerators on the market, so it's mandatory to strategically focus on a specific segment and differentiate from other partners in the ecosystem. Then you must connect and closely collaborate with all startup ecosystem stakeholders, integrating them as closely as possible.
2. **Train and motivate your staff** – There's no successful accelerator without trained, competent and motivated co-workers. So, make sure that the startup accelerator staff is properly trained and that they become viable members of the startup community.
3. **Prepare an impressive mentoring programme with the best mentors** – A carefully prepared and structured mentoring programme with the best lecturers and mentors presents the biggest value added of every accelerator. Such a programme decreases the risk of startup failure. Thus, prepare the best possible mentoring programme.
4. **Provide access to finance** – Another very important part of a startup accelerator is to provide funding in any possible form; either by managing its own seed fund, organizing demo days with investors, or providing public funding or monetary rewards. All fast-growing companies need funding, and the accelerator's job is to accelerate access to finance for startups.
5. **Build a community** – It takes a lot of energy and effort to build a new startup accelerator. The job becomes much easier when you have strong support from a strong community. Allocating some of the effort into building a community is one of the best decisions you can make as a startup accelerator manager. Strong community sooner or later becomes the core building block of an accelerator.
6. **Ensure sustainability** – In the end, the most important factor is to provide sustainability for an accelerator. That can be achieved through management fees for managing funds, charging for the mentoring programmes, government support or support from sponsors. Only by providing sustainability can your startup accelerator become successful in the long run.

For inspiration, don't forget to check out the best accelerators from all over the world:

Accelerator	Country	Website
Y Combinator	US	<a href="http://www.ycombinator.com/">http://www.ycombinator.com/</a>
Techstars	Several countries	<a href="http://www.techstars.com/">http://www.techstars.com/</a>
Startupbootcamp	EU	<a href="https://www.startupbootcamp.org/">https://www.startupbootcamp.org/</a>
Seedcamp	UK	<a href="http://seedcamp.com/">http://seedcamp.com/</a>
Pro7	Germany	<a href="https://www.p7s1accelerator.com/">https://www.p7s1accelerator.com/</a>

Wayra	UK	<a href="https://wayra.co.uk/">https://wayra.co.uk/</a>
500 Startups	60+ countries	<a href="https://500.co/">https://500.co/</a>
Plug & Play	Several countries	<a href="http://plugandplaytechcenter.com/">http://plugandplaytechcenter.com/</a>

- Rankings of US accelerators: <http://seedrankings.com/>
- List of all acceleration programmes: <https://www.f6s.com/programs>

**Good luck building your new accelerator!**