Measuring Accelerator Performance: Potential Metrics and the "4Cs"

Understanding the performance of accelerators is important to a wide range of individuals and organizations: participating startups, accelerator managers and staff, investors, partners, donors, funders, and policymakers.

Each of these stakeholders may have different priorities and objectives in their efforts to measure accelerators' performance and impact. Startups, for example, may be most interested in participating companies' survival rates, revenues, and growth. By contrast, an accelerator manager's top concern may be average returns from a cohort. An investor may be most interested in deal-making efficiency, and a policymaker may prioritize startup job creation or an accelerators' impact on local industries.

This brief identifies considerations and potential metrics for evaluating accelerator performance. In addition to metrics related to the accelerator itself, it includes measures that assess the performance of startups, and changes in the regions in which accelerators are located. Compiling this information across several startups and over time will help answer questions like, "What is the *average*[i] amount of funding raised by a particular cohort in the first year following graduation?" and "On average, how many startups that are participating in a local accelerator are staying and starting businesses locally?" While this list is not exhaustive, it represents current approaches and thinking about accelerator measurement.

Considerations for Startups and Accelerator Managers

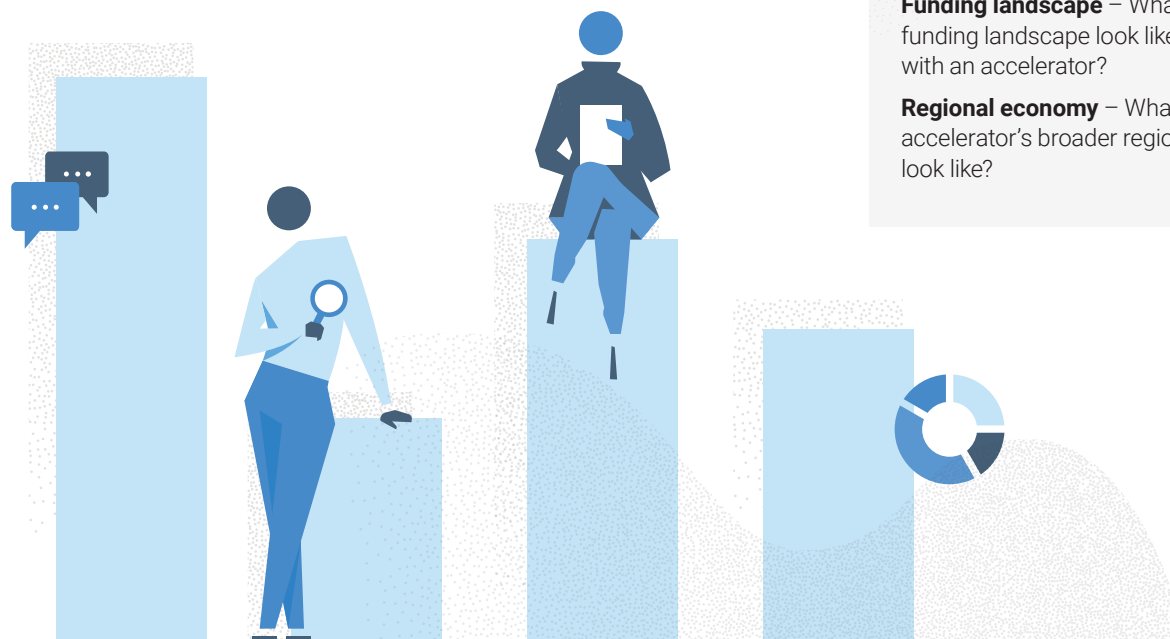**Features** – Do the features of the accelerator program fit the needs of participants?

Funding – How successful are participating startups at raising funds after graduation from an accelerator?

Startup performance – How does a business perform after graduation from an accelerator?

Considerations for Donors, Entrepreneurship Supporters, and Policymakers

Funding landscape – What does the funding landscape look like in regions with an accelerator?

Regional economy – What does the accelerator's broader regional impact look like?

Considerations for Startups and Accelerator Managers

Features

- What are the most important needs identified by participants at the time of application?
- What aspects of the accelerator program do startups identify as providing the greatest value during both the program and post-graduation?

Funding

- How much funding has been raised? How long does it take startups to reach key funding milestones?
- What kind of funding was raised (equity, debt, grants)? How has the funding share or variety changed over time?

Startup performance

- How much revenue is generated? How long does it take startups to reach specific revenue milestones?
- How long does it take to achieve positive net income? How does net income grow over time?
- Does the business become the primary income for the founder/team? How long does it take for this to happen?
- How many jobs are created? How long does it take for startups to make the first hire? Do the skills of the employees match the job?
- Do startups exit? And if so, what type (e.g., acquisition, business closing)? How long does it take to exit?
- What types of growth and innovation indicators (e.g., amount of web traffic, number of patents) are achieved?

Considerations for Donors, Entrepreneurship Supporters, and Policymakers

Funding landscape

- How many early-stage businesses are being funded – directly or indirectly – based on accelerator connections?
- How many distinct local investors – individuals and firms – are funding entrepreneurial businesses?
- How many early-stage deals were made in the region prior to the accelerator? How many have been made since the accelerator arrived?
- How much funding was committed to seed and early-stage startups prior to the accelerator? How much has been committed since the accelerator arrived?
- How quickly were deals made prior to the accelerator? Meaning, what was the speed at which investors and businesses were matched? How quickly have deals been made since the accelerator arrived?
- What share of venture rounds were raised locally before the accelerator opened? What share of venture rounds have been raised locally since the accelerator arrived?

Regional economy

- How many net new jobs have been created by participating startups?
- How quickly are participating startups hiring new employees?
- Do employee skills match startup needs?
- How long do these new jobs last?
- How much do these jobs pay?
- What percent of these jobs offer benefits (e.g., health insurance)?
- How much public revenue do these jobs generate, in terms of employer taxes and worker income taxes?
- What share of participating startups come from outside the region?
- What share of participating startups stay in the region post-graduation?
- In regions with accelerators that focus on particular industries, has the industry expanded in the region since the accelerator opened? Has the mix of related industries expanded during this time period?
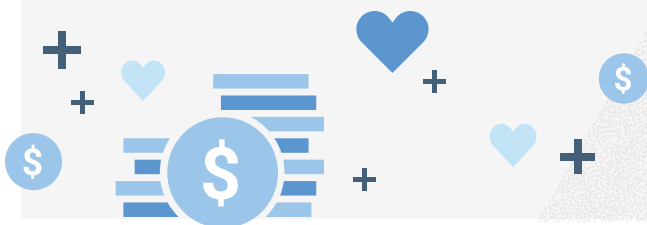
The "4Cs" of Accelerator Measurement: Consistency, Coordination, Comparison, and Continuation

When selecting metrics, the "4Cs" described below can help guide these efforts to ensure meaningful results.
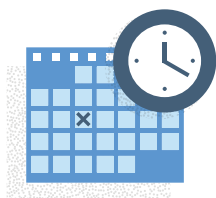
Consistency – gather data regularly and collect information tied to key program features. Data collected at a single point in time – such as application or graduation – can provide only a snapshot of a startup's performance. More frequent data collection will reveal the points at which startups are experiencing their greatest successes, as well as the points at which startups may be held up in their efforts to grow. Being consistent with tracking of milestone data also helps with comparing information over time. Tying data to key accelerator program features will also help determine which features appear to be most valuable to participating startups.

Coordination – select metrics that are tracked by other accelerators and consider joining validated, standardized measurement efforts. Harmonized data collection across accelerators can help facilitate information sharing and comparisons among programs. Some examples of standardized measurement efforts include the Seed Accelerator Rankings Project (SARP) and the Global Accelerator Learning Initiative (GALI). SARP focuses on US-based programs and collects data regarding program alumni outcomes, while GALI has a global scope and also includes applicant data (important for comparisons).

Comparison – build in opportunities to track the processes and outcomes of startups that do not participate in an accelerator. Without relevant comparison groups, we cannot determine whether participating startups would have had the same outcomes even if they had not taken part in an accelerator. Comparisons of the trajectories and performance of participating startups with similar startups that were not selected for accelerator participation help to isolate the effects of accelerators.

Continuation – gather information from participants (and non-participants) over the long-term. Tracking participants and non-participants for a number of years following program participation allows for a better understanding of medium- and long-term outcomes. Follow-up data collection efforts with participants may be facilitated by strong alumni programs and continued support that keeps past participants engaged. Startups can also be asked to commit to providing information for a number of years following participation when they join an accelerator.

Sources: Hallen, B., Cohen, S., and Bingham, C. (2019) Do accelerators work? If so, how? SSRN Working Paper 2719810; Hochberg, Y. (2016) Accelerating entrepreneurs and ecosystems: the seed accelerator model, Innovation Policy and the Economy, 16: 25-51; Roberts, P. et al. (2016) What's working in startup acceleration, Global Accelerator Research Initiative; Aspen Network of Development Entrepreneurs, Agora Partnerships, and I-Dev International (2014) Measuring Value Created by Impact Incubators and Accelerators.

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