

# Acceleration in Central America

Initial data from the Global Accelerator Learning Initiative

June 2019



# Table of contents

<u>Background</u>	3
<u>About the data</u>	5
<u>Venture locations</u>	6
<u>Key takeaways</u>	7
Dive into the data	
<u>Business structure and age</u>	9
<u>Top sectors</u>	10
<u>Venture performance</u>	11
<u>Founding teams by gender composition</u>	13
<u>Prior acceleration</u>	17
<u>Prior entrepreneurial experience</u>	18
<u>Intellectual property</u>	19
<u>Accelerator selection</u>	20
<u>Desired benefits of acceleration</u>	21

# Background



Since 2005, hundreds of accelerator programs have emerged around the world, with funding from governments, corporations, and private foundations.



Funders are investing in these accelerators for their potential to grow successful ventures, create jobs, and build investor pipeline.



Despite this interest, we knew little about accelerator effectiveness or how differences across programs influence venture performance.

To address this gap, Social Enterprise @ Goizueta at Emory University and the Aspen Network of Development Entrepreneurs (ANDE) launched the Global Accelerator Learning Initiative (GALI) in collaboration with a consortium of public and private funders. GALI builds on the Entrepreneurship Database Program at Emory University, which works with accelerator programs around the world to collect and analyze data from the entrepreneurs that they attract and support.

# Background



The Entrepreneurship Database Program collects information from entrepreneurs when they apply to accelerator programs. These entrepreneurs, both those selected and not selected, are then surveyed annually to gather valuable follow-up data.



This report summarizes application data collected from ventures operating in Central America that applied to participating accelerator programs between 2013 and 2018.



The observations in this data summary are based on responses from 812 early stage ventures located in Central America, from a full sample of 19,418 ventures operating across the globe.

**Note on the dataset:** Sample excludes duplicate application surveys, surveys with too much missing information, and surveys from entrepreneurs who declined to share their application information with the Entrepreneurship Database Program. Financial and jobs-related questions focus on prior calendar-year data, in other words, on business results from the year before applying to acceleration programs.

**Note on benchmark groups:** This summary often compares data from Central America to “Latin America” and the “Global Sample”. The global sample includes the entire dataset of 19,418 ventures, which primarily operate in Latin America & Caribbean (34%), Sub-Saharan Africa (26%), USA & Canada (22%), and South Asia (11%). Ventures in the Latin America sample primarily operate in Mexico (36%), Chile (17%), and Brazil (13%).

# About the data

This summary includes information from 812 ventures operating in Central America, that applied to one of 56 accelerator programs between 2013 and 2018.\*



\*27 accelerators contributed data from 56 programs, including programs that operated in Central America and others that operated elsewhere but received applications from Central America.

# Venture locations

These ventures operate in 7 countries in Central America.

1	Nicaragua	259
2	Guatemala	221
3	El Salvador	117
4	Honduras	113
5	Costa Rica	73
6	Panama	28
7	Belize	1



# Key Takeaways

Central American ventures were more likely to report revenue

At the time of application, ventures in Central America were more likely to report prior-year revenue and employees in comparison to both the global sample of ventures and the Latin America sample.

Ventures most commonly raise debt by the time of application

For ventures operating in Central America, the most common form of financing raised at the time of application was debt, followed closely by philanthropic support.

Business skills are a key need among Central American ventures

Central American ventures most commonly listed the development of business skills as the top benefit they hope to gain through acceleration, as opposed to the global sample where access to a network was most often ranked first.

Founders with prior founding experience were more advanced

Ventures with prior entrepreneurial experience were more likely to report revenue, employees, and philanthropic capital upon application to an accelerator than those without this experience.





**Dive into  
the data**



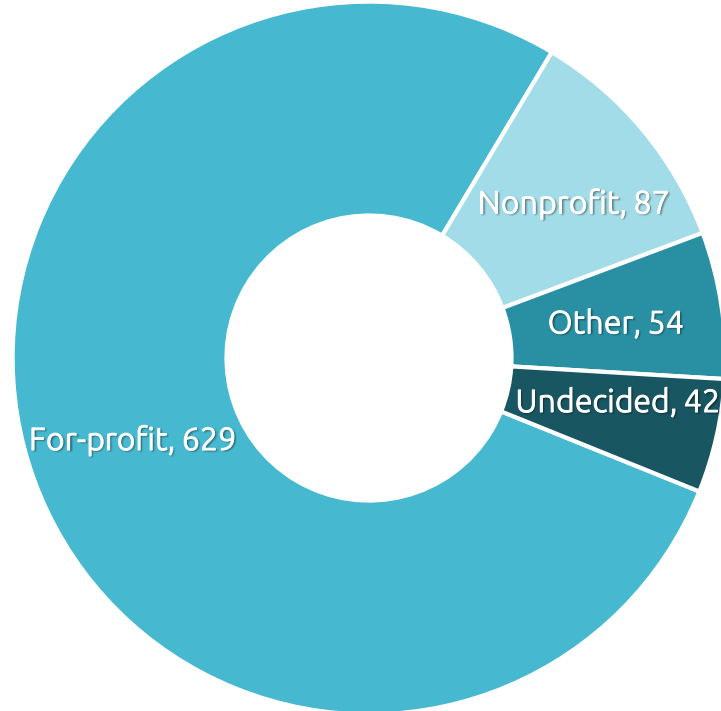
# Business structure and age

Most ventures are for-profit companies, with a median age of 3 years.

## Median Age

For-profit	3
Nonprofit	8
Other	2.5
Undecided	1

## Business Structure



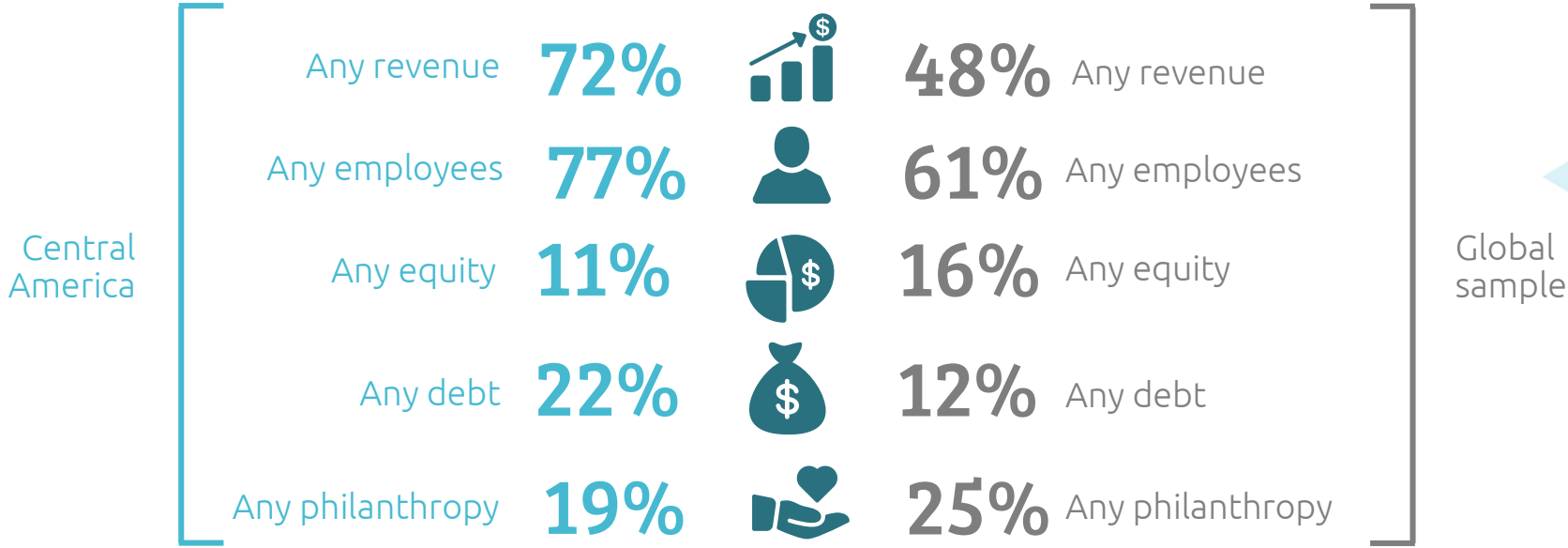
# Top sectors

The most common sector for Central American ventures was agriculture (17%), similar to Guatemala and Nicaragua (the countries with the most ventures in this sample).



# Venture performance

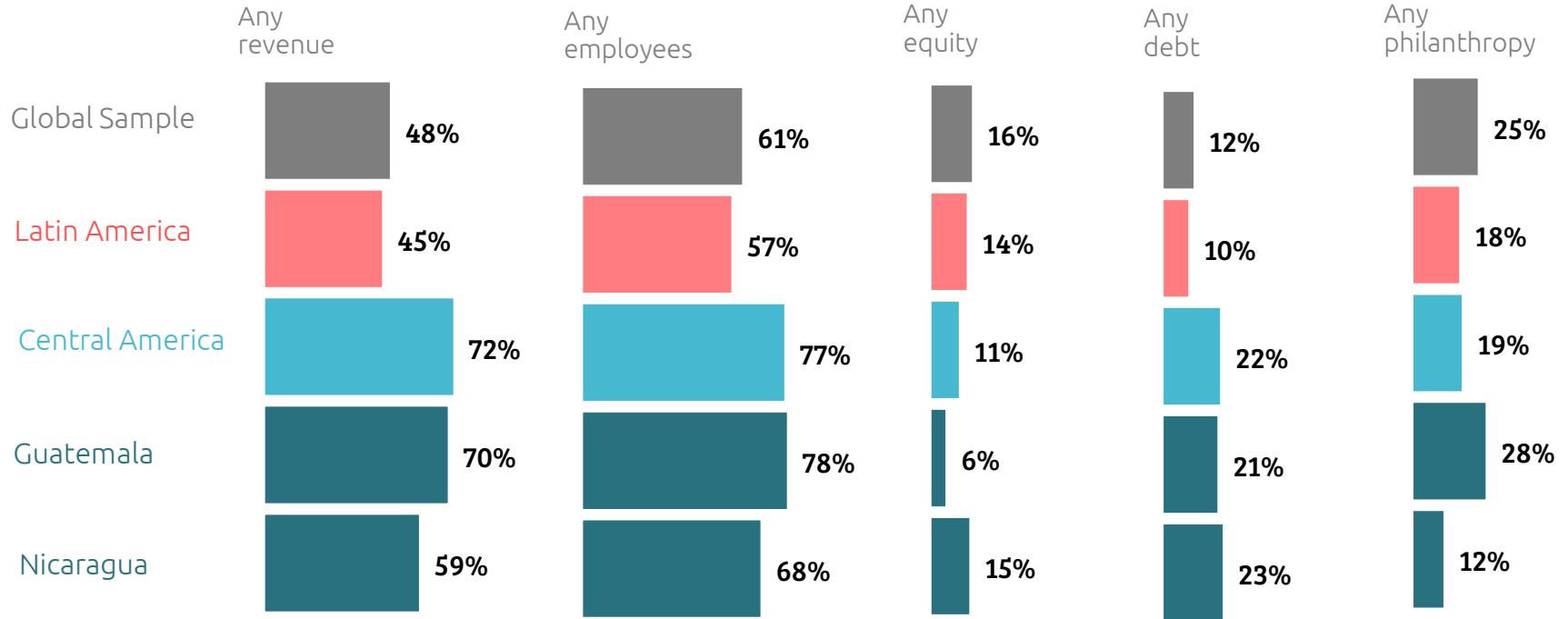
At the time of application, most ventures had earned revenue and hired employees, but fewer than half had raised funding. Compared to the global sample, Central American ventures were more likely to report revenue, employees, and debt.



Note: These data represent performance in the year prior to application to an accelerator program

# Venture performance by region and country

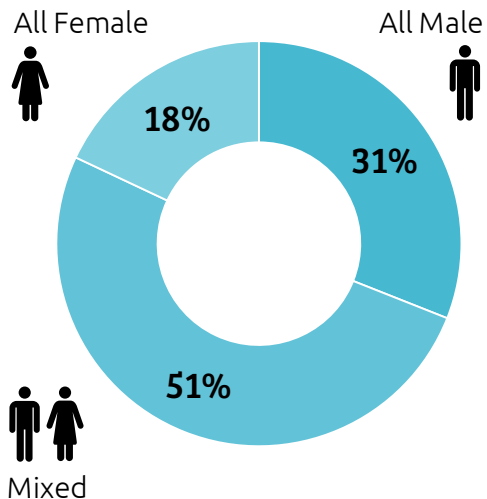
Central American ventures were more likely to report revenue, employees, and debt than those in the Latin America sample. Looking at the country level, Guatemalan ventures were more likely to report philanthropy, while those in Nicaragua were more likely to report equity.



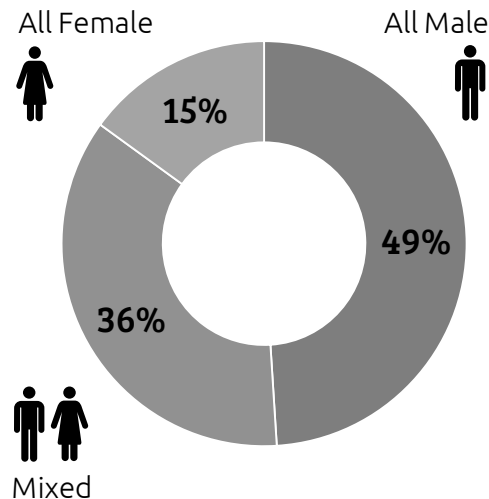
# Founding teams by gender composition

More than two-thirds of the ventures in Central America include women on the founding team (69%), a greater proportion compared to the global sample (51%).

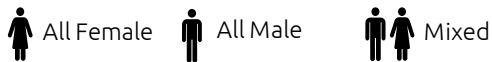
Central America



Global sample



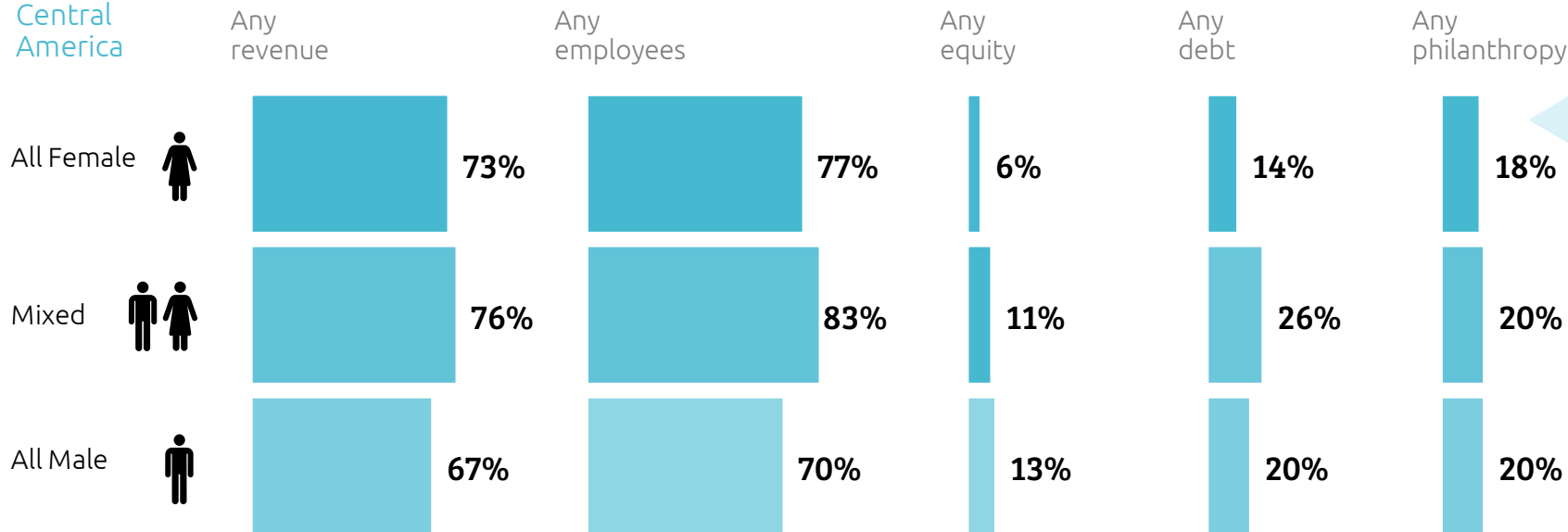
Note: Applicants entered information for up to three founders.






# Performance by gender

Mixed-gender founding teams (those with at least one woman and one man) were more likely to report revenue and employees than teams with only male founders.

Central America

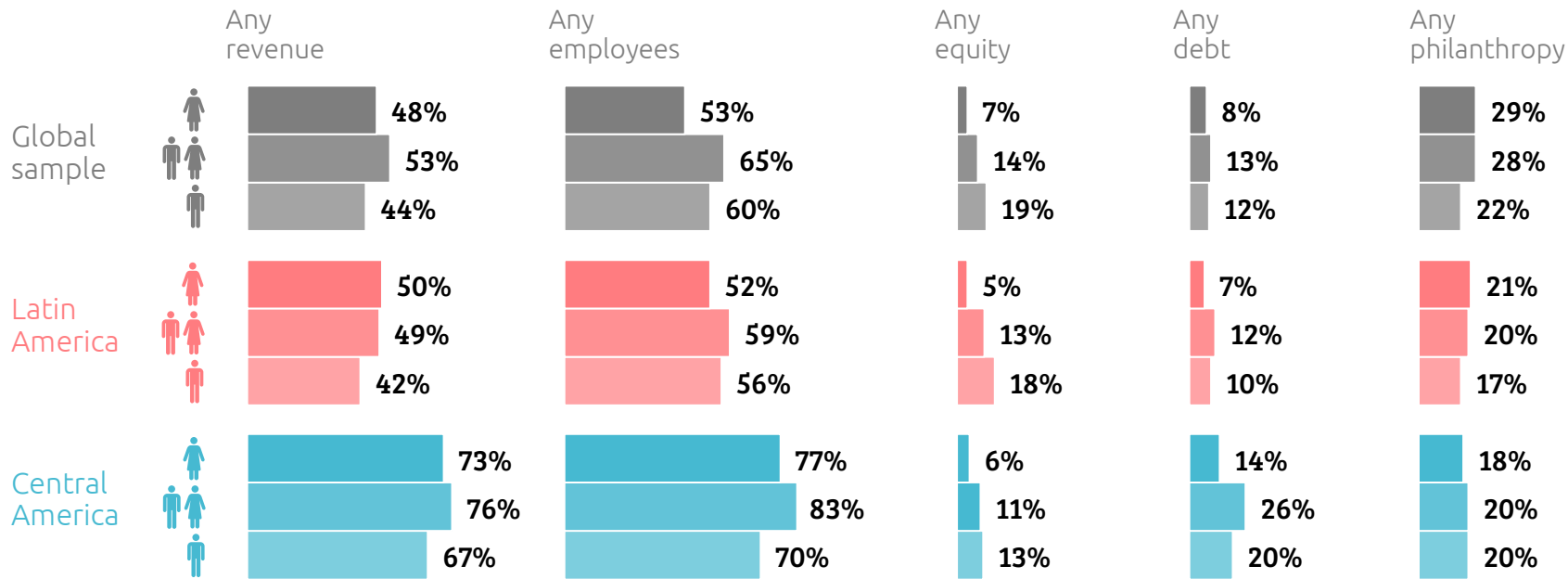





 All Female  All Male  Mixed

Percentages reflect the proportion of the sample that has raised any revenue, employees, or investment at the time of application.

# Performance by gender and region

Female-founded ventures were the least likely to report equity upon application to an accelerator in the Global, Latin America, and Central America samples.

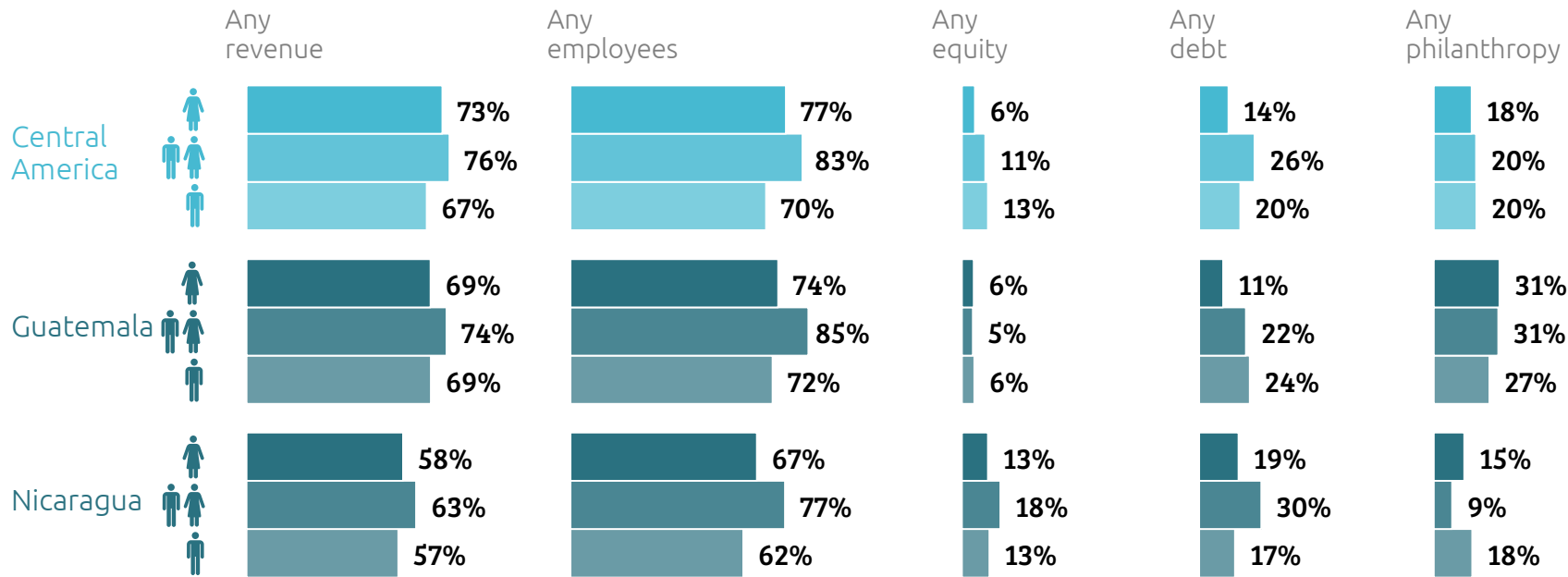




 All Female
  All Male
  Mixed

Percentages reflect the proportion of the sample that has raised any revenue, employees, or investment at the time of application.

# Performance by gender and country

There were few noticeable differences in performance based on team gender when comparing ventures in Nicaragua and Guatemala, except that all-female teams in Nicaragua were more likely to report debt, while those in Guatemala were more likely to raise philanthropic capital.



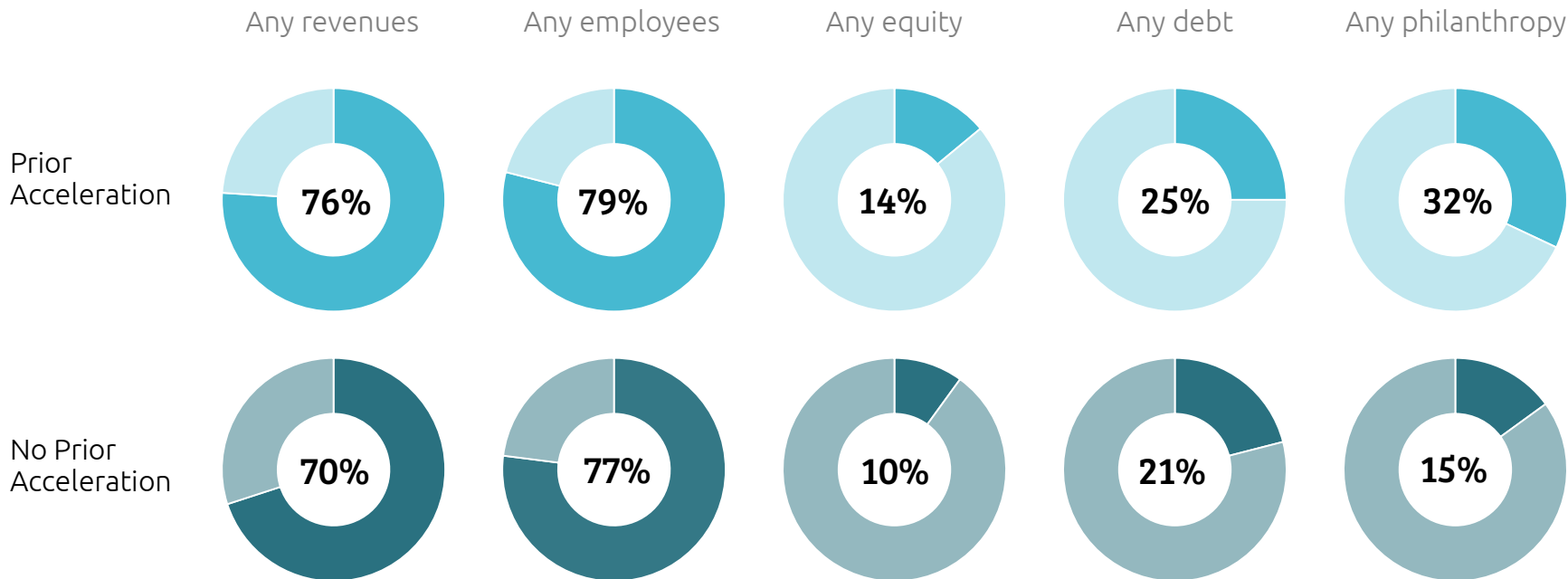
 All Female
  All Male
  Mixed

Percentages reflect the proportion of the sample that has raised any revenue, employees, or investment at the time of application.



# Prior acceleration

23% of Central American ventures had previously participated in an accelerator program at the time of application. The data show few differences among Central American ventures, except that previously accelerated ventures were more likely to report philanthropic capital.

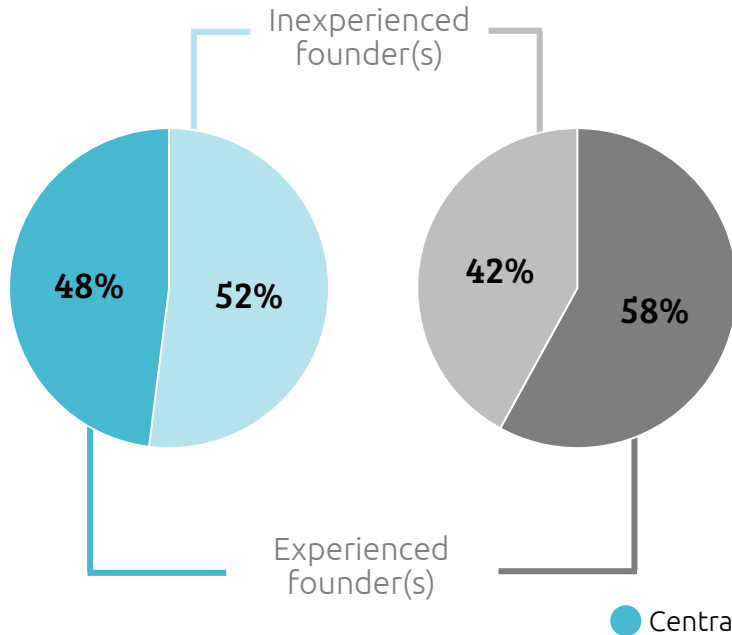


Percentages reflect the proportion of the sample that has raised any revenue, employees, or investment at the time of application.

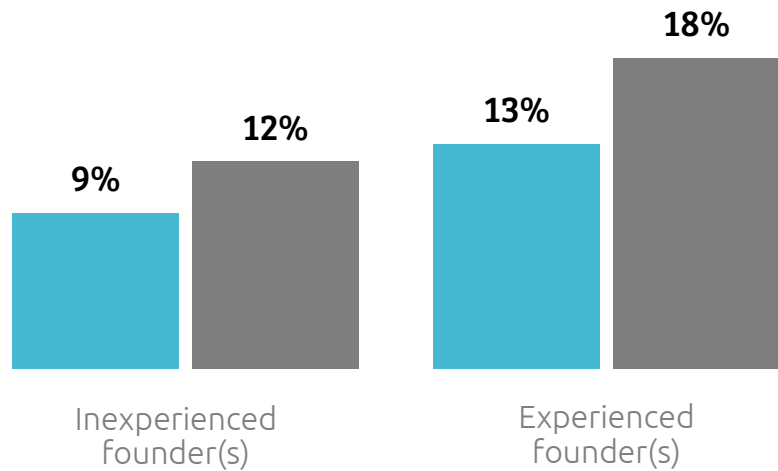
# Prior entrepreneurial experience

Nearly half of Central American applicants had previously founded a venture at the time of application. Those with this experience were significantly more likely to report revenue, employees, and philanthropy, but only slightly more likely to report equity.

### Previously founded a venture

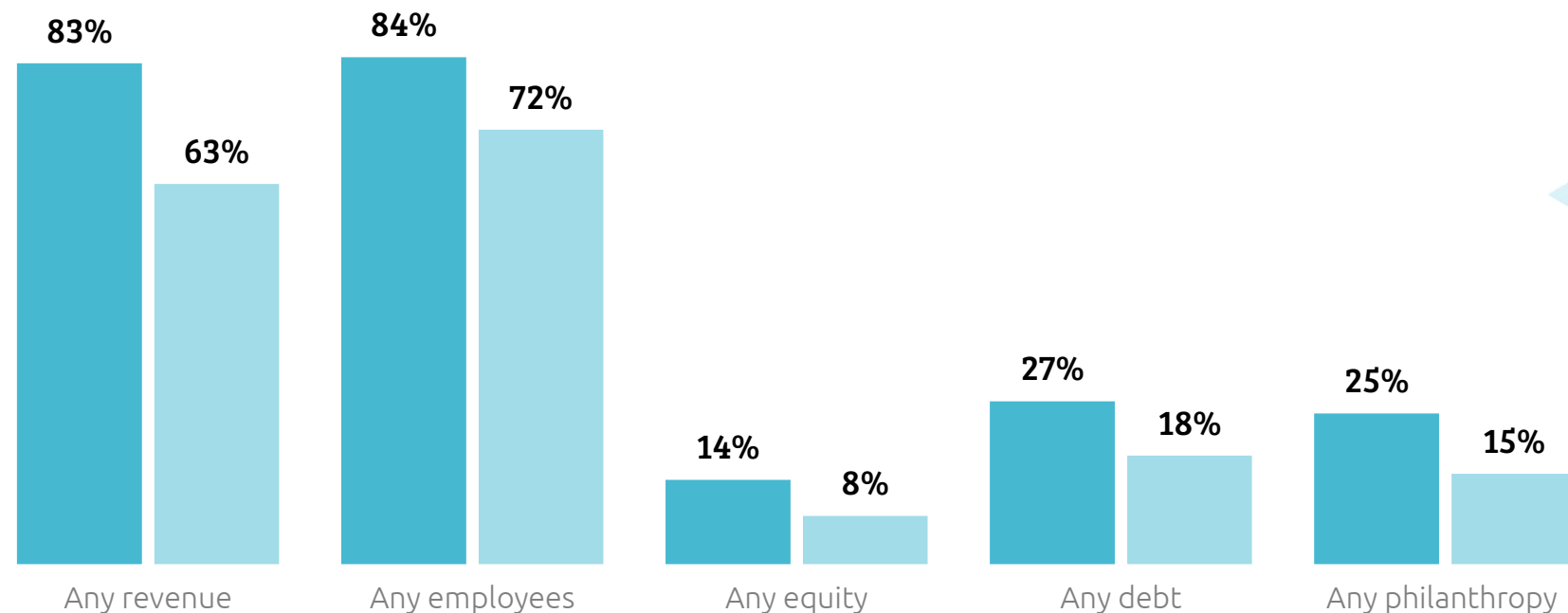


### Founder experience and equity raised



# Intellectual property

44% of Central American ventures reported intellectual property (patents, trademarks, copyrights), just slightly more than the global sample at 42%. Ventures with intellectual property were significantly more likely to report revenue, employees, and investment.

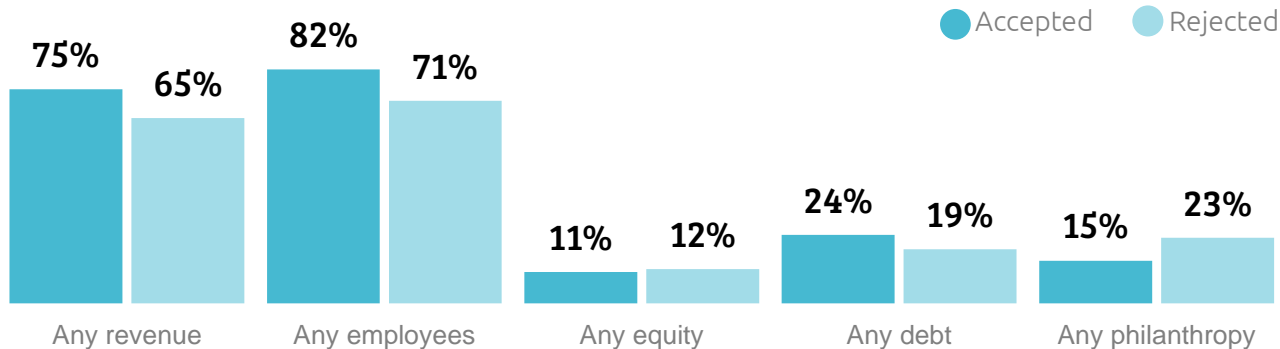


● Has IP ● No IP

# Accelerator selection

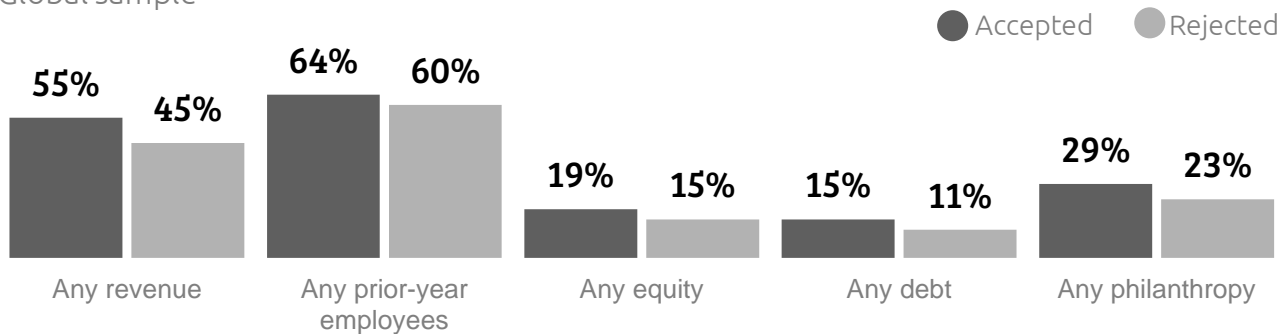
42% of Central American applicants were selected and participated in a program.

## Central America



Ventures that were selected to participate by an accelerator program were more likely to report prior-year revenues and employees.

## Global sample

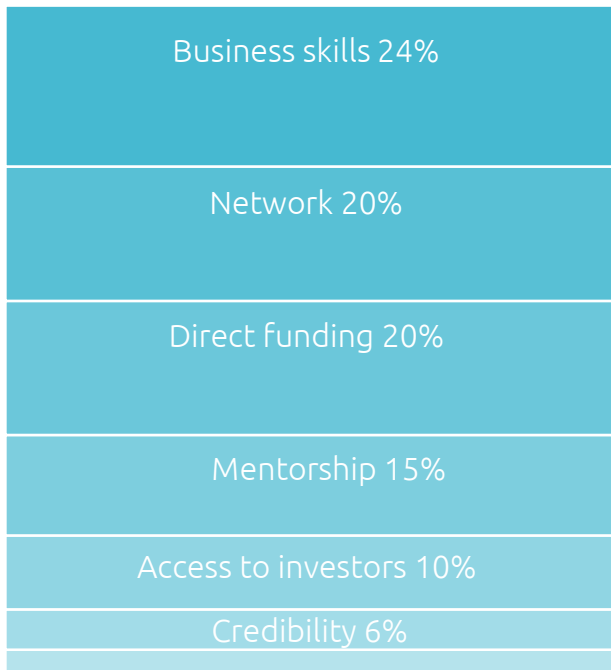


Unlike the global sample, reporting equity and philanthropy did not correlate with a higher acceptance rate for Central American ventures.

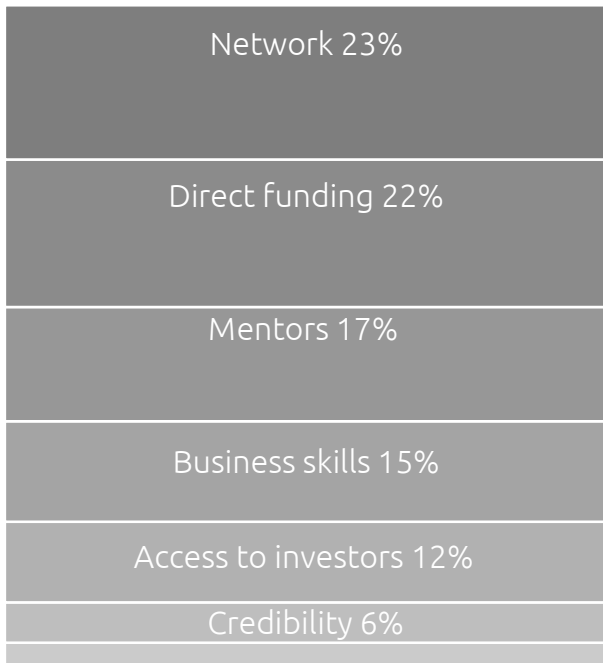
# Desired benefits of acceleration

Business skills, networking, and direct funding were most often ranked as the most important benefit entrepreneurs hope to gain from acceleration.

## Central America



## Global sample



The development of business skills through acceleration was more often a top priority for Central American ventures relative to the global sample.

Only 4% of ventures in both the Central America and global samples ranked **access to fellow entrepreneurs** as a top desired benefit.

To learn more about GALI, please visit [www.galidata.org](http://www.galidata.org)



# GALI

Global Accelerator Learning Initiative



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