

Accelerating the Flow of Funds into Early-Stage Ventures:

*An Initial Look at Program Differences
and Design Choices*

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About the Programs Behind this Report

Global Accelerator Learning Initiative

The Global Accelerator Learning Initiative (GALI) is a collaboration between the Aspen Network of Development Entrepreneurs (ANDE) and Social Enterprise @ Goizueta (SE@G) at Emory University. GALI is set up to explore and answer key questions about acceleration, such as: Do acceleration programs contribute to revenue growth? Do they help early-stage ventures attract investment? Do they work differently for different types of entrepreneurs?

Aspen Network of Development Entrepreneurs

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of over 280 organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits. Ultimately, ANDE believes that SGBs can help lift countries out of poverty. ANDE is a program of the Aspen Institute, a nonpartisan forum for values-based leadership and the exchange of ideas.

Social Enterprise @ Goizueta

Believing that business schools are well-positioned and obligated to focus on increasing prosperity and reducing poverty in places where markets are currently ineffective, Social Enterprise @ Goizueta (SE@G) is a research center within the Emory University business school that aims to generate positive societal impacts by making markets work for more people, in more places, in more ways through academic research, fieldwork programs, and student engagement. SE@G's activities uncover what works in accelerating entrepreneurs based in developing countries, boost neighborhood vitality in Atlanta through microbusiness development, increase transparency in specialty coffee markets, strengthen women coffee grower communities, and develop the next generation of principled social enterprise leaders.





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Introduction and Research Motivation

Recent data from the Global Accelerator Learning Initiative (GALI) suggest that the number of organizations with active accelerator programs continues to increase around the world, reaching more than 500 in 2017. According to surveys completed by 164 of these organizations, most accelerators have launched since 2014.¹

These relatively young programs continue to test and refine their offerings, figuring out how to best support promising entrepreneurs. As they do, their funders — typically corporations, foundations, and governments — are eager to find out whether accelerators are working and what kinds of programmatic choices are producing superior venture outcomes.

To date, GALI research has addressed the general question of whether accelerators have identifiable effects on the development of early-stage ventures. Our *What's Working in Startup Acceleration* (2016) report used data from 15 Village Capital programs to show that “on average and across the board, participating and rejected entrepreneurs improved performance in the year after applying to a program. However, the growth figures for participating entrepreneurs are consistently higher than those of the rejected entrepreneurs.” One year later, our *Accelerating Startups in Emerging Markets* (2017) report used data from 43 accelerator programs in emerging markets and high-income countries to show that “participating ventures report higher revenue and employee growth, as well as higher equity and debt investment growth compared to ventures that were rejected from the application pool.”

¹ See www.galidata.org/accelerators.

Additional evidence of the positive effects of acceleration comes from other studies. One analysis of data from the Startup Chile program indicated that it “significantly increased new venture performance.”² A more recent analysis of USAID’s PACE Initiative grantees found that “SGBs that receive shorter, less individualized technical assistance — such as cohort-based, time-bound incubators and accelerators — demonstrate an average revenue growth over two times and job growth over one-and-a-half times that of other SGBs.”³

This accumulating support for accelerators does not mean that their impacts are consistent across programs. Rather, some programs clearly do better than others. In this respect, our 2016 report compared four high-performing Village Capital programs to four low-performing ones. The former group included one program where participants experienced a one-year average revenue bump of +\$114,667, while the latter group included a program where average revenue growth for participants was \$169,249 lower than the corresponding average for rejected applicants. A similar pattern appeared in another study that provided “evidence that certain sampled accelerators both aid and accelerate the development of new ventures ... [while] some accelerators had no effect or even negatively affected some outcomes.”⁴

Because accelerators demonstrate variable efficacy, it is time to look more closely at the different aspects of accelerator operations to see which specific program choices tend to correspond with superior outcomes for entrepreneurs.

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- 2 Gonzalez-Uribe, J., & Leatherbee, M. (2017). The Effects of Business Accelerators on Venture Performance: Evidence from Start-Up Chile. *The Review of Financial Studies*, 31(4), 1566-1603.
 - 3 USAID (2018). *Accelerating Entrepreneurs: Insights from USAID’s Support of Intermediaries*. United States Agency for International Development.
 - 4 Cohen, S. L., Bingham, C. B., & Hallen, B. L. (2017). Why are Some Accelerators More Effective? Bounded Rationality and Venture Development. In *Academy of Management Proceedings* (Vol. 2017, No. 1, p. 11946).

BOX 1

The Entrepreneurship Database Program at Emory University

The Entrepreneurship Database Program (EDP) partners with a range of programs to collect consistent data from entrepreneurs during their various application cycles and then records whether each applicant participated in the program. Roughly one year later, participating and non-participating ventures complete follow-up surveys that capture year-over-year changes in several variables that indicate new venture performance.

One of the outputs from the 2016 GALI report was a typology of the categories and sub-categories of accelerator operations. The major categories include pipeline development, entrepreneur selection, and program design (including activities that address knowledge, network and capital gaps). This typology led us to develop a program survey that captures meaningful differences in how accelerator programs are implemented. This new program survey was introduced in January 2016, including a wave of retrospective surveys for managers of programs that launched before then.

Focus on the flow of funds

One of the primary goals of accelerators is to drive incremental funding into promising early-stage ventures so they can stabilize and then scale their operations. This might mean earning more revenue or raising more outside equity investment, debt financing, or philanthropic support.

This report shows that in a sample of 52 Entrepreneurship Database Program (EDP) partnering accelerator programs, the average flow of incremental funds into participating ventures is significantly greater than the average that flows into rejected ventures. In the majority (but not all) of these programs, this difference exceeds the reported cost of running the program. This is an important finding because it suggests that, in most cases, \$1 spent on an accelerator program translates into more than \$1 of additional funds for participating entrepreneurs. We go on to show that these superior funding outcomes are accomplished in different ways. Many programs are most effective at stimulating net revenue growth, while others are best at increasing the supply of outside equity investment. Two smaller groups of programs are best at stimulating loans or grant investments.

Focus on specific program choices

On average, accelerators are stimulating funding outcomes, but with differing degrees of effectiveness and in different ways. From this foundation of evidence, we turn to the more specific question of whether certain accelerator program choices correspond with this differential program efficacy and these different pathways to success.

This more fine-grained analysis builds on a basic framework that defines the accelerator model. Accelerators tend to work with carefully-selected cohorts of entrepreneurs in programs that are limited in duration and that focus on training, mentorship, and access to capital. When we dig into these main categories, we see that accelerators do their work in different ways, experimenting with a range of programmatic choices.

To examine these differences, we link venture-level data from the EDP with data from program-level surveys to provide a more granular look at how different accelerator program choices influence the ability to drive new funding into participating ventures. We then look more closely at the high-performing programs to consider differences between those whose major funding impacts come through growth in revenue versus equity investment.

The current sample

This report covers 52 accelerator programs that provided sufficient data to calculate average one-year changes in revenues, outside equity, new debt, and philanthropy for both participating and rejected ventures, along with sufficient program-level information. Table 1 shows that roughly 50 percent of the sampled programs were run in North America. Most of the remaining programs were run in Latin America & Caribbean (10 programs), Sub-Saharan Africa (9 programs) and South Asia (5 programs). The lower half of Table 1 shows how the programs' applications were distributed across the four years.

THE CURRENT SAMPLE

◀ table 01 ▶

	PROGRAMS	APPLICANTS (IN EDP DATA)	PARTICIPATING VENTURES WITH FOLLOW-UP (IN EDP DATA)	REJECTED VENTURES WITH FOLLOW-UP (IN EDP DATA)
PROGRAMS RUN IN:				
North America (US & Canada)	27	1,757	237	695
Latin America & Caribbean	10	1,093	134	363
Sub-Saharan Africa	9	1,212	119	554
South Asia	5	375	30	114
East Asia & Pacific	1	26	6	7
APPLICATIONS OPENED IN:				
2013	8	721	81	283
2014	12	830	160	328
2015	9	626	73	244
2016	23	2,286	212	878
TOTAL:	52	4,463	526	1,733





PART 1:

Net Flow of Funds

Early-stage ventures need financial resources to stabilize and then grow. These funds come through a finite number of channels: earnings and investment, typically outside equity as well as debt and philanthropic capital. This report focuses on the net flow of funds (NFF), a variable that measures the average change in financial resources for participating ventures compared to their rejected counterparts.

The NFF, which includes four channels of earnings and investment, is calculated by first subtracting the revenue, equity, debt, and philanthropy numbers reported on application surveys from the corresponding amounts reported for the next calendar year. Then, for each program, we compute the average one-year changes for participating ventures minus the average for those that applied but did not participate:

NET REVENUE GROWTH	=	Average revenue growth (participated)	-	Average revenue growth (rejected)
NET EQUITY GROWTH	=	Average equity growth (participated)	-	Average equity growth (rejected)
NET DEBT GROWTH	=	Average debt growth (participated)	-	Average debt growth (rejected)
NET PHILANTHROPY GROWTH	=	Average philanthropy growth (participated)	-	Average philanthropy growth (rejected)

The NFF variable is the sum of these four differentials and captures the net flow of incremental funds that a program stimulates during the acceleration year. In this respect, the NFF variable isolates immediate funding effects (and does not account for future incremental flows that might be traced, directly or indirectly, to program participation):

$$\text{NET FLOW OF FUNDS (NFF)} = \text{Net revenue growth} + \text{Net equity growth} + \text{Net debt growth} + \text{Net philanthropy growth}$$

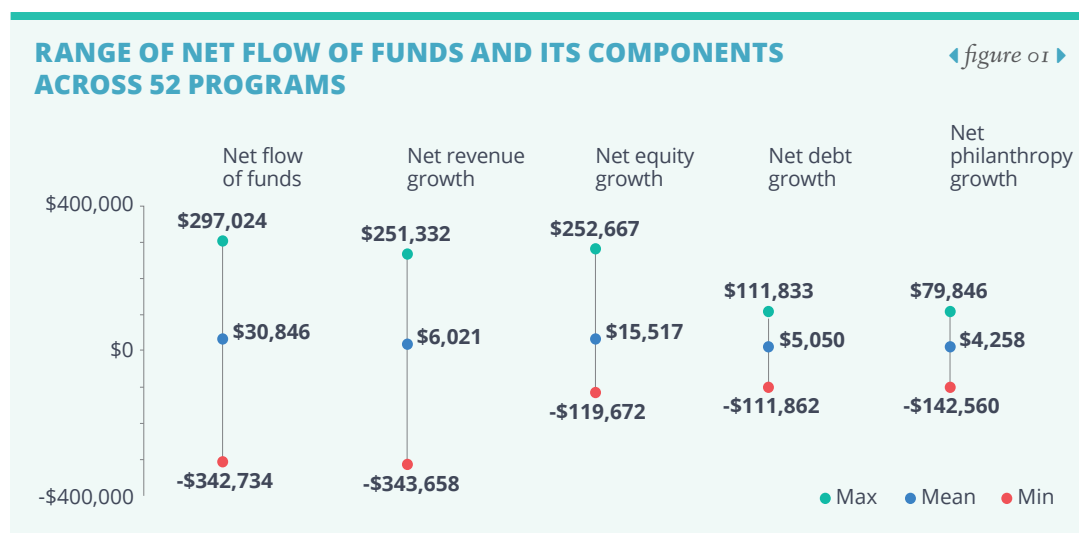
Table 2 breaks down the NFF calculation and shows each of the four components for participating and rejected ventures across the 52 programs in the sample.⁵ After one year, these accelerators were responsible for an additional \$30,846 of incremental funding for each of the ventures they worked with. The largest average NFF component is net equity growth (+\$15,517). This suggests that, relative to the incremental funds reported by rejected ventures, participating ventures attracted roughly \$15,000 more incremental equity investment.⁶

NET FLOW OF FUNDS AND ITS FOUR COMPONENTS (N=52 PROGRAMS) ◀ table 02 ▶

	PARTICIPATED AVERAGE CHANGE	REJECTED AVERAGE CHANGE	DIFFERENCE	
Total Flow of Funds	\$56,223	\$25,377	+\$30,846	✓
Revenue	\$16,081	\$10,061	+\$6,021	✗
Equity	\$23,387	\$7,870	+\$15,517	✓
Debt	\$8,300	\$3,249	+\$5,050	✗
Philanthropy	\$8,455	\$4,197	+\$4,258	✗

Difference significant at the $p < .10$ level: ✓ YES ✗ NO

Figure 1 displays the minimum, maximum, and average NFF for the 52 programs in the sample, along with the range for each of its components. This considerable variability (particularly in net revenue growth and net equity growth) suggests that the averages displayed in Table 2 mask some very different outcomes achieved by individual programs.



⁵ Unlike previous GALI reports, the unit of analysis for this publication is the program. Average changes are calculated first at the program level and then presented here as an average across programs. Given the limited sample size, we increase the significance threshold to $p < .10$ and discuss non-statistically significant differences as well.

⁶ One might suspect that the incremental funding simply flows through programs that attract applicants with more revenue, equity, debt, and philanthropy. However, when we calculate the total funds reported on applications, we see that its correlation with the NFF variable is actually negative ($\rho = -0.42$).

Unpacking the four components of NFF

Early-stage ventures on the path to stability and scale may take different trajectories, and accelerators may take different approaches when it comes to driving new funds into their ventures. In interviews with several program managers, we learned that many accelerators explicitly aim to catalyze equity investment, with programming focused on investment readiness and connections to equity investors. Interviewees also indicated that this focus on equity is not universal nor the only goal of acceleration. Program managers take into consideration that:

(a) entrepreneurs must show revenue growth to attract investment. As one program manager said, *'Our curriculum is based around investment readiness. But if you don't have the customer piece, the recurring revenue, then you won't get to Series A financing. So even though we're focused on equity financing, revenues are required to obtain it.'*

(b) equity investments are not always needed or desired: *'We discovered that it is good to learn from companies how much money they want to raise. But it's also good for them to learn whether they really need investment. Entrepreneurs oftentimes think that success equates with investment, but sometimes it's actually a bad outcome for them.'*

(c) accelerators' first priority is often to learn what it takes to move each business forward: *'The reason our program worked was that it was very customized. Our ventures go through a deep diagnosis phase – what do they need, and what do they think they need that they don't?'*

The data indicate that most accelerator programs do not spur incremental gains across all NFF components. In other words, participating ventures may outperform rejected ventures in one component, but underperform them in another. Although the four NFF components combine to determine the net flow of funds into participating ventures, they are not highly correlated (see Appendix 3). That being said, the component with the highest correlation with overall NFF is net revenue growth ($\rho=0.80$), suggesting that the programming that promotes revenue growth also leads to positive investment outcomes.

Table 3 provides a closer look at the interplay between the components that make up NFF. When we organize the sample based on which of the four funding components makes the largest contribution to NFF, we find around one-third whose largest contribution comes from net revenue growth, one-third from net equity growth, and one-third from debt or philanthropy.

Programs dominated by net revenue growth produce the greatest average NFF because their participating ventures experience substantially higher revenue gains alongside modestly higher levels of equity and philanthropy. The 17 programs whose largest NFF component is net equity growth combine substantial equity investment gains and modest gains for net debt growth, but also net declines in revenues and philanthropy. At the other extreme, the six programs whose strongest contribution comes through increased borrowings see modest gains in that component that are swamped by net declines in revenues, equity and philanthropy.⁷

⁷ These patterns are relatively consistent across geographies.

NET FLOW OF FUNDS BY DOMINANT COMPONENT

◀ table 03 ▶

	PROGRAMS	AVERAGE NFF	NET REVENUE GROWTH	NET EQUITY GROWTH	NET DEBT GROWTH	NET PHILANTHROPY GROWTH
Net revenue growth dominates	19	\$93,424	\$85,562	\$1,666	-\$1,104	\$7,300
Net equity growth dominates	17	\$40,156	-\$18,611	\$65,773	\$6,141	-\$13,146
Net debt growth dominates	6	-\$103,563	-\$108,912	-\$28,910	\$41,545	-\$7,287
Net philanthropy growth dominates	10	-\$23,232	-\$34,275	-\$16,944	-\$7,007	\$34,994

Separating high-NFF and low-NFF programs

The overall NFF averages mask considerable variance across programs, with a range from +\$297,024 to -\$342,734. This suggests that accelerators can have very positive impacts on the flow of funds into participating ventures, but they can also be associated with very negative movements. This is also true when we look at specific NFF components. For example, when it comes to driving revenue growth, the average difference between the top and bottom programs is more than \$500,000. Given these large discrepancies, we must learn more about the program choices that correspond with more favorable accelerator outcomes.

In this spirit, the next section looks beyond the overall average effects of acceleration to examine a range of variables that might correlate with more positive NFF into participating ventures. Given the relatively small sample of programs and the presence of obvious outliers, we split the sample based on programs whose average NFF is greater than the corresponding cost per venture of running the program. In program surveys, program managers were asked *“To the nearest \$10,000, what is the total financial cost associated with running this program? Please include all living stipends paid to participating entrepreneurs, but do not include any financial investments that you expect to make into the ventures themselves.”* After dividing this by the number of participating ventures, we tag the programs whose overall NFF is greater than this program cost threshold. In this way, we identify programs that more than ‘cover their bets’ by driving more new funds into ventures than the funds spent to run the program.

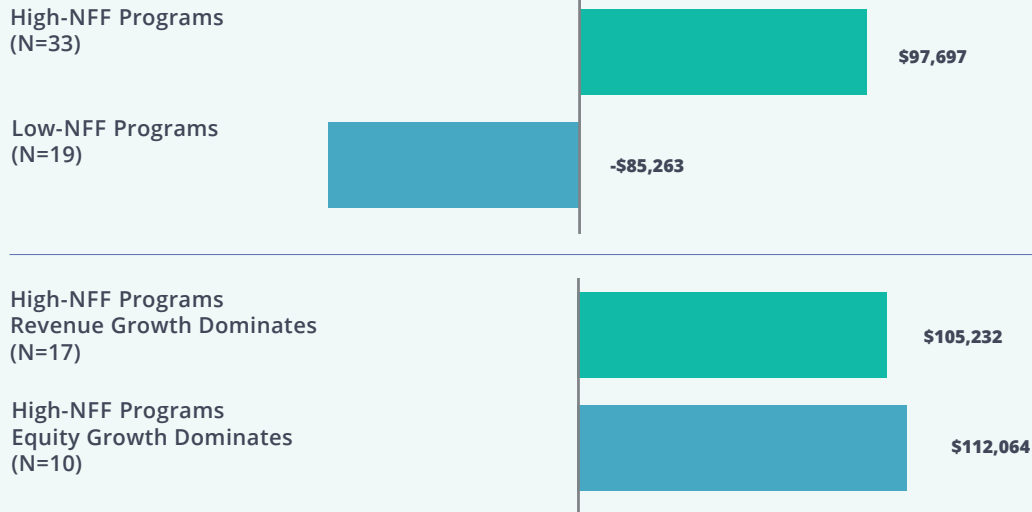
HIGH-NFF PROGRAMS: Net flow of funds > Program cost

LOW-NFF PROGRAMS: Net flow of funds < Program cost

Figure 2 shows that 33 accelerators return an overall NFF that exceeds the cost of running the program. Among these high-NFF programs, the dominant component is net revenue growth in 17 programs and net equity growth in 10 programs.

AVERAGE NFF FOR HIGH-NFF AND LOW-NFF PROGRAMS

◀ figure 02 ▶

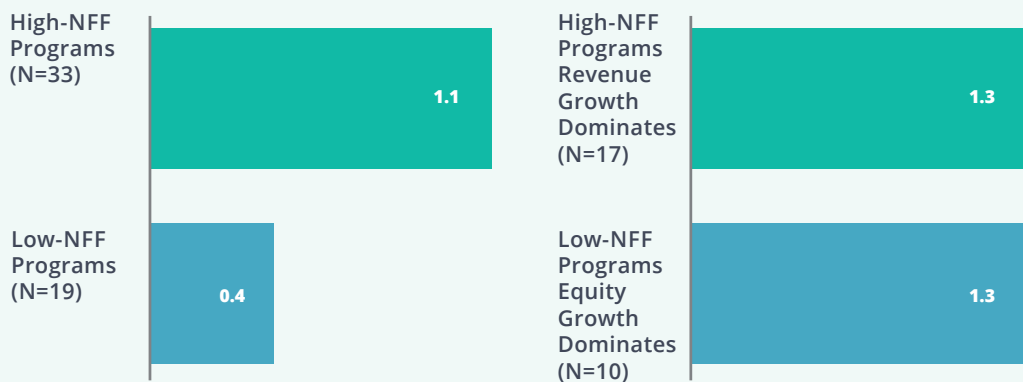


BOX 2

What about employment growth?

While it is important to track the flows of funds into participating ventures, it is also important to track other indicators of enterprise development. One obvious candidate is employment growth, because this is another tangible growth metric, and because employment creation is an important impact objective for many ventures, programs, and funders. While it seems reasonable to expect that employment growth might take longer than revenue and investment growth, we see (in the full sample and among the high-NFF programs) that high-NFF programs demonstrate greater net increases in the number of full time employees during the acceleration year.

NET FULL-TIME EMPLOYMENT GROWTH







PART 2:

A Closer Look at Program Design

After making choices about the overall program focus and structure, accelerators spend considerable time and effort building pipelines of applicants and selecting the most promising entrepreneurs. They then offer programming that closes knowledge, network and capital gaps for those selected entrepreneurs. The EDP program surveys provide comparable information about a range of variables within each of these major categories.

After considering numerous program elements, we home in on variables that are often mentioned in commentary about accelerator effectiveness; those that produce surprising effects; those that are actionable in some clear way; and those that warrant further scrutiny. The following sub-sections describe the most interesting patterns found in the data, using a typology developed in our 2016 report *What's Working in Startup Acceleration*.

GENERAL:

COST, TIME, AND HUMAN CAPITAL REQUIREMENTS

SUMMARY ASSESSMENT

High-NFF programs cost less per venture and take about as much time as low-NFF programs. Among high-NFF programs, those that primarily drive net equity growth tend to be shorter, but require more human resources.

Two critical resources for accelerators are money and time. In the EDP program surveys, managers are asked to report the total financial cost (to the nearest \$10K) associated with running the program. It would seem logical that programs that cost more should deliver better results. Table 4 seems to support this notion by showing that high-NFF programs are more expensive on average. However, given their larger average cohort sizes (see Box 5), they actually spend less per venture on average.

When interviewed, program managers point to expenses like salaries, as well as venues, lodging, and travel, as the main drivers of these program costs. The latter expenses are particularly important for programs that support entrepreneurs from different geographies and for those that operate in cities outside the accelerator's headquarters.

PROGRAM COST AND DURATION

◀ table 04 ▶

	COST	COST PER VENTURE	DURATION (MONTHS)	INDIVIDUALS INVOLVED
High-NFF programs	\$208,257	\$15,544	3.3	104
Low-NFF programs	\$193,783	\$22,030	3.7	111
<i>P-value for difference test</i>	<i>p=.80</i>	<i>p=.24</i>	<i>p=.64</i>	<i>p=.80</i>
High-NFF programs				
Net revenue growth dominates	\$238,824	\$15,582	4.1	83
Net equity growth dominates	\$170,248	\$15,717	2.6	127
<i>P-value for difference test</i>	<i>p=.48</i>	<i>p=.98</i>	<i>p=.17</i>	<i>p=.08</i>

Program managers were also asked to report the duration of their program and the number of individuals deployed on selection committees and in mentor pools. Program duration is quite similar among the high-NFF and low-NFF programs, centering on roughly 3.5 months. The total number of people deployed as selectors and mentors is also very similar across the two groups at slightly more than 100 people.

There are differences when we separate the high-NFF programs that tend to drive net equity growth from those where net revenue growth dominates. Here, the data suggest that programs where net equity growth dominates are shorter but deploy more people.⁸

⁸ The observation that revenue-dominant programs take longer may reflect the fact that a greater proportion of them work in emerging markets. This may require longer engagements due to a greater perceived need for business skill development and a more limited supply of investment capital. See "Accelerating Startups in Emerging Markets", May 2017.

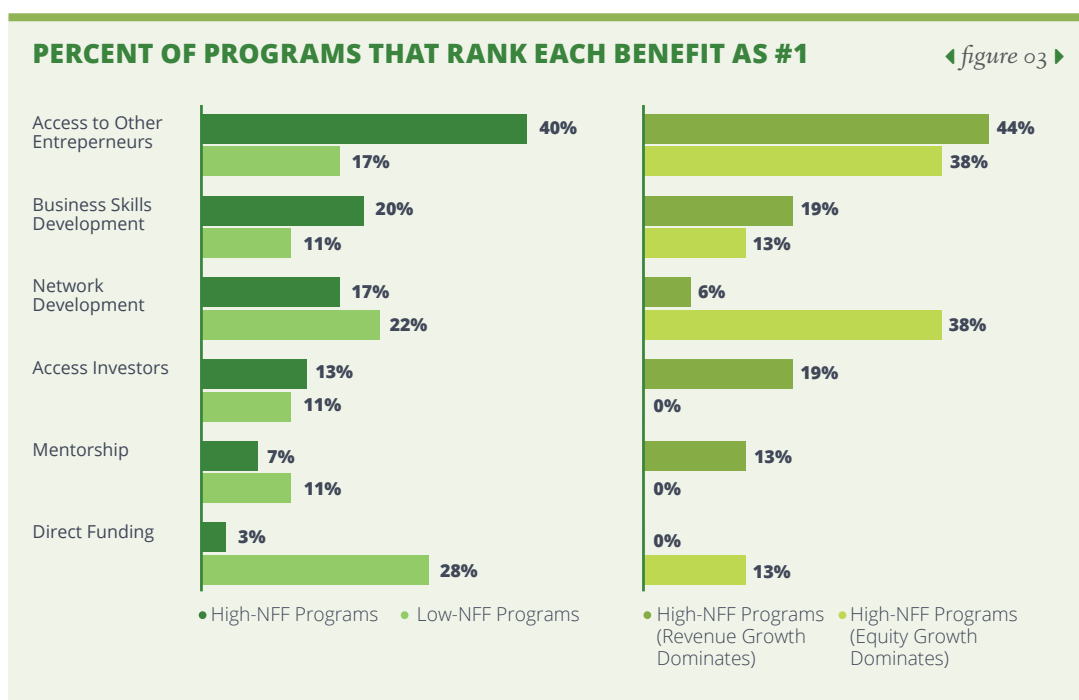
GENERAL: ACCELERATOR BENEFITS EMPHASIZED

SUMMARY ASSESSMENT

High-NFF programs place relatively more emphasis on providing access to other promising entrepreneurs. Among high-NFF programs, those driving net equity growth tend to place more emphasis on networking, while those driving net revenue growth are more likely to emphasize mentorship and access to investors.

Accelerators offer different sets of experiences to entrepreneurs. Some programs focus on skill-building, while others emphasize connections to investors, customers, and others. Still others emphasize their ability to invest directly in the ventures they support. We asked several program managers about their relative emphasis on investment for participating ventures. A typical response was *'Most of our entrepreneurs would rank access to investment a high [priority] when they joined. But, after their first workshop, they start to realize that it's not just about investment-readiness. The program is delivering on other components that are more relevant and that serve as stepping stones to get to investment.'*

This orientation is picked up in the program surveys, which ask managers to rank their program's emphasis on different accelerator benefits. Compared to low-NFF programs, high-NFF programs place less emphasis on providing funding directly to their entrepreneurs (see Figure 3). Instead, they emphasize developing business skills and providing access to other entrepreneurs. In this latter respect, program managers often describe peer-to-peer learning as one of the main benefits they offer, along with training to help with specific business needs such as financials and strategy.

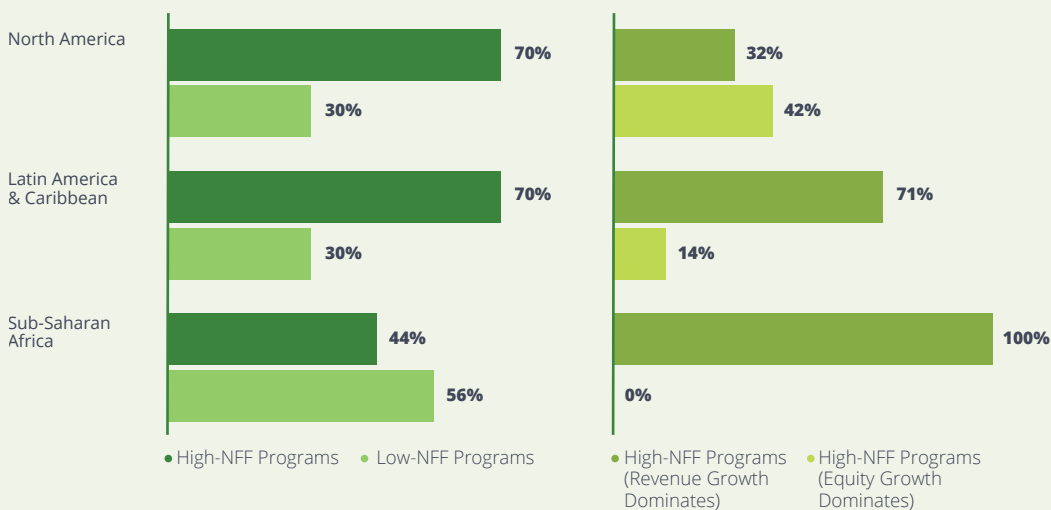


Among the high-NFF programs, those that drive net equity growth are more likely to list network development as a primary program benefit. On the other hand, successful programs that drive net revenue growth tend to place greater emphasis on mentorship and, surprisingly, access to investors.

BOX 3

Does location matter?

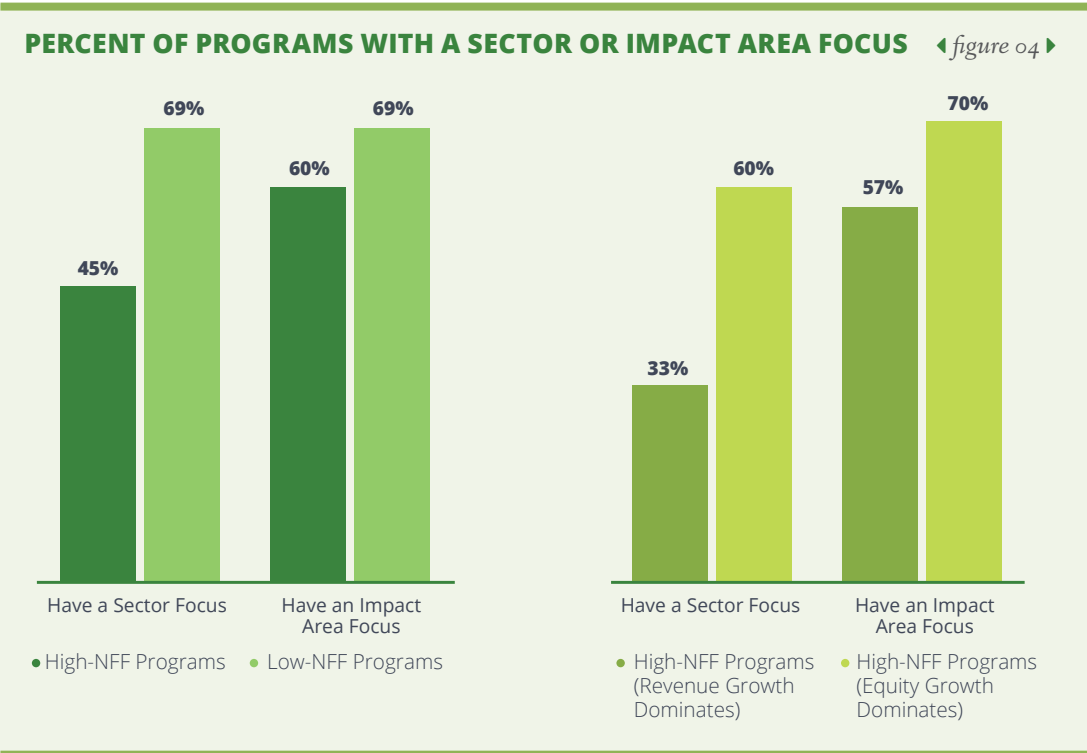
There are relatively more high-NFF programs in North America and Latin America & the Caribbean. However, these differences do not approach statistical significance ($p=0.35$). Looking at the high-NFF programs, there is a tendency for programs in Latin America & the Caribbean and Sub-Saharan Africa to drive net revenue growth, and a slight tendency for programs in North America to drive net equity growth. In this case, the differences are closer to significance at conventional levels ($p=0.12$).



GENERAL:
SECTOR AND IMPACT AREA FOCUS

SUMMARY ASSESSMENT

High-NFF programs are less likely to have a specific sector focus. However, among the high-NFF programs, those that drive net equity growth are more likely to be sector-focused.



As the number of active accelerators grows, many programs differentiate themselves by focusing on specific sectors. Some accelerators and their partners aim to spur entrepreneurial solutions in specific domains, and programs that focus on specific sectors and impact areas are better able to show they are moving the needle on those specific issues. Specialized programs are also believed by some to be more successful because they connect entrepreneurs to more targeted networks while providing knowledge and expertise that are more directly relevant.

The results below run contrary to that common opinion. Figure 4 shows that a smaller proportion of the high-NFF programs report having an explicit sector focus: 45% compared to 69%.⁹ This difference approaches statistical significance ($p=.13$). Looking more closely at the high-NFF programs, we see that those where net equity growth dominates are more likely to have a sector focus: 60% compared to 33%. Again, this difference is close to significant ($p=.19$). A similar pattern exists when it comes to impact-area focus, although the differences are not as pronounced.

⁹ The most common sectors reported are agriculture (5 programs), education (4 programs), financial services (5 programs) and health (4 programs).



PIPELINE-BUILDING: TARGET VENTURE STAGE

SUMMARY ASSESSMENT

Most high-NFF programs target ventures in the prototype and post-revenue stages. Among the high-NFF programs, those that drive net revenue growth more often target growth-stage ventures, relative to those where net equity growth dominates.

When it comes to targeting specific entrepreneurs and ventures, one variable that might be relevant is venture stage. Table 5 shows that the majority of the programs in this sample target ventures that are at the prototype or post-revenue stage, with a smaller number focusing on earlier idea-stage or later growth-stage ventures.¹⁰ Looking across the high-NFF versus low-NFF programs, we see that a greater proportion of high-NFF programs target ventures in the prototype or post-revenue stage while the low-NFF programs more often target the earlier and later-stage ventures.

¹⁰ In the program-level surveys, managers are asked “Does this program have an explicit focus on: Idea-stage ventures (do not yet have a working prototype or customers); Prototype-stage ventures (have a working prototype but do not yet have earned revenue); Post-revenue ventures (have customers and functioning revenue models but are not yet cash-flow positive); or Growth-stage ventures (operating at scale and are typically cash flow positive)?”

VENTURE STAGE TARGETED

◀ table 05 ▶

	TARGET IDEA STAGE	TARGET PROTOTYPE STAGE	TARGET POST-REVENUE STAGE	TARGET GROWTH STAGE
Total	9 programs (17%)	34 programs (65%)	38 programs (73%)	13 programs (25%)
High-NFF programs	12%	70%	79%	21%
Low-NFF programs	26%	58%	63%	32%
<i>P-value for difference test</i>	<i>p=.19</i>	<i>p=.39</i>	<i>p=.22</i>	<i>p=.41</i>
High-NFF programs				
Net revenue growth dominates	12%	59%	71%	41%
Net equity growth dominates	10%	70%	80%	0%
<i>P-value for difference test</i>	<i>p=.89</i>	<i>p=.56</i>	<i>p=.59</i>	<i>p=.02</i>

**Managers were asked to “select all that apply” and may target more than one group.*

When we look for differences among the high-NFF programs, we see one stark difference: almost half of the programs where net revenue growth dominates target ventures in their high-growth stage, compared to none of the programs where net equity growth dominates.

PIPELINE-BUILDING: PREFERENCE FOR WOMEN AND MINORITIES

SUMMARY ASSESSMENT

High-NFF programs are significantly more likely to indicate a preference for women or minority applicants, but this may not translate to more diverse cohorts.

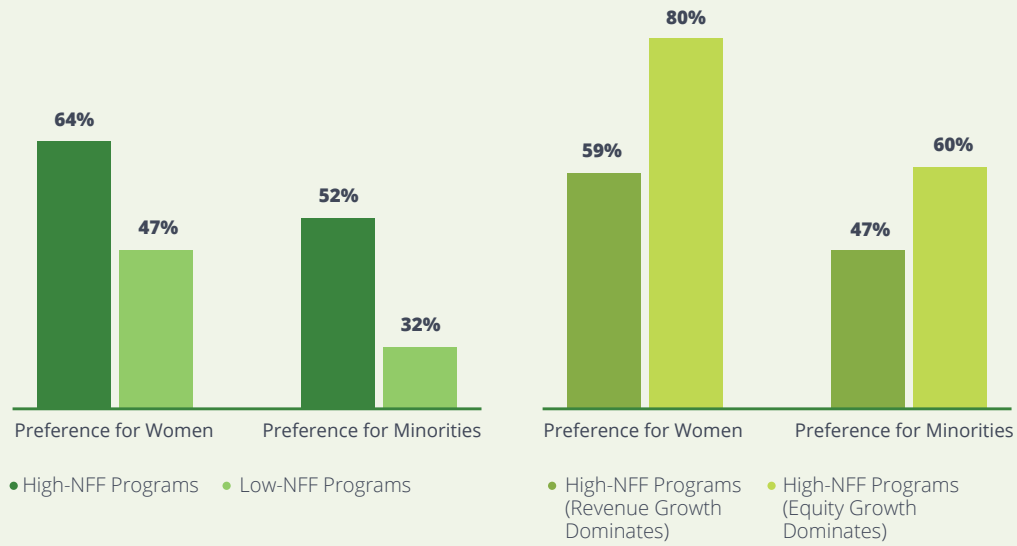
Despite the widespread characterization of entrepreneurship as a means for economic development, there remain significant gaps in the engagement of women and minorities.¹¹ Because of these troubling gaps, an increasing number of accelerators specifically target female entrepreneurs or entrepreneurs from under-represented communities.

The EDP data provide evidence that focusing on women or minorities may improve a program's ability to drive funding into participating ventures. Figure 5 shows that higher percentages of programs in the high-NFF group prioritize women and minority entrepreneurs. When we look inside the high-NFF group, we find that programs where net equity growth dominates had a higher incidence of favoring women (80% compared to 59%) and minorities (60% compared to 47%). In interviews, program managers pointed to the motivation of underrepresented entrepreneurs, describing them as extremely driven, and that having overcome considerable structural barriers is a signal of their future success.

11 Kelley, D.J., Brush, C.G., Greene, P.G. Herrington, M. and Kew, P. 2015. 2014 Women's Report. Global Entrepreneurship Monitor. Babson College: Babson Park, MA. & Murnieks, C. Y., Haynie, J. M., Wiltbank, R. E., & Harting, T. (2011). 'I Like How You Think': similarity as an interaction bias in the investor-entrepreneur dyad. *Journal of Management Studies*, 48(7), 1533-1561.

PREFERENCE FOR WOMEN AND MINORITY APPLICANTS

◀ figure 05 ▶



BOX 4

A closer look at programs that give preference to women entrepreneurs

Looking more closely at the programs that indicate a preference for women, we actually see a lower percentage of teams with at least one female founder in both their applicant pools and accepted cohorts.

ALL PROGRAMS	PROGRAMS	% WOMEN IN APPLICANT POOL	% WOMEN IN COHORT	% WOMEN SELECTORS	% WOMEN MENTORS
Preference for women	30	41%	42%	43%	33%
No preference for women	22	53%	48%	42%	36%
<i>P-value for difference test</i>		<i>p=.02</i>	<i>p=.33</i>	<i>p=.82</i>	<i>p=.65</i>
High-NFF programs					
Preference for women	21	41%	43%	43%	32%
No preference for women	12	50%	45%	43%	34%
<i>P-value for difference test</i>		<i>p=.20</i>	<i>p=.83</i>	<i>p=.90</i>	<i>p=.71</i>

However, looking more closely at programs that indicate a preference for women, we see that these focused programs are not necessarily attracting more women or working with a greater percentage of them in their cohorts (see Box 4). Nor are they recruiting more female selectors or mentors. This begs the question of what specific factors are responsible for the superior accelerator performance. Future research should address how preferences for women and minorities play into cohort performance, and why programs with these focuses are not necessarily working with more diverse cohorts.

ENTREPRENEUR SELECTION: FOCUS ON TEAM, IDEA, OR ENTERPRISE

SUMMARY ASSESSMENT

When making selections, high-NFF and low-NFF programs place similar emphasis on the quality of the team, the idea, and the enterprise. Among the high-NFF programs, those where net equity growth dominates place slightly greater emphasis on the quality of the team.

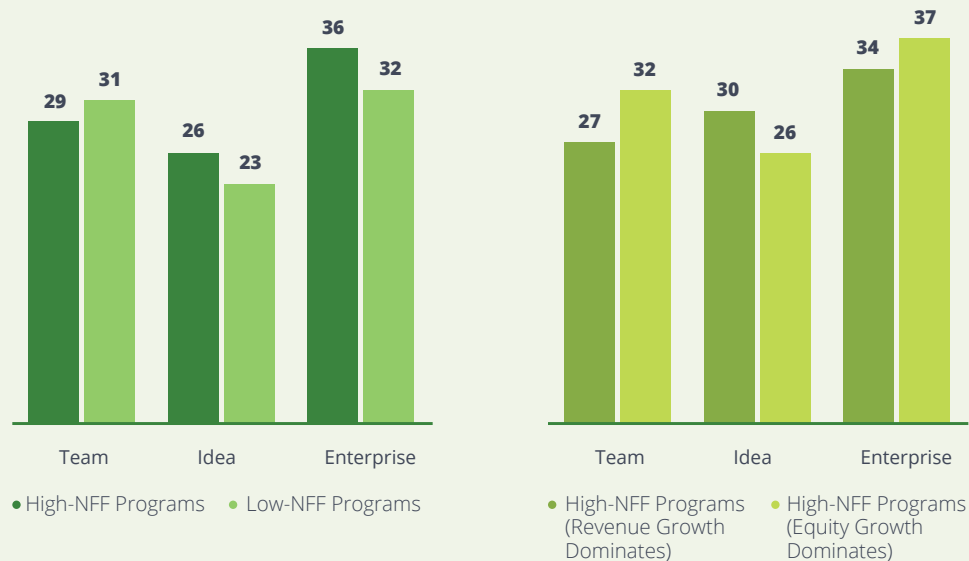
A common theme in conversations with accelerator program managers and supporters is the extent to which they should focus on the quality of the founding team — versus the quality of the idea or the performance of the venture — as the primary criteria for selection. In the program surveys, program managers are asked whether they prioritize the quality or promise of the founding team, the idea, or the enterprise itself, and then to allocate 100 points among these three categories. Figure 6 shows that there are no meaningful differences between the high-NFF and low-NFF programs when it comes to reported selection emphases. Among the high-NFF programs, those that do a better job driving net equity growth place slightly greater emphasis on the team in comparison to those that drive net revenue growth.

Our interviews with program managers shed light on these patterns by emphasizing that *'first and foremost the business must be viable and investable, with potential to scale'*. Accelerators consider a range of factors, including the potential to capture a market, unit economics, and potential for a successful exit. Many also stress the potential for societal impact (while recognizing that some business ideas are simply more likely to succeed). Then, a solid business idea and model must be supported by founders with character, commitment, and coachability, and who are likely to succeed in the culture of the accelerator.



EMPHASIS GIVEN IN SELECTION (OUT OF 100 POINTS)

◀ figure 06 ▶



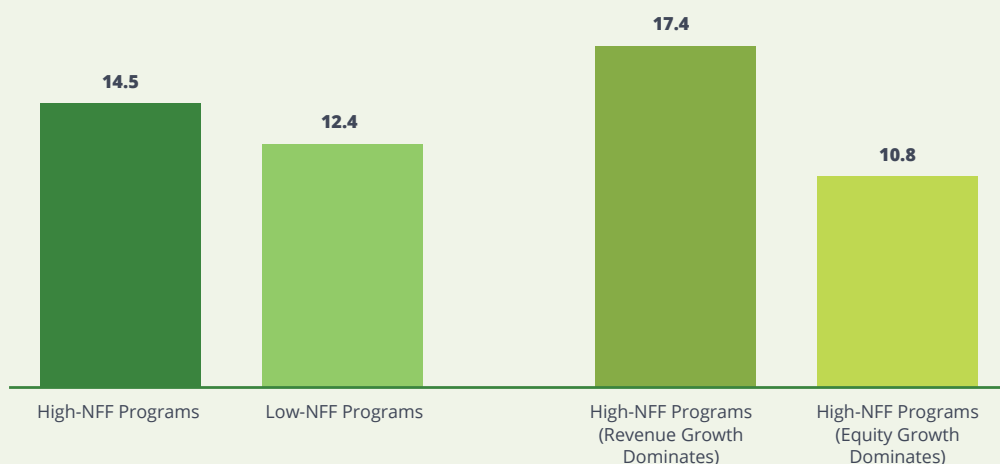
* Managers were also given an "Other" option, so these averages do not sum to 100.

BOX 5

Does cohort size matter?

The average cohort size for high-NFF programs is 14.5 ventures, while the corresponding average for low-NFF programs is 12.4. However, a t-test reveals that this small difference is not statistically significant ($p=0.56$). Average cohort size is greater for the high-NFF programs where net revenue growth dominates (17.4) compared to programs where net equity growth dominates (10.8), a difference closer to statistical significance ($p=0.26$).

AVERAGE COHORT SIZE



KNOWLEDGE: CURRICULUM AND CONTENT DELIVERY

SUMMARY ASSESSMENT

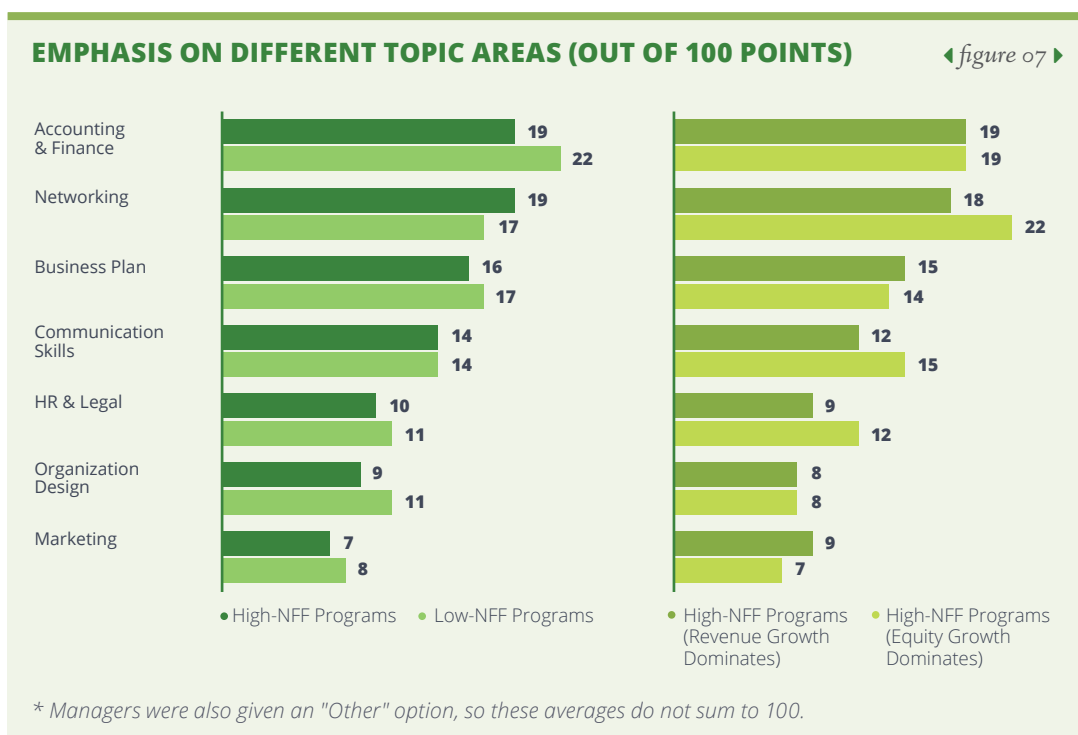
There are no obvious advantages when it comes to using a structured curriculum, emphasizing certain topics, or relying on certain types of instructors. However, high-NFF programs report that their ventures spend more time on-site working with the cohort.

Accelerators point out that their programs do more than select promising ventures and connect them with investors. The programming that they offer also has some intended impacts on venture development. A first place to look for potential programmatic impacts is in the curriculum that is offered to participants. For those who would compare the kind of business education that is offered in top business schools to the skill development that takes place in accelerators, a structured curriculum is critical. It is also critical for those who want to quickly replicate successful programs because the presence of a structured curriculum provides guidance to future program adopters.

However, there is no indication that using a structured curriculum sets the high-NFF programs apart from their peers. Nearly 70% of the programs in the current sample report having a structured curriculum that is distributed to participants, and the percentage is slightly lower (66%) among the high-NFF programs. When we home in on the high-NFF programs, we see that programs where net revenue growth dominates are slightly more likely to have a structured curriculum (71% compared to 56%), although the difference is not significant ($p=0.44$).

Interviews with program managers shed some light on these equivocal findings. They tend to view the curriculum as something to be regularly assessed and continually improved. They also stress that curriculum effectiveness depends in part on the ventures that are selected and that content should be adjusted to meet the specific needs of the cohort.

Whether or not they use a structured curriculum, accelerators can place different emphasis on various topic areas. To provide insight about the implications of these choices, we examine responses to the question: “Roughly how much emphasis is placed on each of the following topic areas? Please allocate a total of 100 points across topics areas, with more points indicating greater emphasis.” Figure 7 shows that accounting and finance (hard skills) and networking (a soft skill) are emphasized across the board, and there are few differences in topic area emphasis between high-NFF and low-NFF programs.



Accelerators engage a range of individuals to deliver their materials, including their own staff members (44 programs), experienced business practitioners (32 programs), experienced entrepreneurs (28 programs), and hired consultants (25 programs). However, we find no evidence that a program's ability to drive new funding to its entrepreneurs, or differences between programs that drive net revenue growth versus net equity growth, are related to the type of people providing the content.

Because the 'what' (i.e., curriculum and topics) and the 'who' (i.e., content deliverers) have little effect on typical program performance, we turn attention to question of 'with whom' and 'where'. When deciding how the entrepreneurs will spend their time in the program, many programs use a workshop model that combines in-person and remote sessions. In these models, entrepreneurs receive in-person support in short spurts and then return to their homes and businesses to put this new knowledge to work. Our interviews revealed that programs are constantly iterating in the amount of time spent in each mode, seeking to create environments where entrepreneurs can unplug to focus on the program content, while also ensuring they can plug back into their day-to-day to immediately apply their new insights.

Our program-level data suggest that high-NFF programs spend roughly one-third of their time plugged in with their cohort. On the other hand, the low-NFF programs spend less time in this mode and more time working remotely (see Table 6).

HOW DO PARTICIPANTS SPEND THEIR TIME?

◀ table 6 ▶

	ON-SITE WITH COHORT	ON-SITE WORKING ALONE	REMOTE WITH COHORT	REMOTE WORKING ALONE
High-NFF programs	36%	14%	6%	13%
Low-NFF programs	26%	13%	4%	24%
<i>P-value for difference test</i>	<i>p=.09</i>	<i>p=.98</i>	<i>p=.16</i>	<i>p=.06</i>
High-NFF programs				
Net revenue growth dominates	39%	12%	6%	12%
Net equity growth dominates	33%	17%	6%	15%
<i>P-value for difference test</i>	<i>p=.50</i>	<i>p=.39</i>	<i>p=.90</i>	<i>p=.68</i>





NETWORKS: STRUCTURE OF MENTORING PROGRAMS

SUMMARY ASSESSMENT

The data do not link differences between high-NFF and low-NFF programs to any quantitative aspects of mentorship programs, including number of mentors, mentor backgrounds, or the amount of time spent with entrepreneurs.

One of the key support mechanisms that accelerators provide is access to mentors.¹² We explore several facets of the mentoring programs in our sample and do not find any meaningful differences between high-NFF and low-NFF programs. We already saw no meaningful differences in the emphasis that the two groups place on mentorship as a program benefit (see Figure 3). There is no average difference in the number of mentors that programs recruit (both groups engage an average of roughly 55 mentors), nor are there meaningful differences in the composition of mentor backgrounds. Finally, there are no meaningful differences when it comes to the amount of time spent with mentors. On average, participants spend around one-third of their program time with mentors, most of that taking place on-site (Table 7).

¹² Dempwolf, C. S., Auer, J., & D'Ippolito, M. (2014). Innovation Accelerators: Defining Characteristics among Startup Assistance Organizations. Published online at www.sba.gov/advocacy: Small Business Administration.

PERCENT OF TIME SPENT WITH MENTORS

◀ table 07 ▶

	ON-SITE WITH MENTORS	REMOTE WITH MENTORS
High-NFF programs	24%	7%
Low-NFF programs	25%	8%
<i>P-value for difference test</i>	<i>p=.78</i>	<i>p=.74</i>
High-NFF programs		
Net revenue growth dominates	19%	11%
Net equity growth dominates	28%	3%
<i>P-value for difference test</i>	<i>p=.25</i>	<i>p=.03</i>

Among the high-NFF programs, the overall proportion of time spent with mentors is roughly the same for programs where net equity growth and net revenue growth dominate. However, high net equity growth programs provide more on-site mentor connections, while high net revenue programs stimulate more remote mentor connections.

While these quantitative patterns are largely equivocal, accelerator program managers continue to emphasize the importance of mentorship. This is because the critical elements of a high-quality mentorship program are not tied to simple quantitative variables. The value-added is driven less by the background of a mentor and more by the specific role that the mentor plays. Several interviewees reflected that mentors can play a variety of possible roles, including coach, expert, and broker/connector. Finally, it is probable that intangible differences, such as mentor quality, commitment, and fit, are the main drivers of successful programs. Here, program managers stress that *'mentorship abilities of experts vary considerably'* and *'relevant expertise does not necessarily translate into an ability to impart that knowledge to others.'* They also note that *'effective matchmaking takes careful consideration and clearly impacts how effective a mentor will be.'*





CAPITAL: MAKING AND ENCOURAGING INVESTMENTS

SUMMARY ASSESSMENT

The majority of accelerators offer a demo day or pitch night to connect entrepreneurs to potential investors. When it comes to making direct investments, a similar percentage of high-NFF and low-NFF programs invest in some of their participating entrepreneurs. However, programs that make these direct investments have substantially (and significantly) greater NFF on average, even after accounting for the magnitude of those direct investments. Moreover, the incremental funding benefits extend past investment levels to also influence net revenue growth.

Early-stage finance is one of the key factors that drives new venture growth. Accelerators play an important role in connecting ventures to this capital, in many cases making direct investments themselves. In the former respect, virtually every program in the current sample features a demo day or a pitch night as a way to connect entrepreneurs to investors. Despite this pervasive tendency, it is interesting to note that 97% of high-NFF programs report to have demo days or pitch nights, compared to 75% of the low-NFF programs. This difference is significant at $p=.03$.

There is more variability in the programs' commitment to making direct investments in participating ventures. Of the 52 programs in the sample, 37 (or roughly 70%) guarantee investment funds for some or all of their cohort members. These investments come in the form of equity investments, loans, or grants. The percentage of accelerators that guarantee investment is only somewhat higher among the high-NFF programs (76%) than low-NFF programs (63%). However, the average NFF for the programs that guarantee at least some investment is considerably higher: +\$48,490 compared to -\$12,674.

Because the direct investments made by accelerators show up in the investment numbers reported by accelerated ventures on the follow-up surveys, it might seem unsurprising that programs that provide direct investment have higher NFF on average. However, even when we subtract the average per-participant investment reported by accelerators from overall average NFF, we still see considerably higher funding flows for cohorts whose programs provided this direct investment: +\$31,449 compared to -\$12,674 (Table 8). Table 8 also shows that these direct investments correspond with greater net revenue growth (the average net revenue growth for programs the make direct investments is more than \$25,000 higher). These differences were corroborated in interviews, where program managers suggested that the direct investments made by accelerators can be fairly inconsequential in terms of their monetary contributions but can stimulate progress on the part of entrepreneurs (as evidenced by the higher net revenue growth) and help to catalyze follow-on investments.

AVERAGE NFF BEFORE AND AFTER ACCOUNTING FOR DIRECT INVESTMENTS

◀ table 08 ▶

	PROGRAMS	AVERAGE NFF	AVERAGE NFF (NET OF PROGRAM INVESTMENT)	AVERAGE NET REVENUE GROWTH
Provides direct investment	37	\$48,490	\$31,449	\$13,685
Does not provide direct investment	15	-\$12,674	-\$12,674	-\$12,884
<i>P-value for difference test</i>		<i>p=.11</i>	<i>p=.24</i>	<i>p=.37</i>





Implications for Accelerator Programs

To stimulate the development of early-stage ventures, we must move the needle when it comes to earning or attracting more funding. These incremental financial resources — which come from increased revenues, more equity investment, new loans, or additional grants and donations — allow promising entrepreneurs to stabilize operations and grow their companies.

In this report, data from a diverse sample of accelerators — working in a range of sectors and impact areas around the world — suggest that accelerators are having meaningful short-term impacts on the funds that flow into early-stage ventures. The net flow of funds into participating ventures, relative to their rejected counterparts, is positive (+\$30,846) and significant. It also exceeds reported program (per venture) operating costs in 33 out of 52 cases. This suggests that most accelerators are cost-effective mechanisms for driving funds into promising ventures.

The specific component that dominates the net flow of funds is net equity growth. Most of the incremental funding that flows into accelerated ventures comes in the form of outside equity investment. This finding is consistent with the broader perspective of most accelerator program managers who are, directly or indirectly, focused on driving equity investments. However, we also find that overall NFF is highest for programs whose dominant component is net revenue growth. It seems that the programming that promotes revenue growth also leads to positive investment outcomes.

Our data also show that not all programs fare well on this critical funding dimension. In 19 programs, the net flow of funds into participating ventures is less than the cost of running the program. Nor do all high-performing programs drive funding to entrepreneurs in the same manner. In 19 high-NFF programs, net revenue growth dominates the flow of new funds, while net equity growth dominates in 17 other programs.

Given these differences in program efficacy and the different paths to funding success, we examined how specific program choices influence the ability of accelerators to drive funds into participating ventures. A few key take-aways emerge as candidates for further research:

- ▶ **MONEY ISN'T EVERYTHING, BUT IT HELPS.** When it comes to operating costs, high-NFF accelerators actually spend less per venture. Moreover, they tend to de-emphasize the benefits of direct

investment in their participants and are no more likely than their low-NFF counterparts to make these direct investments. However, programs that invest directly in their entrepreneurs have a higher NFF on average, even after removing the direct investment dollars from the equation. These direct investments seem to stimulate net revenue growth as well.

► **SUPPORTING MARGINALIZED ENTREPRENEURS IS GOOD BUSINESS.**

Most people think that it is laudable to focus on entrepreneurs who are otherwise overlooked or stigmatized. However, some would fear that doing so comes at the expense of the commercial success of the program and its ventures. It is therefore encouraging that programs reporting a preference for women or minority entrepreneurs are more likely to be among the high-NFF programs. While we do not yet have a satisfactory response to the question of how or why this happens, this optimistic finding should stimulate program supporters to keep working on this important goal of inclusive entrepreneurship.

► **THERE IS NO CLEAR RECIPE FOR HOW TO DEVELOP A SUCCESSFUL CURRICULUM OR MENTORSHIP PROGRAM.**

No significant differences emerge in the structure of the curriculum or the emphasis placed on certain instructors and topics. There are also no differences in the quantitative elements of mentorship programs, including the number of mentors or mentor backgrounds, or the average time that entrepreneurs spend with mentors. We continue to believe that these are critical components of successful accelerator programs. However, it continues to be challenging to identify their “secret sauce” in the quantitative data that the Entrepreneurship Database Program collects.

It is not enough to simply distinguish high-NFF from low-NFF programs. We must also scrutinize the two dominant pathways for driving incremental funding into new ventures: net revenue growth and net equity growth. In this respect, it is important to note that:

- **DEBT AND PHILANTHROPY TAKE A BACKSEAT.** Very few high-NFF accelerators have net debt growth or net philanthropy growth as their dominant components (see Table 3). Moreover, programs where one of these components dominates do not do well when it comes to the overall flow of funds. The relatively dim outlook on driving new debt is corroborated in interviews, where increasing debt financing does not appear to be a high priority for accelerator program managers. The finding in respect of philanthropy might be a bit more controversial, however, as many protagonists have come to see grant support from foundations as a critical surrogate for the angel investments that are hard to come by in many regions and sectors.¹³

¹³ See Cheney, C. (2018). How Blended Capital Can Help Entrepreneurs Make it Through the Missing Middle. Published online at <https://www.devex.com/news/how-blended-capital-can-help-entrepreneurs-make-it-through-the-missing-middle-90801>.

Among the high-NFF programs that drive either net revenue growth or net equity growth, we can flag the following as important issues for further deliberation:

- ▶ **ECOSYSTEMS MATTER.** Consistent with the 2017 GALL report “Accelerating Startups in Emerging Markets,” we see that both high-income country and emerging market accelerators are producing superior outcomes for participating ventures but that equity investment is harder to come by in emerging markets. Most high-performing accelerators in Latin America & Caribbean and Sub-Saharan Africa had increased revenue growth as their dominant funding flow, while more in North America experienced greater equity growth.
- ▶ **EQUITY GROWTH IS CONSISTENT WITH A FOCUSED APPROACH.** High-NFF programs that drive more equity growth are more likely to specialize in their pipeline-building and their selection of entrepreneurs: 60% have a specific sector focus (compared to 33% of revenue-drivers) and 80% prefer to work with women (compared to 59%).
- ▶ **EQUITY GROWTH RELIES MORE ON RELATIONSHIPS.** High-NFF programs that drive more equity growth tend to focus on the personal aspects of business-building: they are more likely to emphasize networking as a primary accelerator benefit and prioritize in-person mentoring session over those that take place remotely.
- ▶ **REVENUE GROWTH HAPPENS WHEN PROGRAMS WORK WITH MORE MATURE VENTURES FOR MORE TIME.** Programs that drive revenue growth tend to have longer durations and are more likely to target growth-stage ventures.

Looking Ahead

We close this report by stressing that this is only a first look at the specific drivers of one critical goal of accelerators. As such, it is more of a beginning than an end when it comes to our understanding of how successful accelerators operate. We encourage researchers, consultants, and practitioners to take up the insights and questions posed in this report — along with others — and design and execute (blended quantitative and qualitative) studies that provide more complete answers to specific questions of how to best drive more funding into promising new ventures. We encourage these same individuals to look past this one accelerator goal to see how well they are meeting their other stated objectives.

If we continue to match data with questions, and programs with researchers, we will continue to develop a string of empirical findings that combine to produce a better understanding of the critical role(s) that accelerators play when it comes to turning promising early-stage ventures into accomplished growing businesses.



Appendices

APPENDIX 1.

Programs in the sample

ACCELERATOR PARTNERS	PROGRAMS
Village Capital	23
Points of Light Civic Accelerator	7
GrowthAfrica	2
Propeller	2
Unreasonable Mexico	2
USADF	2
Accelerating Appalachia	1
Agora Partnerships	1
New Ventures Group	1
Kinara Indonesia	1
MassChallenge Mexico	1
NMotion	1
ProEmpleo	1
SheEO	1
TechnoServe	1
University of South Florida Student Innovation Incubator	1
Villgro	1
Wennovation Hub	1
XLR8UH	1
Yunus Social Business	1
Total	52

**Village Capital programs operate in a wide range of countries and sectors and partner with various outside organizations. In this sense, these programs represent a diverse set of programming and outcomes despite being a large portion of the overall sample.*

APPENDIX 2.

Program manager interviews

We would like to thank the following individuals for their time and valuable insights:

NAME	ORGANIZATION
Fajar Anugerah	Kinara Indonesia
Ian Lorenzen	Growth Africa
Sabina Malecón	Unreasonable Mexico
Quinn Middleton	Uncharted
Perry Nunes	Village Capital
Allyson Plosko	Village Capital

APPENDIX 3.

Correlations among the four NFF components

Although the four NFF components combine to determine the net flow of funds into participating ventures, they are not highly correlated. Among these components, the pairwise correlations are almost always (virtually) zero or negative. The one exception is the correlation between net revenue and net philanthropy growth which is correlated at $p=0.17$). The table below also shows that the component with the highest correlation with overall NFF is net revenue growth ($p=0.80$), while the lowest correlation is with net debt growth ($p=0.24$).

	TOTAL	REVENUE	EQUITY	DEBT	PHILANTHROPY
Net flow of funds	1.00				
Net revenue growth	0.80	1.00			
Net equity growth	0.40	-0.03	1.00		
Net debt growth	0.24	-0.03	-0.11	1.00	
Net philanthropy growth	0.42	0.17	-0.06	0.08	1.00

APPENDIX 4.

Table of Results

	HIGH-NFF PROGRAMS	LOW-NFF PROGRAMS	P-VALUE FOR DIFFERENCE TEST	HIGH-NFF PROGRAMS (REVENUE GROWTH DOMINATES)	HIGH-NFF PROGRAMS (EQUITY GROWTH DOMINATES)	P-VALUE FOR DIFFERENCE TEST
GENERAL						
Program operating costs	\$208,257	\$193,783	$p=.80$	\$238,824	\$170,248	$p=.48$
Program operating costs (per venture)	\$15,544	\$22,030	$p=.24$	\$15,582	\$15,717	$p=.98$
Program duration (months)	3.3	3.7	$p=.64$	4.1	2.6	$p=.17$
Number of selectors and mentors	104	111	$p=.80$	83	127	$p=.08$
Cohort size	14.5	12.4	$p=.56$	17.4	10.8	$p=.26$
Target venture stage (percent that focus on each stage)						
Idea	12%	26%	$p=.19$	12%	10%	$p=.89$
Prototype	70%	58%	$p=.39$	59%	70%	$p=.56$
Post-revenue	79%	63%	$p=.22$	71%	80%	$p=.59$
Growth	21%	32%	$p=.41$	41%	0%	$p=.02$
Program benefit emphasis (percent that rank each benefit first)			$p=.14$			$p=.17$
Access to investors	13%	11%		19%	0%	
Access to other entrepreneurs	40%	17%		44%	38%	
Business skills development	20%	11%		19%	13%	
Direct funding	3%	28%		0%	13%	
Mentorship	7%	11%		13%	0%	
Network development	17%	22%		6%	38%	
Awareness and credibility	0%	0%		0%	0%	
Have a sector focus	45%	69%	$p=.13$	33%	60%	$p=.19$
Have an impact area focus	60%	69%	$p=.56$	57%	70%	$p=.52$

	HIGH-NFF PROGRAMS	LOW-NFF PROGRAMS	P-VALUE FOR DIFFERENCE TEST	HIGH-NFF PROGRAMS (REVENUE GROWTH DOMINATES)	HIGH-NFF PROGRAMS (EQUITY GROWTH DOMINATES)	P-VALUE FOR DIFFERENCE TEST
PIPELINE-BUILDING						
Number of applicants	84	89	$p=.75$	101	66	$p=.09$
Applicant preference (percent that indicate a preference for each group)						
Women	64%	47%	$p=.25$	59%	80%	$p=.26$
Minorities	52%	32%	$p=.16$	47%	60%	$p=.52$
Youth	12%	21%	$p=.39$	24%	0%	$p=.10$
ENTREPRENEUR SELECTION						
Selection emphasis (points allocated out of 100)						
Idea	26	23	$p=.47$	30	26	$p=.49$
Team	29	31	$p=.52$	27	32	$p=.30$
Enterprise	36	32	$p=.39$	34	37	$p=.70$
Size of selection committee	29	30	$p=.96$	21	43	$p=.21$
Number of male selectors	13	17	$p=.66$	12	14	$p=.75$
Number of female selectors	16	13	$p=.82$	8	29	$p=.23$
Selection committee backgrounds (number of different)	3.0	2.8	$p=.71$	2.6	3.3	$p=.39$
Selection committee backgrounds (percent that use each type)						
Investors	73%	68%	$p=.74$	59%	90%	$p=.09$
Business practitioners	64%	74%	$p=.46$	59%	60%	$p=.95$
Entrepreneurs	48%	53%	$p=.77$	35%	60%	$p=.21$
Program alumni	33%	16%	$p=.17$	29%	30%	$p=.97$
Foundation or donor employees	45%	42%	$p=.82$	35%	50%	$p=.45$
Not tested due to sample size: University professors (n=9)						

	HIGH-NFF PROGRAMS	LOW-NFF PROGRAMS	P-VALUE FOR DIFFERENCE TEST	HIGH-NFF PROGRAMS (REVENUE GROWTH DOMINATES)	HIGH-NFF PROGRAMS (EQUITY GROWTH DOMINATES)	P-VALUE FOR DIFFERENCE TEST
PROGRAMMING						
<i>Knowledge</i>						
Have a structured curriculum	66%	75%	$p=.51$	71%	56%	$p=.44$
Topic area emphasis (points allocated out of 100)						
Accounting/Finance	19	22	$p=.25$	19	19	$p=.91$
Marketing	7	8	$p=.54$	9	7	$p=.66$
HR/Legal	10	11	$p=.80$	9	12	$p=.45$
Business plan development	16	17	$p=.74$	15	14	$p=.81$
Networking	19	17	$p=.33$	18	22	$p=.27$
Organization structure and design	9	11	$p=.30$	8	8	$p=.77$
Presentation and communication skills	14	14	$p=.93$	12	15	$p=.39$
Who delivers program materials (percent that use each type)						
Consultants	42%	58%	$p=.28$	35%	40%	$p=.81$
Business practitioners	58%	68%	$p=.44$	47%	60%	$p=.52$
Entrepreneurs	55%	53%	$p=.89$	59%	60%	$p=.95$
Not tested due to sample size: Program staff (n=44), program alumni (n=9), university professors (n=6)						
Percent of time participants spend with cohort (on-site)	36%	26%	$p=.09$	39%	33%	$p=.50$
Percent of time participants spend with cohort (remotely)	6%	4%	$p=.16$	6%	6%	$p=.90$
Percent of time participants spend alone (on-site)	14%	13%	$p=.98$	12%	17%	$p=.39$
Percent of time participants spend alone (remotely)	13%	24%	$p=.06$	12%	15%	$p=.68$

	HIGH-NFF PROGRAMS	LOW-NFF PROGRAMS	P-VALUE FOR DIFFERENCE TEST	HIGH-NFF PROGRAMS (REVENUE GROWTH DOMINATES)	HIGH-NFF PROGRAMS (EQUITY GROWTH DOMINATES)	P-VALUE FOR DIFFERENCE TEST
<i>Networks</i>						
Number of mentors	55	59	$p=.78$	51	57	$p=.71$
Mentor backgrounds (number of different)	3.5	3.2	$p=.51$	3.3	3.7	$p=.45$
Mentor backgrounds (percent that use each type)						
Program alumni	42%	58%	$p=.28$	29%	50%	$p=.29$
Not tested due to sample size: Investors (n=42), business practitioners (n=44), entrepreneurs (n=44), university professors (n=40)						
Percent of time participants spend with mentors (on-site)	24%	25%	$p=.78$	19%	28%	$p=.25$
Percent of time participants spend with mentors (remotely)	7%	8%	$p=.74$	11%	3%	$p=.03$
Percent of time participants spend with mentors (total)	31%	34%	$p=.59$	30%	30%	$p=.97$
<i>Capital</i>						
Guarantee direct investment to some or all participants	76%	63%	$p=.33$	71%	90%	$p=.24$
Have a demo day	97%	75%	$p=.03$	93%	100%	$p=.41$



GALI works in association with the Global Entrepreneurship Research Network; a working coalition of institutions funding research as a tool in realizing the full potential of entrepreneurship to create inclusive prosperity on a global scale.

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