

Should you join an accelerator, incubator or eco-bator?

As most entrepreneurs quickly realize, starting a business can be fraught with challenges. Whether you are exploring the feasibility of a business concept, have launched your product or service, or are seeking to expanding your customer base, many obstacles can arise at each stage of a company's growth.

A business support community dubbed the startup ecosystem has arisen to assist new ventures in navigating the perils of growing a business. Key players in the ecosystem include emerging companies, investors, mentors, advisors, government agencies and other support organizations offering specific services to help a new company's founders achieve growth and success.

Incubators, accelerators and "eco-bators" are key components of the startup ecosystem. These startup assistance organizations help entrepreneurs develop innovative business ideas, fundraising efforts and collaboration with other members of the ecosystem. While the goal of each organization is to offer support to new businesses, there are distinctions between incubators, accelerators and eco-bators, as well as the value each can bring to different stages of a company's development.

What is an incubator?

Incubators are organizations that offer programs to help "incubate and hatch" ideas. Focusing on the development of early-stage companies, incubators provide a small amount of seed funding to a new business and offer entrepreneurs access to a variety of resources, including shared work spaces, administrative support and mentorship programs. The founders of a business are given guidance to set up a company, grow a team of employees, determine a market for a product or service and develop market entrance strategies.

A startup's duration with an incubator is generally flexible. There may be an equity cost to a company for use of the incubator's space and services, which is often higher than other startup assistance organizations (such as an accelerator). As well, certain incubators will request that their participants remain in a certain region.

What is an accelerator?

While an incubator focuses on fostering ideas and structuring a company, an accelerator offers programs to "accelerate" the development of a business. A startup generally enrolls in an accelerator program when the company is at the post-incubator stage and is positioned with initial investment, a working prototype and an established team. Since the accelerator tends to fund the programs (there may be a small monthly cost or small equity fee for participants), these programs tend to be quite selective, and only those companies seen as offering a high return on investment are invited to participate.

In addition to the support services offered by an incubator, an accelerator program focuses on connecting entrepreneurs to key contacts that can help them develop an aggressive growth plan, including investors, professional support teams (such as legal and accounting) and consultants.

Accelerator programs tend to offer time-limited support over a few months, with the program expiring upon a set graduation date.



ACCELERATE

What is an eco-bator?

An "eco-bator" is the newest form of startup assistance organization, combining characteristics of both incubators and accelerators. Arising out of a concern that startups lose necessary support when they graduate from an accelerator, eco-bators are a platform to bring together various participants of the startup ecosystem.

Eco-bators offer programs to gestate ideas, introduce founders to investors and mentors and provide access to ongoing support resources, including office space and mentoring. Eco-bators invest in startups that are viewed as promising and bring all collaboration partners under the same roof without the time limitations of an accelerator.

Which one is right for me?

Incubators, accelerators and eco-bators offer a suite of resources for emerging companies and can be credited with bringing great ideas to market. While related in function, each startup assistance organization offers distinct services to entrepreneurs, and it is important to determine which is right for you and your business.

Predominantly, you should assess what stage of development your business is in. If you are in the idea phase, and this is your first time starting a business, the services of an incubator or eco-bator may be best for you. If you are more established and seeking an aggressive growth strategy for your business, an accelerator might be more suitable. If your company hasn't quite gained enough traction with customers or investors for acceptance into an accelerator program, the services and connections of an eco-bator could be most attractive.

Other factors that are worth considering include the equity you are willing to give up as a participant, whether you are comfortable with any regional restrictions placed on your business operations, and if the type of startup assistance organization exists close to where you are located.

Startup assistance organizations assist companies with establishment, commercialization efforts and expansion and can help you foster your brilliant idea and see it carried out as a successful venture.

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