

# RYAN KUSHNER

# SOO... ACCELERATORS?



# WHO AM I?



- **THE ACCELERATOR GUY**
- **MBA -> ENTREPRENEUR -> ELEMENTAL EXCELERATOR -> FREE ELECTRONS -> ACCELERATOR ARCHITECT -> AUTHOR**
- **ACCELERATORS ARE MY TRIMTAB**
- **THIS IS WHY I CARE...**



Asian Development Bank

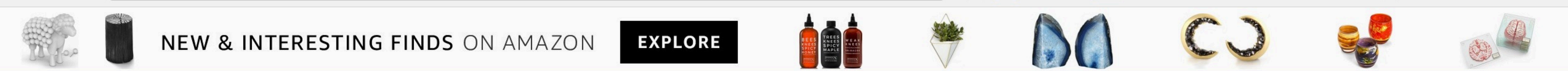


WORLD BANK GROUP



California  
Clean Energy Fund

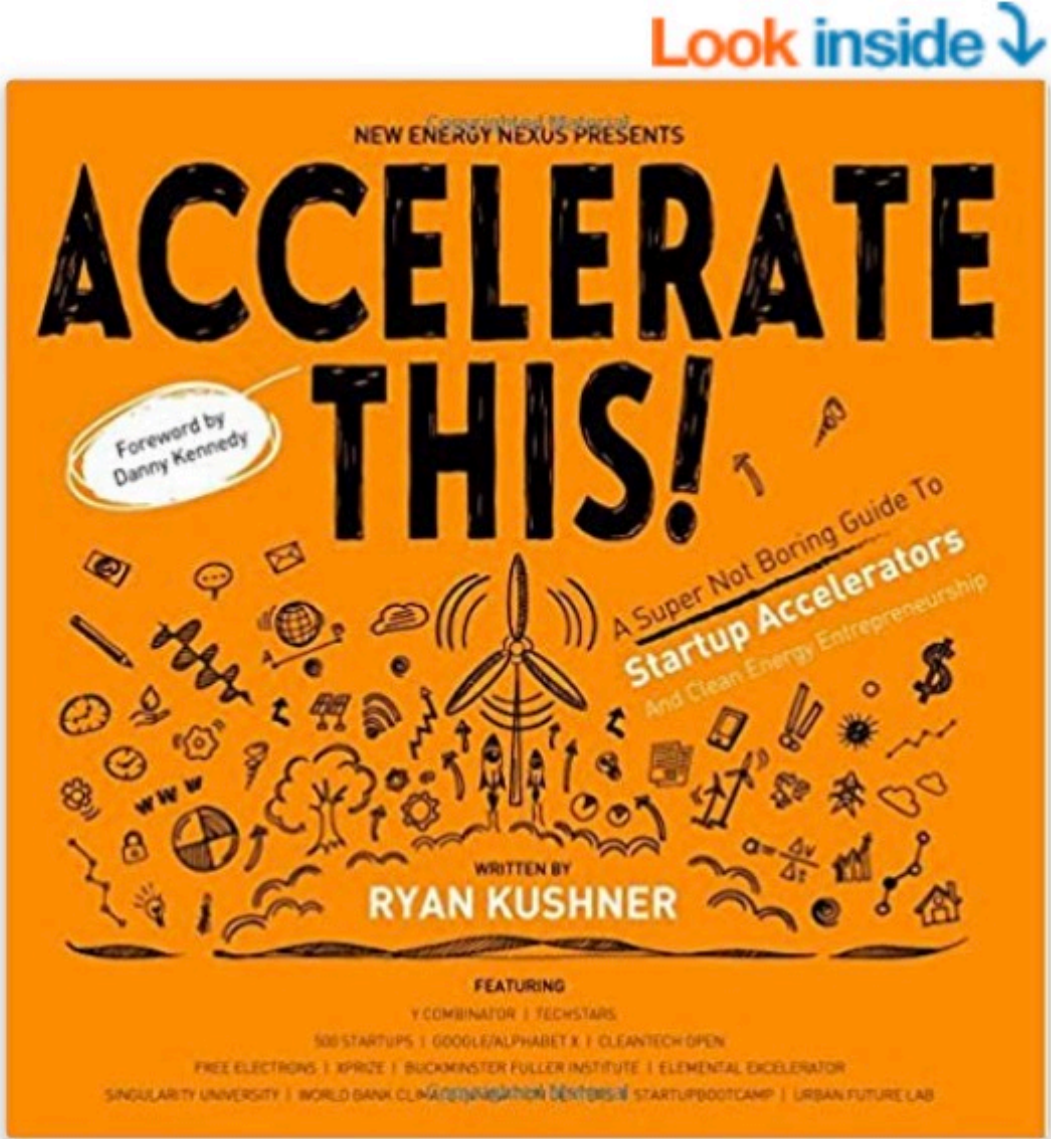




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Soooo, what *is* an accelerator?! And should you do one to grow your business? What's an accelerator versus an incubator? How do you find a good one, get in, and make the most of it? If

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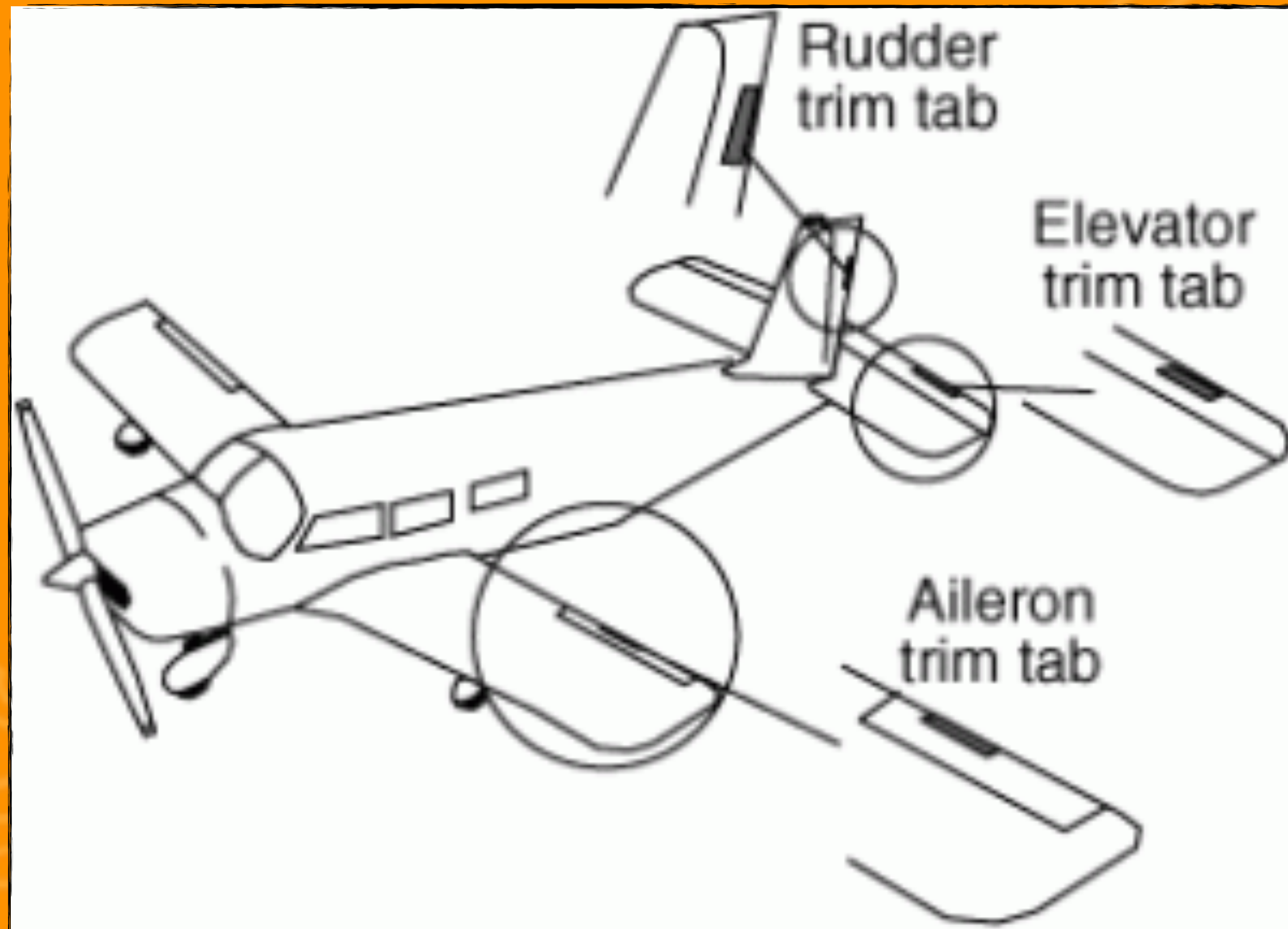
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# TRIMTAB



# WHAT DO I DO?


CLEANTECH

CARBONTECH


OCEANTECH

CLEAN MEAT


SYSTEMS  
INNOVATIONS



NEW ENERGY  
NEXUS



California  
Clean Energy Fund



ELEMENTAL  
EXCELSIOR



Emerson  
Collective



Office of Naval Research  
Science & Technology




FREE  
ELECTRONS



SX  
SW



U.S. DEPARTMENT OF  
ENERGY



techstars



Carbontech Labs

CENTER FOR  
CARBON REMOVAL



OCEANTECH  
ACCELERATOR



BIG IDEA VENTURES



BUCKMINSTER  
FULLER INSTITUTE

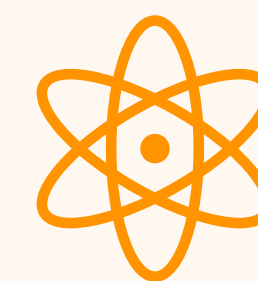
# WHAT DO I DO?



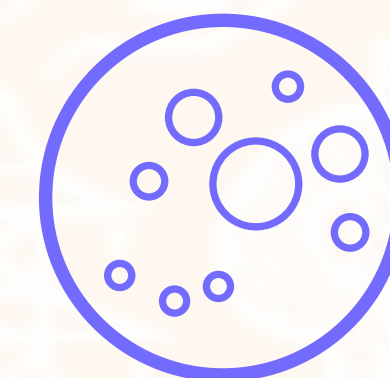
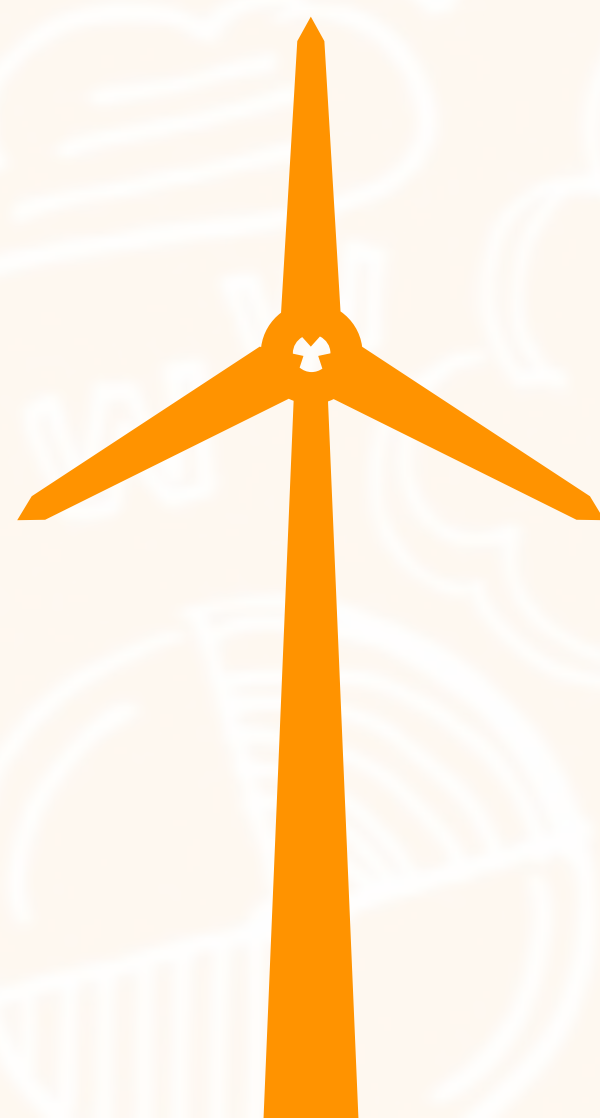
A joint venture of Rocky Mountain Institute (RMI) and New Energy Nexus, Third Derivative (D3) is a vertically integrated engine for climate innovation. We combine a next-generation accelerator, committed venture capital, a curated ecosystem of global corporations, and unparalleled market, regulatory, and policy insights.

- 
1. WHAT IS AN ACCELERATOR?!
  2. WHY AN ACCELERATOR? DO THEY WORK?
  3. BUSINESS MODEL

$$a = \frac{\Delta v}{\Delta t}$$



# SO, WHAT IS AN ACCELERATOR?!



$$a = \frac{\Delta v}{\Delta t}$$

# WHAT IS AN ACCELERATOR?

- A CO-WORKING SPACE?
- A TRAINING PROGRAM?
- THEY GIVE ENTREPRENEURS MONEY?
- THEY TAKE EQUITY?

$$a = \frac{\Delta v}{\Delta t}$$

# YES!

## EVERY PROGRAM IS A SNOWFLAKE

- INDUSTRY X GEOGRAPHY X STAGE
- FOR... OR NONPROFIT
- EQUITY... OR NOT
- CASH...OR NOT
- CO-WORKING... OR NOT



$$a = \frac{\Delta v}{\Delta t}$$

# Parsing The Fluid Categories Of Incubators, Angels/VCs, And Accelerators

	INCUBATORS	ANGEL AND VCS	ACCELERATORS
Duration	Until you outgrow, die or annoy	Ongoing	3 months to 1 year
Cohorts	No	No	Yes
Business Model	Rent, sweat, and tears	Investment	Investment, other outside funding
Selection	Non-competitive	Competitive; ongoing	Competitive, cyclical
Venture Stage	Early	Early or late	Early or late
Education	Optional personal classes	None	Intensive
Mentorship	Ad-hoc	As needed varies widely	Usually intensive
Venture Location	On-site	Off-site	Generally on-site for training weeks

Source: "What do accelerator do? Insights from incubators and angels" by Susan Cohen, 2013; Adaptations by Ian Hathaway.

$$a = \frac{\Delta v}{\Delta t}$$

- **ACCELERATORS GET COMPANIES (THEORETICALLY) FURTHER, FASTER.**
- **CASH FOR EQUITY... USUALLY**
- **THEY NUCLEATE AND RATIONALIZE ECOSYSTEMS**

$$a = \frac{\Delta v}{\Delta t}$$

**SO, WHY AN ACCELERATOR?!**

$$a = \frac{\Delta v}{\Delta t}$$

# MONEY & IMPACT

- EFFECTIVE USE OF CAPITAL TO CREATE INNOVATION/SOLVE PROBLEMS
- GOOD FOR ENTREPRENEURS: MORE SUPPORT, BETTER ADVICE
- GOOD FOR INVESTORS: VETTED DEAL FLOW AND CO-INVESTORS

$$a = \frac{\Delta v}{\Delta t}$$

# DO ACCELERATORS WORK?

$$a = \frac{\Delta v}{\Delta t}$$

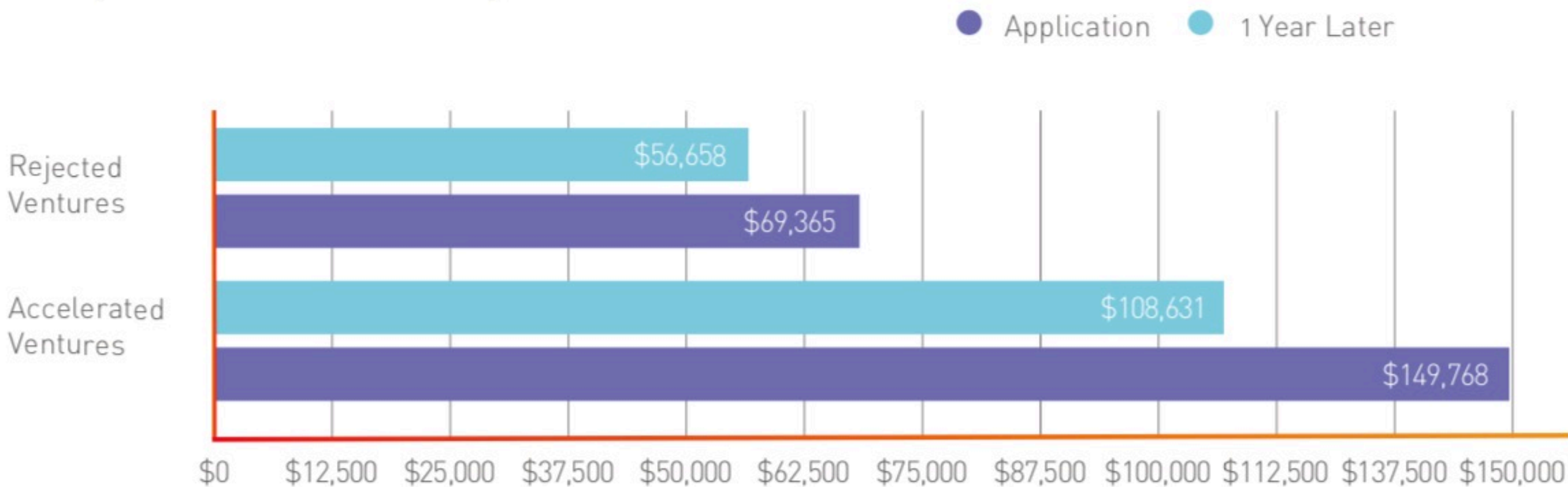
# DO ACCELERATORS WORK?

## YES!

- BETTER CUSTOMER TRACTION
- MORE SUCCESS RAISING MONEY
- MORE REVENUE & EMPLOYEES
- THEY ALSO KILL COMPANIES (THROUGH CREATIVE DESTRUCTION)

$$a = \frac{\Delta v}{\Delta t}$$

## Debt and Equity Financing Grew 38% for Accelerated Ventures, Compared to 22% for Rejected

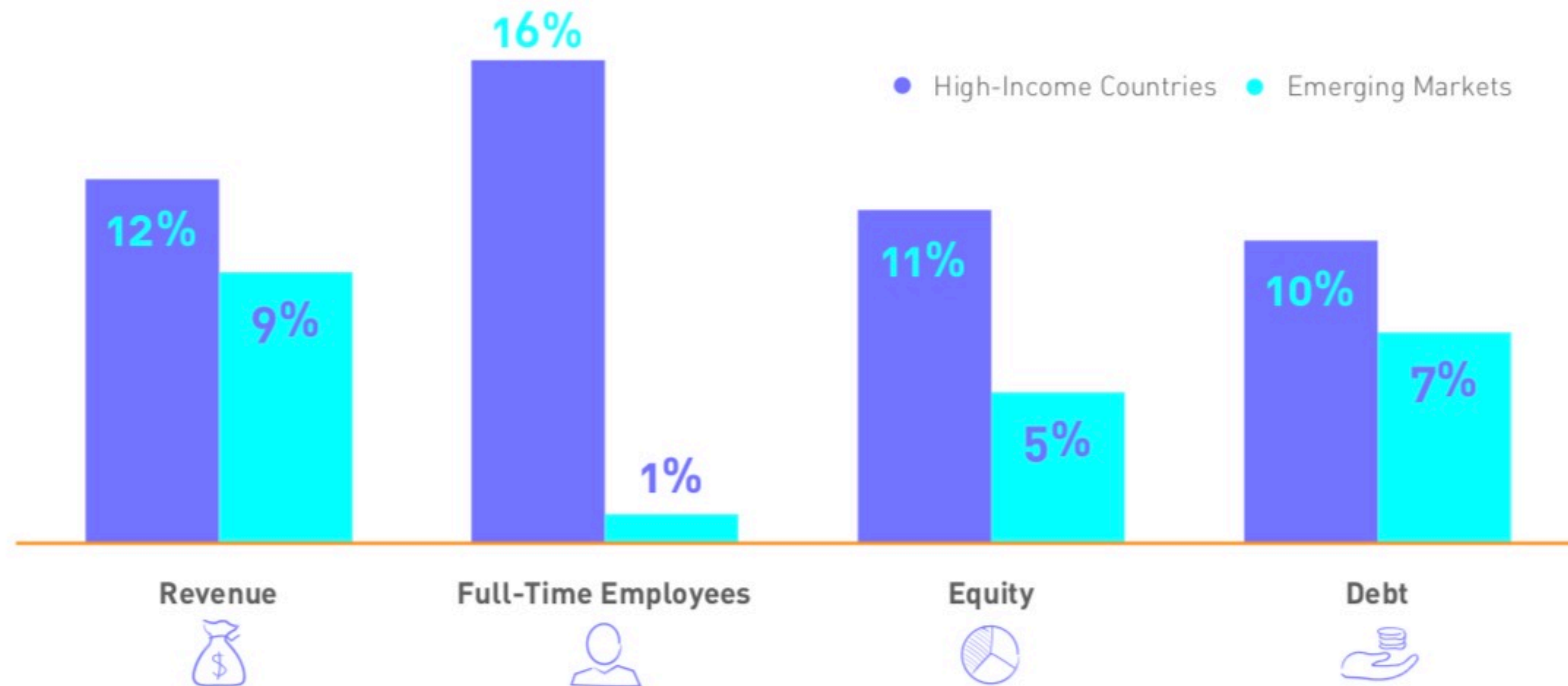


Source: GALI, "Initial Insights from GALI." [www.galidata.org/insights](http://www.galidata.org/insights).

$$a = \frac{\Delta v}{\Delta t}$$

## Are Accelerated Ventures More Likely to Grow?

Difference in Percentage of Participated and Rejected  
With Positive One-Year Changes



Percentages for the full sample: Revenue (10%); Employees (7%); Equity (8%); Debt (9%)

**Source:** GALI (2017), *Accelerating Startups in Emerging Markets: Insights from 43 Programs*.  
**Note:** Data based on study of 43 programs.

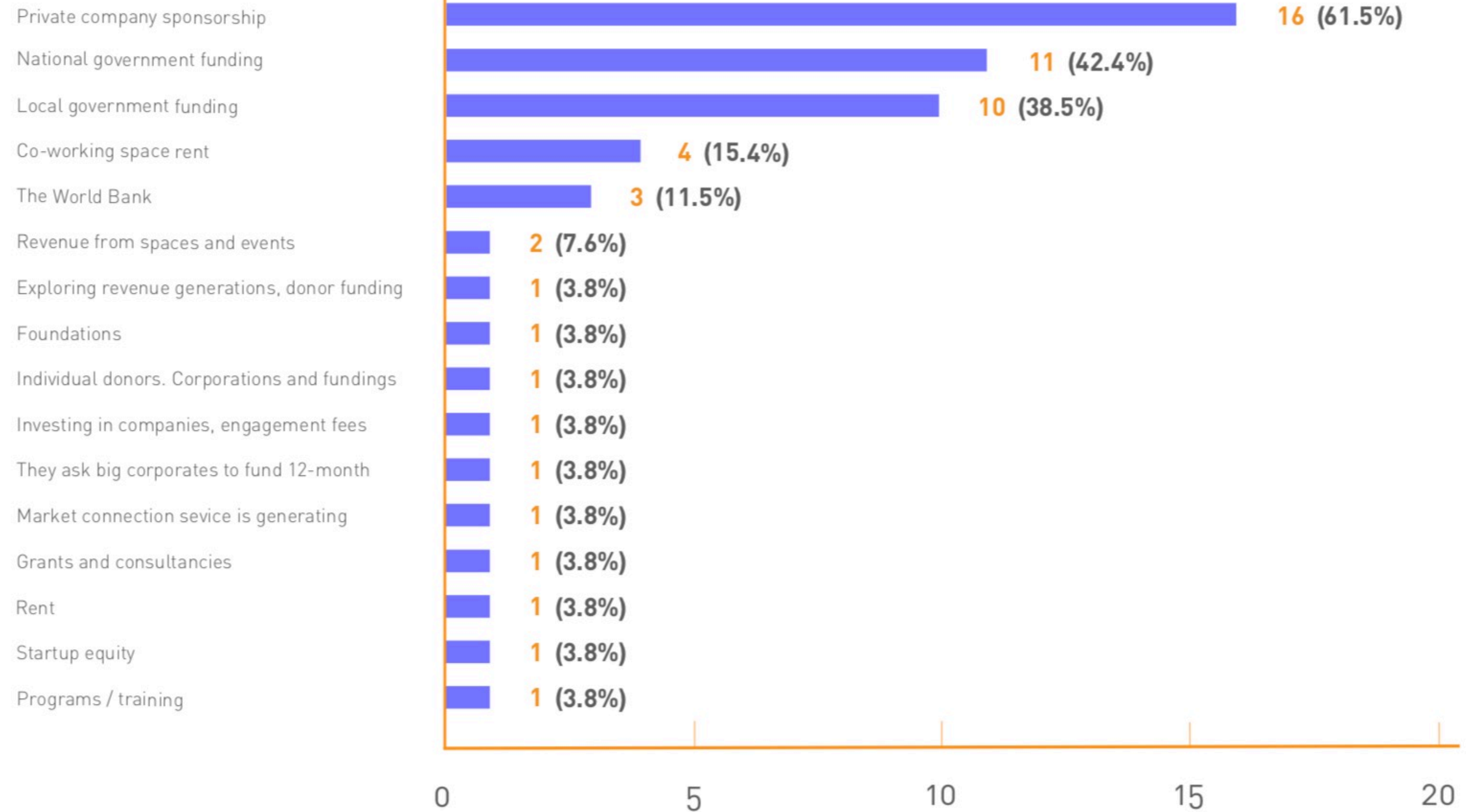
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# BUSINESS MODELS

$$a = \frac{\Delta v}{\Delta t}$$

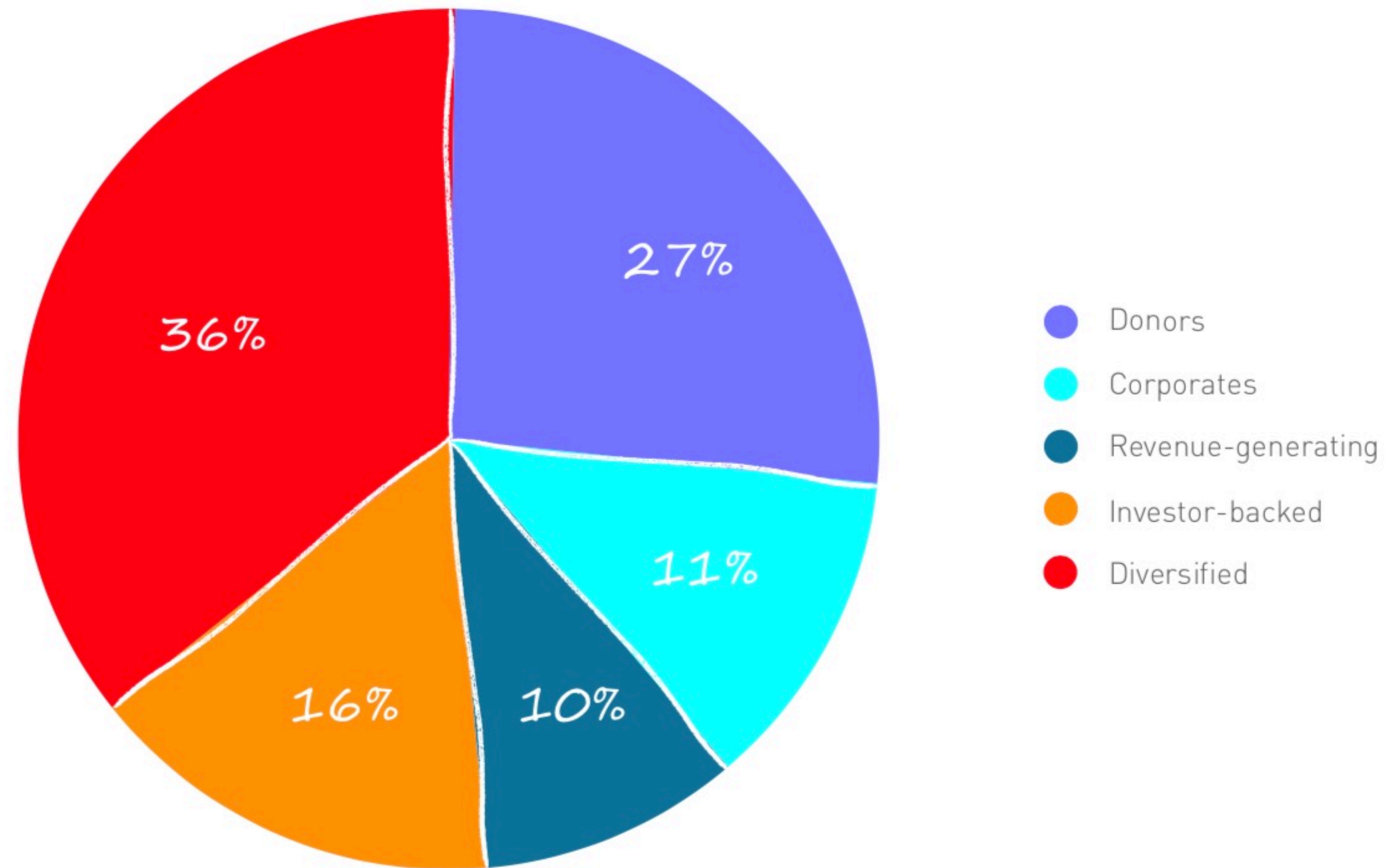
# What Are Your 4 Main Sources Of Revenue?

26 RESPONSES



$$= \frac{\Delta v}{\Delta t}$$

## Five Funding Profiles



N = 139

$$a = \frac{\Delta v}{\Delta t}$$



### Outside funding: government and foundation grants

This kind of funding is generally given on a first-loss or philanthropic basis, and is done so because the accelerator is seen as a tool for broader economic growth by a local, state, or national government, or because it fulfills the mission of a foundation or other charitable organization. For Elemental Excelerator, we were lucky to get money from the US Navy, Department of Energy, and then the Emerson Collective, the philanthropy started by Steve Jobs' wife, Laurene Powell Jobs.



### Outside funding: corporate

Programs like Techstars lean on this heavily, charging companies and then running programs for them. Some corporates opt to run their own programs, and absorb possible losses in the name of long-term innovation. At Elemental Excelerator, for example, they cultivated corporations and utilities to be part of their Global Advisory Board, which gave them the opportunity to weigh in on our selection process, have first look at our portfolio and other market intel.



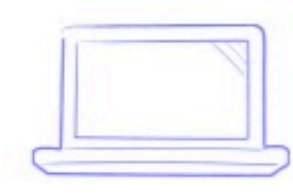
### Events

Everything from small events to large conferences with larger ticket prices.



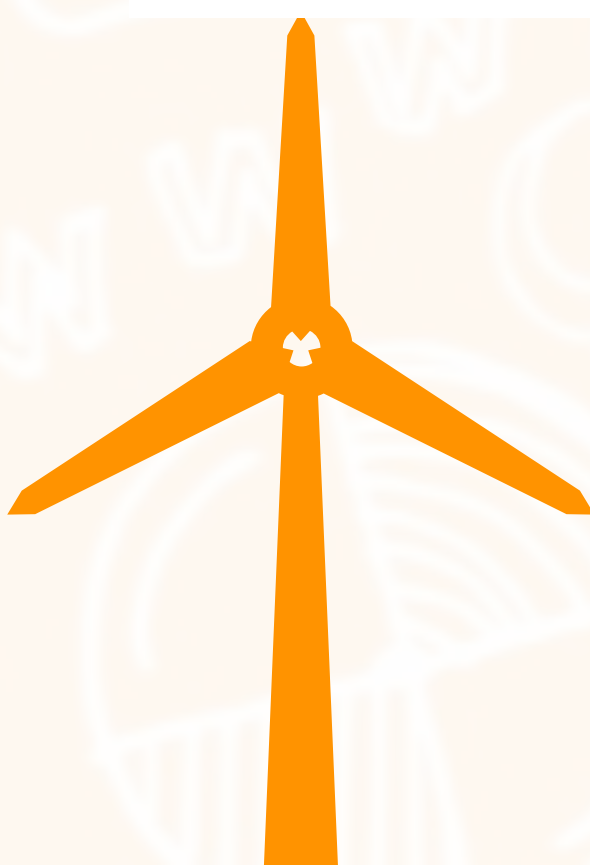
### Program and application fees

While less common, some programs like the [Founder Institute](#) charge startups \$2K for going through their program, and many programs have an application fee.



### Office space

Charging for desk space is a nice way to supplement income and maintain the community. Refer back to previous space section.



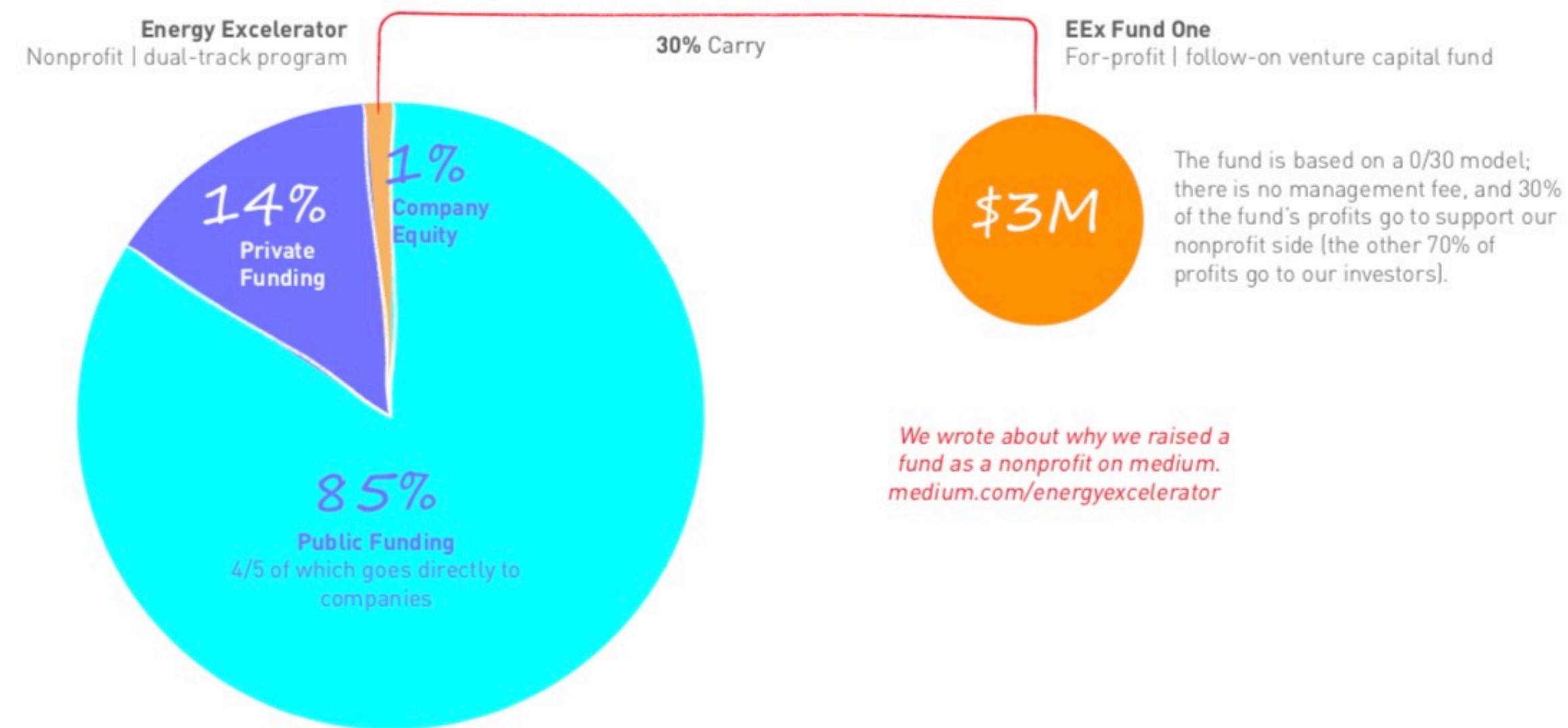
$$a = \frac{\Delta v}{\Delta t}$$

## The Nonprofit Accelerator/For-profit Fund Model

One popular model is to operate the accelerator as a nonprofit, and then have a for-profit follow-on fund, which pays fees to the accelerator. This allows the accelerator to receive grants and get nonprofit tax benefits, while the fund benefits from having the accelerator do the scouting, due diligence, and vetting for them. Funds tend to operate on a “2 and 20” model, meaning that they take an automatic 2% for managing the money, and then get 20% of the profits, and some of this money goes to the accelerator for these scouting and vetting services.

### Elemental Excelerator Fund One

In 2016, the Elemental Excelerator added a for-profit venture fund to create a hybrid nonprofit/for-profit model. They went with a “0 and 30” model, which meant no management fee and 30% of the fund profits going to the accelerator.

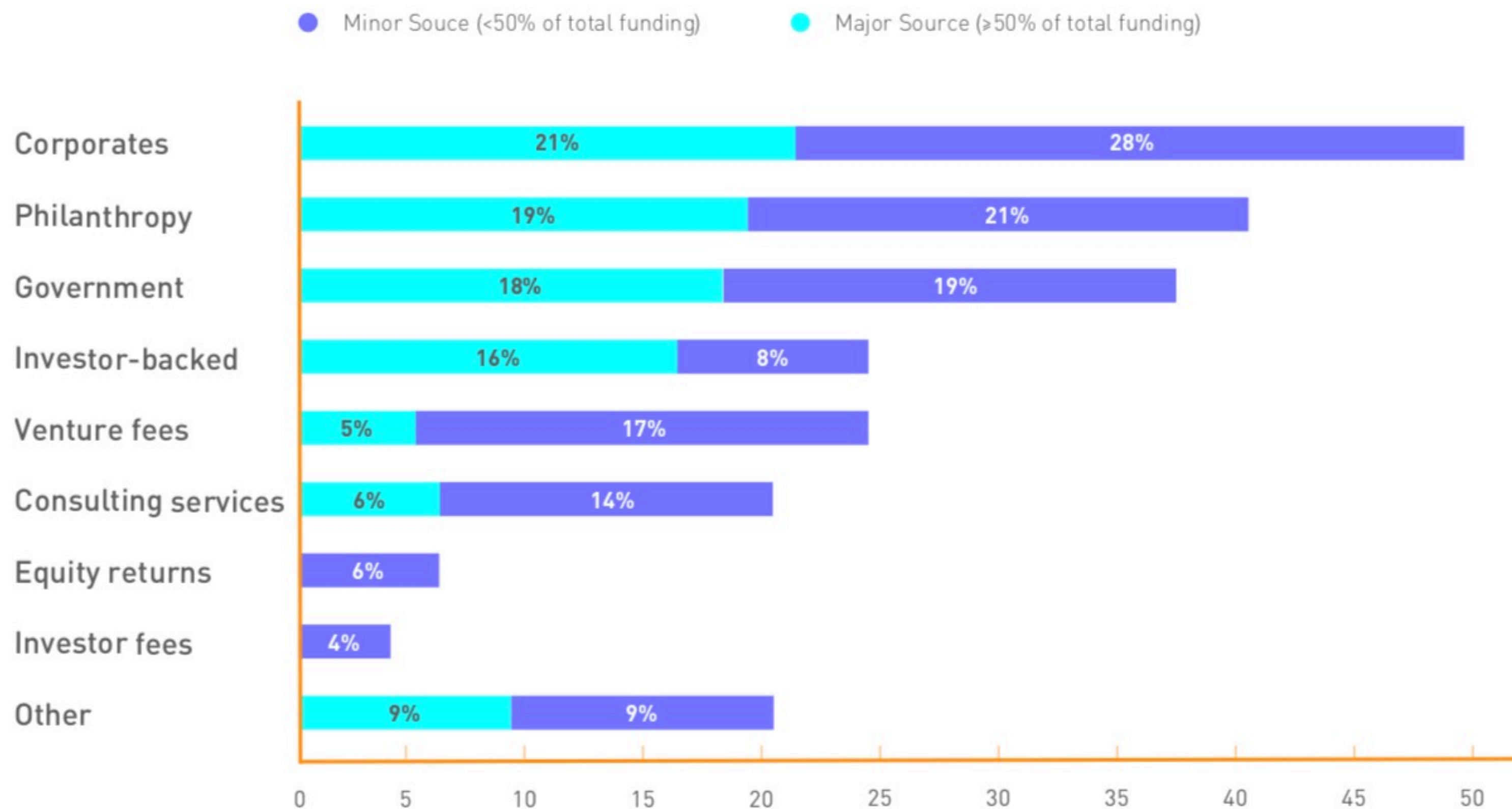


Source: Elemental Excelerator (2017), Elemental Excelerator Impact Report 2015-2016, 19.

$$a = \frac{\Delta v}{\Delta t}$$

## Corporates Are The Most Common Funding Source

Nearly 50% of respondents received corporate funding, and 21% relied on corporate funding for at least half of their total funding. Less than 10% generated revenue from equity returns or success fees charged to investors.



$$a = \frac{\Delta v}{\Delta t}$$

**THANKS!**

**RYANKUSHNER@GMAIL.COM**