How Corporate Accelerators Work

A best practices report from the Corporate Accelerator Forum, November 6, 2017

Summary: Thirty leaders in the corporate accelerator space met to share knowledge about engagement with startups. They identified these keys to accelerator success:

*A C-level champion with a long-term view
*Allies throughout the corporation's management layer
*A clear vision for the short-term and long-term benefits of acceleration
*Funding so low as to render the accelerator invisible from a cost point of view
*Deep collaboration between startups and corporate employees
*Effective messaging to entrepreneurs about what to expect from the accelerator

The paper provides details on these concepts, best practices for kickoff and measurement of an accelerator, ideas about how to support startups after their accelerator experience, and stories and case studies from operating accelerators.

This version of the whitepaper was prepared for interested parties who did not attend the 2017 Forum event -- please contact diana@dianajoseph.com for distribution copies. Forum attendees may request the more detailed internal version via the same address.

Diana Joseph Consulting

"We started this program as we believed a big gap exists between academic ideas in our field and Series A funding. We thought we had to be more proactive to disseminate technical know-how and grow our own market. Our accelerator can help entrepreneurs realize their dream by streamlining and reducing the barrier to entry for our field; if these startups become successful than our market could be expanded by use of our tools in emerging applications." -- C-level corporate accelerator champion

"Make no mistake -- entrepreneurs need the money that corporate accelerators can provide … they also need to understand how big companies work, because that's what they're trying to become." -- Accelerator participant

"...the world of corporate and startup innovation is fast evolving into a strategic requisite." -- Unilever Foundry whitepaper, p.2.[1]

Corporations are increasingly interested in partnerships with startups that can engage with markets and technologies in new ways (Unilever). At the same time, startups stand to benefit enormously from what corporations can provide in terms of resources and knowledge. While the relationship requires some delicacy, the benefits of engagement are substantial.
*Corporations need some way to gain insight into what startups are learning, especially in complex industries where small startups are able to move much faster than large corporations.
*Startups need exactly the kinds of resources and knowledge that corporations can provide.
*In addition, these kinds of partnerships can provide valuable PR on both sides of the equation.

In short, the needs of startups and corporations are interdependent -- each can provide substantial value to the other. Corporate-based startup-acceleration is an important approach in this space, along with others such as corporate venture and M & A. Various companies and service providers have built and run corporate accelerators over the last decade, learning important lessons for operators and for the corporate accelerator ecosystem along the way.

On November 6, 2017, we convened the Corporate Accelerator Forum. As far as we know, this is the first time corporate accelerator leaders have come together to learn from each other and share their experiences and findings. We gathered a group of serious players and interested parties in the corporate accelerator space to develop a deeper understanding of the volatile corporate accelerator ecosystem. We met in San Francisco in the offices of our founding sponsor, who will be anonymous in this whitepaper.

This one-day symposium was designed and organized by Diana Joseph Consulting and sponsored by two organizations who have elected anonymity in this public whitepaper.

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[1] The State of Innovation, whitepaper published by Unilever Foundry, September 14, 2017. https://foundry.unilever.com/blog/-/blogs/the-future-of-innovation-startups-and-corporates-to-work-under-one-roof-by-2025

Participating industries included educational technology, high tech, materials, and especially biosciences (pharma, med tech, genomics and others). In addition, we invited startup founders and investors to reveal insights about the accelerator experience from their points of view, and advise the group on what corporate accelerators should and should not do. In all, 23 organizations sent a total of 29 representatives.

This whitepaper encapsulates the most important best practices that emerged from the day. The group plans to convene again in Fall of 2018, contact diana@dianajoseph.com for more information.

These organizations have different reasons to engage with startup acceleration -- some see the startup accelerator as key to strategic innovation for the corporation. Others see it as a powerful way to understand potential future acquisitions. Still others are most interested in helping founders.

Participants joined the conversation with a variety of learning goals, ranging from high-level strategy (“Where do we play? How do we play?” and “How to create sustainable ecosystems?”) to detailed tactics (“How to structure agreements?” and “How to on-board and off-board startups”). They were particularly interested in hearing stories about how accelerators work in the real world (e.g., “How we partner with other companies” and “How did you slay your dragons?”). They wanted to create community (“Make connections”), and to discuss areas of challenge (“Survive in corporate environment.”)

We designed the conference to emphasize frank dialog and shared learning. To encourage free discussion, we used the Chatham House Rule which states: “When a meeting, or part

thereof, is held under the **Chatham House Rule**, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed". This public whitepaper will use job titles rather than speaker names. No participating sponsors or participants will be named. Quotes are edited to further preserve anonymity.

To serve the goals of dialog and shared learning, we designed a schedule that maximized time for peer interaction and discussion, closing with a panel of investors and startups.

Schedule for the Day

8:00 Informal Breakfast.

9:15 Introductions and Game: **Spectrum**.
Learn who is here and who has the most to teach you.

10:15 Discussion Round 1: **Me and Headquarters**.
11:15 Lock in the learning. Share between discussion groups.

11:45 Lunch onsite.

12:45 Round 2: **Goals, Measures, Storytelling**.

1:45 Lock in the Learning.

2:15 Break and Dessert!

2:25 Round 3: **How do I Push Go? / Blocking and Tackling the Accelerator Design** + Unconference topics

3:25 Lock in the Learning.

4:00 Sponsor Accelerator Tour.

4:30 Panel: **Accelerators as Service Providers -- What do our Customers Say?**
Grab a glass of wine courtesy of our friends at Silicon Valley Bank, nibble some snacks and take in some feedback!

5:30 What's next? (Sponsors, Organizers)
We'll revisit the biggest lessons, whitepaper plan and next-step ideas, and we'll officially bid each other farewell for now.

6:00 We're done!

Unofficially, stick around as long as you like! Consider going to dinner with new friends and colleagues!

We opened the Forum with a custom-designed game called Spectrum:

Rules of play for Spectrum:

1. The Emcee names a theme that is of interest to the group and which can be represented by endpoints on a scale, for example, "Where do you live, West to East?"
2. Participants move to sit or stand in the the correct location along the spectrum. This requires discussion to determine where each person belongs.
3. The people standing furthest apart from each other explain where the endpoints are. For example, San Francisco and Copenhagen.
4. Anyone who can't find an appropriate single location along the scale explains the exception, for example, "I'm bi-coastal, I live in New York and San Franciscol"
5. Repeat with a new theme -- use topics that expose differences and similarities among participants.

At the Corporate Accelerator Forum, we asked several Spectrum questions.

Question	What we discovered
Where do you live?	San Francisco to Copenhagen
How big is your company, in terms of revenue?	Zero (for non-profit participants) to >100B
How old is your accelerator?	Zero (for companies currently considering but not yet entered into the space) to six years.
How much money do you	Zero to 500K for a Joint Development Agreement, many

provide to startups?	different models. Some participants charge rent to founders.
How much equity do you take?	Zero to 20%. Most take zero equity. Some participants focus on acquisition.

"At first I thought we were playing a silly ice-breaker game, but once we got into relevant questions, it was very powerful to see, literally, where people stood." --Accelerator leader.

The day was organized around topics identified through earlier one-on-one discussions with sponsors and attendees.

*Me and Headquarters
*Goals, Metrics and Storytelling
*How to Push Go
*How to Run an Accelerator

Two additional topics emerged during the event, unconference-style.
*How to Support Startups After the Accelerator Program is Over
*The Frozen Middle: How to Enlist Corporate Managers in Innovation

For each topic, designated attendees hosted a small-group discussion by kicking off with a story, exercise, framework or other provocation. We wrestled with each of these topics over the course of the day, and synthesized our findings. We closed the event with a wine reception and panel of entrepreneurs and investors, hosted by Jennifer Goldstein of Silicon Valley Bank. The panel helped to expose what corporate accelerators are doing well and what needs to change.

Why is This Work Important?

Space in the Funding Ecosystem

At this particular moment in time, VC trends are creating space in the ecosystem for groups like corporations to fund startups-- VCs currently tend toward very large series A investments in companies that are already well-funded and poised for growth, perhaps even IPO-ready. In order to reach that stage, startups with new ideas in complex industries such as biosciences need just the right amount of capital, space and equipment. Accelerators can offer multiple kinds of resources in exchange for multiple kinds of value -- equity as well other arrangements such as Joint Development Agreements, M & A preparation, convertible notes, and expectations regarding founders' time.

Entrepreneurs need advice as well -- their expertise is often in the technical domain of their idea, not in the domain of business scaling.

“We know of one startup that’s doing wonders in their pilot in a large institution. But their solution simply doesn’t scale. It’s custom-tied to the institution’s custom IT implementation. The startup is really married to their solution and it’s very hard to talk to them about investing time to find a repeatable way to bring on new customers.” -- Accelerator leader

A Symbiotic Relationship

We see opportunity for symbiosis where the needs of startups overlap with the resources of corporations, and vice versa.

In order to grow, early stage companies need things that established corporations already have:	*In order to learn and thrive in changeable markets, established corporations need things that early stage startups already have:*
Money for operating costs Space Specialty equipment and materials Market access Supply chains Sales channels HR systems Information about safety procedures	Insight into the technological bleeding edge Insight into new markets M & A/Strategic partnership pipeline PR Entrepreneurial mindsets such as: Scrappiness Speed Initiative

Well-designed corporate-hosted or -sponsored accelerators can provide an environment for efficient exchange of these kinds of resources. Keys to the success of a corporate accelerator include:

*A champion at the corporate senior leadership level. This champion must take a long-term view toward ongoing funding of the accelerator.

*Allies laced through the management layer of the corporation. The accelerator needs advocates who can speak for the value of startup engagement, even against the background of execution priorities that compete for funding.

*A clear vision for the short-term and long-term benefits of acceleration. Return on startup investment or acquisition can be substantial but by nature is realized years down the road. Corporations need to benefit sooner from sources such as PR, lessons learned, or influence on corporate culture, to name a few examples.

*A limited amount of funding -- the dollars should look small relative to impact. The accelerator models scrappy behavior and demonstrates what is possible with a small amount of funding. Make the cost of the accelerator a rounding error relative to corporate revenue to reduce its profile in a cost reduction scenario.

*Opportunities for interaction between the startups and the corporation -- familiarity and proximity make it possible for startups to understand the power of what the corporation can teach, and for corporations to “catch” entrepreneurial mindsets from the startups.

*Making a persuasive case for strong entrepreneurs to participate. Who is the target entrepreneur? What is the accelerator offering, and what does the accelerator require in return?

The Framework

The day’s discussion coalesced around four key stakeholder categories -- Corporate Leaders, Accelerator Staff, Entrepreneurs and Investors -- and how accelerators interface with each type of stakeholder over the course of time. This report adopts this way of thinking as an organizing framework.

	Early	Ongoing	After
Corporate Leaders	Section 1: Making the Case to Start an Accelerator	Section 2: Thawing the “Frozen Middle”: How to Enlist Corporate Managers in Innovation	
Accelerator Staff	Section 3: How to Push Go	Section 4: How to Run an Accelerator -- a Case Study	
Entrepreneurs		Section 5: Providing Value to Entrepreneurs	Section 6: How to Support Entrepreneurs After the Program is Over
Investors		Section 7: Engaging Investors	

Section 8: Telling the Accelerator’s Truth -- Goals, Metrics and Storytelling

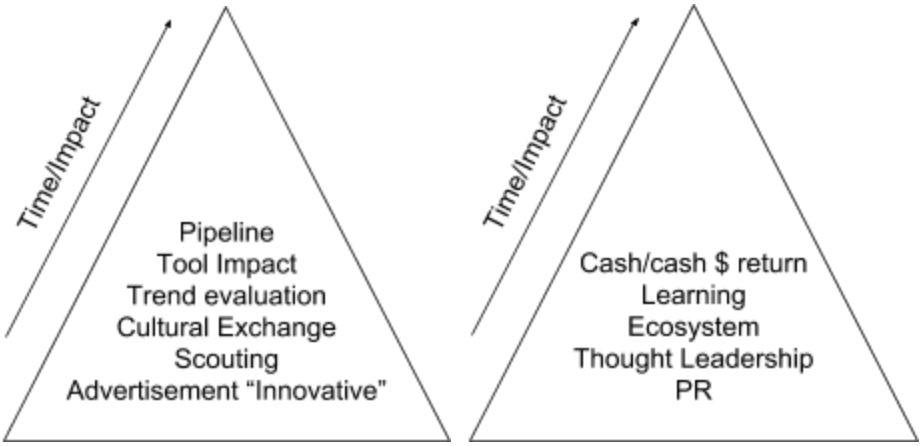
Section 1: Starting an Accelerator

Starting an accelerator requires funding, political muscle and a credible game plan. Corporate Accelerator Forum attendees identified several mission-critical tasks.

1. Work with a champion at the highest level of the company. This person provides the initial funding and advocates for the program internally and externally, and defends it against corporate “antibodies.”
2. Align with the leader’s goals -- For example, if the accelerator reports to the CTO, solve product development problems. If the accelerator reports to the COO, solve supply problems. Produce results that match the leader’s timeline.
3. Develop a clear vision for what the accelerator will accomplish. Consider: The Accelerator Hierarchy of Needs (with apologies to Abraham Maslow). Several accelerators at the Forum see ways to use this framework to communicate beyond the innovation group: The bottom of the pyramid represents the earliest, easiest wins the company can expect from engaging with startups. The top represents our ultimate aim(s). Different corporations in different industries have different goals and can fill in the pyramid differently. For example, one attending accelerator is primarily interested in social benefit impact. Another is primarily interested in M & A opportunities. Still a third fosters startups that will be long-term customers.

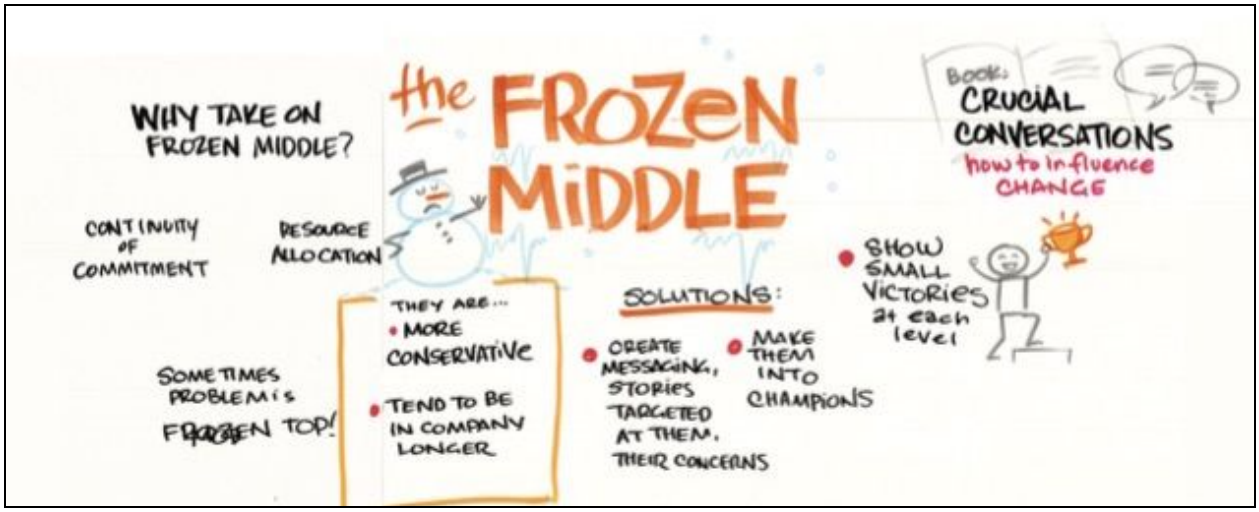
The Accelerator Hierarchy of Needs

Other examples sketched at the Corporate Accelerator Forum:



The hierarchy of needs sets expectations by showing champions and allies what the accelerator is designed to deliver, and in what timeframe.

Section 2: Thawing the Frozen Middle



Corporate accelerators, unlike general accelerators, face tension between the accelerator and the parts of the company responsible for execution. This is an important tension -- companies face both short-term and long-term survival with the same limited pool of resources. (For more on this dilemma, see https://hbr.org/2004/04/the-ambidextrous-organization). The tension can manifest in the form of conflict between leaders responsible for the accelerator and leaders responsible for day-to-day execution.

A common story among Forum participants: The most senior executives in the company speak eloquently about the need for innovation. Front-line staff are inspired by the opportunity to participate innovation. However, the requirements, incentive structures and traditions of internal management roles encourage middle-managers to oppose innovation.

Be prepared for the possibility of resistance -- funds and people directed toward long-term innovation efforts such as accelerators are not available for important shorter-term corporate priorities, so resistance on the part of leaders outside the innovation arm is natural. Forum attendees proposed a number of ways to address this resistance.

1. Be cheap. Internal resistance is often based on cost. Aim to be extremely inexpensive relative to impact.
2. Note that the average tenure of a senior executive is shorter than the time it takes for an accelerator to generate its first winning exit. In order to survive inevitable leadership change, you must have a well-reasoned case that goes beyond ROI, and multiple allies throughout the company. Today's GMs, VPs and directors are tomorrow's C-suite. Strong support inside the business can also mitigate challenges from top leadership.
3. Identify and influence allies. Create messaging and stories targeted at them and their concerns. Some techniques:
    a. Get them out of the conference rooms into the accelerator, to see what you're doing, in person.
    b. Expose small victories along the way to convert them into champions
    c. Use the accelerator to solve problems for the person with the biggest problem. "Go where the house is burning and help out!" -- Accelerator leader.
    d. Understand your company's politics and use this understanding to drive your strategy.
    e. Use the hierarchy of needs to help managers understand what the accelerator does for the ecompany.
    f. Consider engaging them through explicit roles such as mentoring.
    g. Use change management resources such as Influencer[2].

4. Address legitimate risks head-on. Consider these assertions:
    a. *The accelerator is a talent drain.* It is true that some corporate employees leave the company or change jobs within the company after engaging with an accelerator -- a manager who frees up staff time to participate is taking a risk. On the other hand, high performing employees who leave because of the accelerator were at risk of leaving anyway. Without entrepreneurial opportunity they might leave sooner and with less goodwill, or worse, remain in the company as disgruntled employees.

[2] Grenny, Patterson, Maxfield, McMillan and Switzler. *Influencer: The New Science of Leading Change.*

b. *Internal teams may resent resources sent to innovation*
"At our accelerator, internal innovation teams work side-by-side with startups at the same pace, with the same framework. The top leader is a trusted leader with a huge vision for creating viable spinouts from inside and outside. Managers want to be part of it so they go along with giving up an employee for three months. Its really difficult -- the managers have an employee taken away, and are expected to survive without them and integrate them back in. When employees go back, we see two different patterns. Some managers see the changes and embrace them. They ask the returning employee to teach the department and raise the group's ability to use these tools. Other managers feel violated. For them it feels like 'already I'm short-handed, and they're taking way my best person.' I've seen them take it out on the employee. We had a salesperson who didn't meet the quarterly number because they were participating in our program, and they got docked. So technically they got the time off, but really not. There's definitely more to figure out - how can we get more of the first kind of management response, and less of the second?

c. *"We could have done that ourselves!"* Internal teams may be hostile to technologies created by company-supported startups with similar skills. Approaches:
    - Focusing the accelerator on startups working outside the core wheelhouse of the company.
    - Engaging startups that solve the problems employees most want solved.
    - Internal/external collaborations.

d. *Potential internal partners are risk averse.* This is a principled disagreement that needs strategic resolution. "We passed on a company that was way ahead on a new technology in our space. Internal stakeholders weren't comfortable with uncertainty around the IP at this early stage, and they said no."

Section 3: How to Push Go -- Kicking off the Accelerator

To get an accelerator off the ground, Forum attendees proposed the notion of the Minimum Viable Accelerator: Define the cheapest program that will engage stakeholders and be fundable. Frame the project as a pilot from which all stakeholders can learn. Don't wait for the perfect program design or funding model. Stay lean, and embody startup mentality. The work itself is part of making the case.

“We love it when corporate leaders say “you got THAT much done with THIS little money?!” -- Accelerator leader

Staffing the accelerator.

Forum attendees cited several key areas of expertise needed to spin up an accelerator:
*Domain expertise
*Finance
*Startup operations
*Product expertise
*Administrative support.

In general, these programs are staffed by experts, but find that administrative support is sorely needed. Corporate accelerators often use expert staff to cover necessary administrative tasks. This tactic allows the accelerator to function on a day-to-day basis, but comes with a high cost in loss of time for strategy, reflection and problem-solving. Current corporate accelerators are hungry for more administrative support, and recommend that new accelerators staff for this function upfront.

In addition to providing expertise, accelerator staff are responsible for creating a culture. They must be personable and service-oriented, strongly motivated to help entrepreneurs succeed.

Budget and budget concerns:

Keep operating costs low, but invest in infrastructure up front: CAF participants were clear: the accelerator must run with very little in terms of resources to stay below radar financially. That said, one accelerator emphasized the need to invest in critical infrastructure right away.

“Spend money *now*, upfront instead of later. If I put in a 100,000 piece of equipment at the start, it doesn’t look that weird on a 1M Budget. It’ll look enormous on top of the operating budget. This is the opposite of what startups do -- their job is to outsource until they can’t anymore. Put the infrastructure in place so that you can be a startup’s way to be scrappy” -- Accelerator leader

Make a strategic stance on scaling: Fluctuations in the cost of the accelerator come primarily from scaling decisions. Each additional startup requires additional resources. What is the right number of companies? Identify the “sweet spot” for your organization.

How to Keep the Accelerator Going -- Lessons Learned the Hard Way, a Case Study

One relatively long-running accelerator told this story:
"The CTO championed the accelerator from day one. We were capital-light and low cost. We invested in AI and IOT, and we got great press! However, internal teams resented seeing resources funneled to the accelerator, in any amount. Some internal managers feared losing talent, either through participation in the accelerator or because they weren't allowed to participate the way they wanted to. We weren't tied to core business or product, so it wasn't clear to our colleagues how our work would benefit the company. In addition, the corporation wasn't as patient as a VC -- they wanted to see returns in 3-5 years, rather than the 7-10 that VCs expect. We invested in 30 or so companies, some of whom are still around, and we may still see some good exits in the future … but the doors of our accelerator have closed.

If we had it to do over again, we would:
*Make sure the accelerator has a long-term financial plan or a separate fund
*Work with senior leaders beyond the C-Suite to make sure there's a broad base of support
*Measure all the ways the accelerator benefits the company, not just ROI"

Section 4: How to Run an Accelerator Day to Day -- A Case Study

"Whatever you do, don't hurt the startups!" -- Accelerator Leader

The resources offered by corporate accelerators can be very enticing to startups. An example funnel:

1000 startups apply
900 don't fit the needs of the corporation
Of the remaining hundred, 10-20 warrant deeper understanding
Of these, we choose 3-5.

The specifics of accelerator design vary according to the needs of the industry, organization and startups. One accelerator provided a detailed description of day-to-day operations:

One Accelerator, Day to Day:

From a startup founder's perspective, the full accelerator experience runs 10 months from program admittance through the final day of accelerator-matched fundraising. The in-house component of the experience lasts 6 months. Cohorts overlap by several months -- while the last out-going class is wrapping up it's in-house phase, the next incoming class is completing entrance requirements such as agreements and background checks.

The Program:

During the residential component of the program, the accelerator provides a number of services.

*Space: Startups are housed onsite with access to the equipment and materials they need to drive their concepts forward.

*Social opportunities with potential mentors and collaborators: During the residential component of the program, the accelerator hosts weekly happy hours and brownbags -- often these are internal company lectures and social events to which startups are invited.

*Match-making to corporate employees: The accelerator provides a conduit to employees at the company -- this means that accelerator staff needs to know enough about the startups to recognize what connections they would help them, and enough about internal corporate operations to locate the right employees who can help. "We have a group that specializes in a type of analysis that one of our startups needed to learn. I introduced them and they've now met several times and done projects together. I like to stay in the loop so I can get better at translating each side to the other. I'm also personally interested in the work." -- Accelerator leader

Curriculum? No: This particular accelerator does not include a formal curriculum. From the perspective of participating startups, this is a positive. "Don't treat us like kindergartners!" -- Startup founder

*Visibility to the innovation community in the company: The accelerator presents the startups' work at the company's internal innovation conference.

*Visibility to corporate leadership: Approximately every-other program cycle, certain startups are selected to present to the company's Board of Directors.

<u>Accelerator case study day-to-day, continued</u>

*Education about how to work with a board: The accelerator hosts simulated board meetings, four times during the 6.5 months. The CTO of the corporation acts as a board member. This process helps the startups learn how to take advantage of a board, which is very different from proving an idea to a potential funder.

Accelerator Budget

Low spending protects the accelerator from unwanted financial scrutiny.

“The operating budget needs to slide through the radar, because the returns show up much later.” -- Accelerator leader

Accelerator Staffing

Given the low budget, every aspect of the accelerator’s operation is handled by the same very small staff. Any overflow has to be addressed through borrowed resources from elsewhere in the company. This scrappiness is similar to the way startups work. The tradeoff is that time other corporate leaders might use for reflection, strategic thinking and recharging goes toward logistics instead. “We wanted specific industry knowledge and business knowledge covered. Everything else was considered bonus -- even things like _events and security. It's a bit hard to take when you’re an industry expert and suddenly your job is ordering the food. But that’s how it works” -- Accelerator leader

Staff members wear many hats. One team member’s time-allotment looks like this:

<u>Accelerator case study day-to-day, continued</u>

Community engagement

The accelerator maintains strong ties to other corporations and startups in the industry. For example, the accelerator recently hosted a global startup forum associated with a nearby regional industry conference.

Section 5: Providing Value to Entrepreneurs

Entrepreneurs told us they need to understand exactly who the accelerator is looking for, what the accelerator offers, and what the accelerator expects in return.

Key questions that should be addressed in messaging to entrepreneurs:

Who is the accelerator for? Sponsors, startups, investors, community? Paradoxically, some founders find it appealing to join accelerators that are designed to serve investors or corporate sponsors, rather than entrepreneurs per se. The value is credibility: These founders want to be part of an accelerator that produces companies that are attractive to investors.

Who is the target entrepreneur? What size, age, industry, problem space does the accelerator want to attract?

"Define your target segment and profile -- make sure you're targeting companies who need to do this particular work, right now. -- entrepreneur"

What does the accelerator provide? (capital equipment, space, money, information, advice, training, M&A preparation, access, etc.) In general, entrepreneurs told us that money matters to them -- they use accelerators to keep themselves afloat and in fact may move from accelerator to accelerator for this purpose. In addition, space and equipment are critical for founders in complex industries such as biosciences. From a training point of view founders especially value insight into how a big company works.

Corporates can help startups understand how to grow from their scrappy roots into sustainable companies. Key areas for training:

*IP strategy. Many entrepreneurs are academics with a tradition of sharing and advancing knowledge. As startup founders, they need to keep IP private.
*Safety. Scrappy creators sometimes cut corners, and may not even be aware of having done so. They need to understand how to keep customers safe.
*How to work with an advisory board. Startups are used to persuasive pitching, not sharing challenges and asking for help.
*Insight into the elements of a full-grown company: HR, finance, IT, liability insurance, etc.
"Being in an accelerator is like a tour inside the Death Star. Startups can see all the parts and say -- we need one of those! What's that? Do we need one of those?" -- Startup founder
*Packaging to be palatable for acquisition.

What does the accelerator expect from its startups? Equity? Joint operating agreements? Information? Meetings? In general, entrepreneurs were comfortable providing value in return for the corporations investment. That said, they wanted to know in advance how much time they should expect to spend on off-priority tasks. "The accelerator takes time, and it's not always valuable to spend the time the way the accelerator wants. -- Entrepreneur"

Entrepreneurs told us that some corporate accelerators expect to be the first or only customer of a graduating startup. This is a significant risk for entrepreneurs and needs to be spelled out up front, along with the value that this arrangement provides to the startup.

What entrepreneurs want from accelerators:
Clear, aligned offerings.
Efficient capital allocation
M & A milestones
Capital equipment
CREDIBLE visibility to investors
Would be great if accelerators could expose their investors' rate of return.

Section 6: How to Support Startups when the Program is Over

Startups look to accelerators to help them through critical moments in their development. Active participation in the accelerator is a time-bound experience, weeks or months rather than the years needed to get a new company off the ground. Ongoing engagement is important in order to maximize the startup's survival chances and the corporation's opportunities to benefit from the startup. Defining & outlining an alumni program serves to
preserve the company's initial investment and strengthen the accelerator pipeline.

Accelerators at the Forum use a variety of tactics to support and engage with their startups, post-program:

*Provide matching funds for dollars raised within a few months of the accelerator program.
*Invitations to alumni companies to engage in the accelerator's community
*Participation in a CEO summit
*Follow-on investment and collaboration from different corporate arms
*Continued access to accelerator resources and connections
*Developing a community of mentorship so that alumni startups help newer ones
*Requesting monthly updates even after leaving accelerator
*Asking for first option to partner

Top-of-mind issues our accelerators are experimenting with:

1. Criteria for alumni services
2. How to help startups "outgrow the accelerator" and build their own capacities
3. Continuing connections virtually
4. Formal vs. informal structure of mentorship

Post-program support faces certain challenges:

*Corporate collaboration: Continued support of external ideas is dependent on other corporate decision-makers (see Section 2 above, the Frozen Middle)
*Integration: Integration of external R & D is a technical and process challenge. How might we build objective criteria for adoption of internal vs. external projects and programs?
*Mentorship: Defining the idea of mentorship and strengthening its quality to improve the transfer of knowledge in both directions. Using service providers as mentors raises the need to pay attention to where they are adding value vs. driving business for themselves.
Mentor bandwidth and engaging a mentor network is a project in and of itself. How should The relationship be formalized while maintaining the benefits of informal relationships?

"Facilitate the first meeting and allow the mentoring relationship to grow organically" -- Accelerator leader

Section 7: Engaging Investors

Our discussions with investors before and during the Forum suggested that traditional VCs may not be interested in companies that are early enough to participate in and get value from corporate accelerators. "We'll get excited about an accelerator when we can see that they've super-charged 10 out of 10 companies so they're really ready, including serious runway and IP management." -- Investor.

Access to an appealing company before it becomes famous can be extremely attractive to investors. "We look at a lot of companies, but looking for a hot startup to invest in is like buying a house in the Bay Area. Everything's full. Early introductions are like pocket listings. That's valuable." -- Investor.

VCs interested in more mature companies may visit accelerators for a different type of information: a peek at the host corporation's strategy. The accelerator's selection process provides implicit strategic information. "What I want from a corporate accelerator is to understand what's on their whiteboard. What are you going to buy next? It's in the accelerator!" -- Investor

Investors will support accelerator graduates when the accelerator makes good use of investor time: Events are cost-free and a reasonable % of teams are "supercharged" -- funding-ready and therefore worth learning about)

Demo Days -- good or bad?

From the investor's point of view, demo days may not be important. ""There are too many demo days. We review a lot of slides from the office and choose 5-10 to research more deeply. Then we pick one or two to convene a meeting with a full deck." Investor.

“Sometimes demo days cost money, and the companies are full anyway. I work with an angel group. We just do private meetings.”

Some Forum accelerators, especially those that serve more than one sponsoring corporation simultaneously, host traditional demo days that bring sponsors together. Other accelerators merely offer introductions, and still others set up invitation-only breakfast meetings for pre-selected investors with relevant interests.

Watch out for rights
One more important note to consider in accelerator design:
“If the corporation has rights, we’re not investing. Period. -- Investor.”

Section 8: Goals, Metrics and Storytelling

The goals and responding storytelling needs of the accelerator change over time -- the path from idea to commercial release is a long one, and the goals and metrics necessarily have to change. We need both KPIs (Key Performance Indicators) and KSRs (Key Resonating Stories). Human stories capture attention, drive buy-in and generate PR.

“When you hear about the number of people who get cancer in a given year, that might or might not mean something to you. But when you hear about Jane who is 45 years old and has three children, that comes home in a totally different way" -- Accelerator leader

Accelerators provide different metrics to different audiences at different stages in their development. Examples include:

Accelerator success metrics for the corporation:

- # of PR articles & marketing impact (especially important as the accelerator begins)
- # insights
- # internal pilots
- #Joint Development Agreements
- Cost
- (eventually) ROI

Startup progress metrics for the accelerator:

- #customer interviews
- #experiments completed
- progress toward M & A milestones

Accelerator metrics of interest to potential startups:

- time on equipment
- # of opportunities
- hours of access to the corporation
- outcomes for prior participants

Conclusion

“Many corporations are already actively seeking links with agile startups which can help them interpret and respond to changing consumer trends. Startups meanwhile know that finding the right corporate partner can turbo-charge their success.”
--Unilever Foundry whitepaper

As the global economy becomes increasingly dynamic, corporations need better ways to understand coming changes and trends in their industry, and better access to innovations. At the same time, startups are becoming more common, and entrepreneurship is becoming more attractive. The corporate accelerator is a powerful resource for connecting corporations with entrepreneurs in meaningful ways.

We gathered together people who have done this work on the ground together with people seriously considering this work -- in short, people with high-stakes needs for best practices in the corporate accelerator space. We captured what they uncovered through an intense day of knowledge sharing:

To be successful, corporate accelerators need strong, long-term support from senior leaders and from managers. They need to be articulate about the value they provide, from short-term impact on public perception to medium-term impact on corporate innovation and learning, to long-term M & A and/or investment ROI. They need to work with the lowest possible amount of funding to protect their long-term viability. They need collaborative relationships between the corporation and the startups, and they need crystal-clear messaging for entrepreneurs.

The Corporate Accelerator Forum convenes again in late 2018, with three sponsors to be announced. Visit http://corporateacceleratorforum.com to inquire about attending or sponsorship.

2017 Staff and Volunteers

We thank our sponsors who have elected anonymity in the context of this public whitepaper.

Deb Aoki, Senior Content Designer, PayPal, combines writing, drawing, and design to help drive transformational end-to-end customer experiences. She has worked with PayPal, Sony, eBay, Citrix Systems, and Microsoft, and has taught workshops on design thinking and simple sketching for UX in Japan, India, and at various companies and schools in N. America, including MIT iDM and Stanford University's Continuing Studies Program. She's also a graphic recorder / workshop scribe who has drawn at corporate events for Google, Accenture, and Adobe.

Lena Athena is a project manager motivated by innovation, diversity, and ethics. With an educational background in motivational psychology and relationship marketing, she helps businesses deliver a stronger brand image for their target audiences. Lena directs large, high-impact teams to improve operations and consumer experiences, thereby providing businesses with measurable financial gain. Her process is centered around designing and implementing efficient, sustainable business routines.

Diana Joseph is a design thinking leader and an innovation and entrepreneurship consultant. A former high-tech innovation director with a doctorate in Learning Sciences, Diana brings together techniques from motivation psychology, education, and Silicon Valley innovation methods such as design thinking and Lean Startup.

The idea for the Corporate Accelerator Forum arose in a conversation between Diana and one of the CAF sponsors, wherein Diana offered to wave a magic wand for one wish, and the sponsor asked to connect with other accelerator leaders. We've since learned that other corporate innovation leaders share the same wish! The Corporate Accelerator Forum is Diana's way of making the wish come true.

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*Volunteer note-takers Donald Huang and Elan Tye of Berkeley Haas School of Business, and Hareem Maune of Capillary Biomedical.