Making the Most of an Accelerator Program: 4 Startup Strategies

Accelerators are a great resource for startups, but those businesses still have to put in the work to see results

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Henrique Dubugras and Pedro Franceschi know financial technology, but you wouldn't have guessed that was true if you'd looked at the fledgling idea the two young entrepreneurs brought to Y Combinator's 2017 accelerator program.

Their idea? A virtual reality startup. Turns out, neither of these men knew all that much about virtual reality, and building the product they'd envisioned proved much harder than expected.

But Dubugras and Franceschi persisted: They'd noticed that many of their contemporaries were struggling to access credit; thus was born the idea for their product, Brex — a corporate credit card for startups. Brex has since led to $215 million in equity funding on a $1.1 billion valuation, as well as $100 million in debt financing from Barclays Investment Bank.

Good idea, perhaps, but product-market fit is still a hard thing in a startup's infancy. Even if your idea is solid, you may feel as though you're in the dark, trying to determine up from down.

That's where accelerators come in: When you're part of one,

you’re surrounded by other startups facing the same challenges; and those similarities can help you shed light on the situation. In fact, it isn’t uncommon at accelerators for one startup to help another. And for Dubugras and Franceschi, there were startups ready and waiting to test their product and, ultimately, become customers.

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Expectation: The root of all heartache?

This isn’t to say accelerators are a guarantee of success. Harvard Business School found that 70 percent to 80 percent of venture capital-backed startups fail. And while I wouldn’t want to name any names, my impression is that some fintech accelerators have been established more for the purposes of checking the box of a financial institution’s “innovation efforts.”

Sure, the programs still provide resources and insights, but early-stage fintech founders join with the hopes of striking a partnership or developing a proof of concept. Unfortunately, the end result is more often a conversation than actual action.

That’s why it’s so important for accelerators to be transparent around a program’s goals. It’s just as important for founders to be clear about expectations in the experience. If it’s a partnership, all parties need to understand whether the goal is even possible.

Digs, one of the first cohorts of my company, NBKC Bank’s, partner accelerator Fountain City Fintech, helps first-time homebuyers save for down payments. The platform also provides education and user perks. Like any scrappy startup, it was

doing an unbelievable amount with limited resources. The founders had a couple of theories they wanted to test through social channels but needed a cash cushion to get insights to validate those theories.

Digs joined forces with us at NBKC Bank, creating a joint marketing program with funds coming from both sides. Digs benefited by increasing its number of users and validating marketing theories. Our company benefited from the learning involved through filling our funnel for the future – as well as aligning incentives and deepening an existing partnership.

Everyone knew the other party's expectations going into the program, making it much easier to allocate the appropriate resources and increase the chances of success for all involved.

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Making the most of an accelerator program

But don't stop at sharing your expectations. There are a number of things entrepreneurs should do when entering an accelerator program, and the following are often the best places to start:

1. Set objectives and key results. Some will call them key performance indicators, but objectives and key results basically help a company define and prioritize its goals in an actionable, measurable way. Think of it as creating a map that sets a clear direction for employees and helps leadership mark a team's progress to a fixed destination.

Google has relied on OKRs to set goals and track progress since the early days. For the tech company, the process looks something this: Designate an overarching goal

with three to five attainable, time-bound metrics, such as improving its net promoter score or increasing organic traffic (both of which are tied to a target value).

While Google establishes annual, quarterly and short-term goals for all employees, an accelerator program doesn't have this luxury. Instead, define your startup's OKRs at the beginning of the program and then schedule weekly check-ins to mark progress.

2. Develop a relationship with your managing director. Accelerator managing directors get pulled in all kinds of directions during a program. It can easily feel like a scene out of *Cheaper by the Dozen.* Managing directors have to prioritize between helping stragglers and fueling leaders. Having a personal relationship with your managing director goes a long way toward increasing the attention and effort allocated to your company.

Look at it this way: Only 22 percent of small businesses have mentors at their start, according to a survey by Kabbage. Managing directors can serve this role during accelerator programs. Establishing a relationship ensures your startup gets the professional guidance so many business owners don't receive when they need it the most, improving the chances of success.

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3. Establish a stretch goal. A "stretch goal" is just as it sounds: a seemingly unattainable objective. But the beauty of something so elusive comes down to an accelerator's finite time frame, which compresses productivity – thereby changing perceptions of what's possible. You'll still be working with more practical OKRs, but a stretch goal can help push the founding team's limits.

Besides, establishing a stretch goal can inspire and motivate

employees. The seemingly unattainable also has a way of attracting great talent. Although you might not be in the market to hire during an accelerator, that time will come, and great people enjoy being part of a great challenge. So ask yourself, “What one thing could we do to achieve our yearly goals in six months?” Next, set a goal based on your answer.

4. Understand the program’s motivations. Some accelerators seek equity value, while others hope to learn from startups. There are also those driven by partnerships or products that can be co-developed. With an influx of money from Disney, Barclays and Microsoft, startups are suddenly finding they have to meet corporate expectations.

If this is your experience, get to know your funder’s motives to ensure the investment is worth his or her time or equity. After all, 579 accelerators have invested more than $206 million in 11,305 startups, according to 2016’s *Global Accelerator Report.* The companies involved will want something in return.

Accelerators are one more resource for startups to find their footing. Just understand that like everything else in business, no program is a cure-all. You still have to put in the work to see results.

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