Chapter 15

Entrepreneurship Accelerator Programs: A Valuable Learning Experience for Start-Ups’ Success?

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ABSTRACT

Entrepreneurship is considered a key phenomenon today in economic and social development. Nevertheless, most start-ups fail a few years after being launched. In order to improve the success of start-ups, several initiatives, such as entrepreneurship accelerator programs, are being strongly supported both by public and private organizations. The underlying question is if those initiatives are really contributing for start-ups’ success, and how. This exploratory study aims at understanding the impact that an accelerator program has on the different elements that in the literature were considered crucial for a company’s success, mainly the founders’ characteristics, strategy and resources.

INTRODUCTION

Entrepreneurship is a multifaceted phenomenon that foster innovation and economic growth. According to the Global Entrepreneurship Report (Global Entrepreneurship Research Association, 2017), roughly four out of every ten individuals see good opportunities in the region where they live for starting a business within the next six months. Thus, supporting entrepreneurial activity in a sustainable way is, therefore, considered of paramount importance to foster regional prosperity. Although the rates of new companies’
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failure are high, there are several factors and initiatives that could help those to prosper. This is the case of many entrepreneurship competitions and accelerator programs that are being implemented to support not just entrepreneurial endeavours, but also the entrepreneurs since it is assumed that entrepreneurship is a process of becoming something they previously were not (Welsh, Tullar, Nemati, & Welsh, 2016). This goes in line with Gibb (2002) perspective who argues that entrepreneurial skills and capabilities enable people to deal with challenges and uncertainty, both at individual and organizational levels, leading to more successful businesses.

Accelerator programs are initiatives that aim at helping entrepreneurs to develop and deliver products and services into the marketplace. Also, those programs tend to be focused in supporting entrepreneurs to scale (technological) businesses, to raise funding, to access mentors and to develop networking by providing specific support, focused on education and mentoring, during an intensive program of limited duration (Miller & Bound, 2011). Typically, the promoters of such ventures (or projects) work intensively on their business idea, with the assistance of experienced business advisors, which enable them to gather financial support. In some cases, an accelerator program is part of an entrepreneurship competition, where the aim is to select the most viable and profitable business idea. Consequently, these types of competitions offer unique opportunities for entrepreneurs to gain more knowledge, and social capital (Audretsch, Aldridge, & Sanders, 2011). Moreover, in the early stages of a start-up development, the market awareness of a new company is scarce, therefore the visibility and reputation will depend mostly on the visibility and reputation of its founder (Parente, Feola, Cucino, & Catolino, 2015). As mentioned by Parente, Feola, Cucino, and Catolino (2015, p. 556) “…the main problem for a spin-off, and in more general terms for a start-up, is that of acquiring a favourable reputation among key stakeholders, who will then decide to get in touch and exchange know-how and invest resources as they believe both the promoters reliable and the initiative and the business idea sufficiently credible…” Thus, being a winner in an entrepreneurship competition and accelerator program will give those companies credibility, and, consequently, will contribute for building the company’s reputation (Rao, 1994). Also, the visibility granted by the media could be of high importance to company’ growth (Parente et al., 2015), since it may influence the survival rate of a start-up (Rao, 1994).

Despite the increasing interest on this subject, the literature is still very limited and most studies are mainly focused in understanding the impact of enrolling in such programs from the perspective of the company, not devoting enough attention to understand what is the impact on the skills and competences of the entrepreneur (Passaro, Quinto, Thomas, & Passaro, 2017; Schwartz, Goethner, Michelsen, & Waldmann, 2013). To address this gap, the main purpose of this chapter is to create a more comprehensible overview about the benefits of accelerator programs to start-ups success, through assessing the influence of enrolling in an accelerator program both at the level of the company and the entrepreneur.

This chapter will address this issue through 5 sections: the introduction, a literature review of most relevant concepts such as entrepreneurship competitions and start-ups success, a case study analysis of an entrepreneurship competition, results and conclusions.

WHY SOME START-UPS FAIL AND OTHERS SUCCEED?

There are several studies devoted to identify the main reasons of start-ups failure. Silva (2013) argue that usually companies fail due to the lack of skills, competencies, and networking. Also, as concluded in Silva’s study, these variables are interrelated, which means that, for instance, the lack of personal