ACCELERATION AND CONSULTANCY SUPPORT FOR STARTUP COMPANIES

Ing. Lubica Kováčová
Technical University of Kosice
Faculty of Mechanical Engineering
Department of Automotive Engineering
Masiarska 74, Košice
e-mail: lubica.kovacova@tuke.sk

Abstract
Support the establishment of startup companies is an important activity for building innovative ecosystem in each country. Startup companies are focused on creating innovative products and services for new market segments and aspire to rapid growth. The article deals with the problems of acceleration programs for startups on examples from abroad. Further analyses results Startup Survey Slovakia 2014.KPMG and activities of the company to support startups.

Key words: Startup, innovation, acceleration program

INTRODUCTION
For developing and building innovative ecosystem countries is necessary to establish a number of key support instruments that can have a positive impact on accelerating ecosystem building innovative business. One is the formation acceleration programs that are extended mainly in the USA. Support for start-ups is implemented tools such as start-up incubators and start-up accelerators, which are implemented start-up programs. The main objective of both institutions is to help start-up companies particularly in the initial phase of starting their business. [1]

The phenomenon of these institutions has spread rapidly around the world and in many countries these institutions are also supported by grants or support programs from the state.

1. THE PHENOMENON OF ACCELERATION PROGRAMS

Acceleration programs offer a broad portfolio of services, options and opportunities to gain experience, knowledge, contacts, as well as financial subsidies for the development of innovative products, finding customers, internationalization of business, etc.

According to the study "The Start-up Factories" [2] accelerator program is defined as a method of incubation of technology start-ups, which is controlled by investors and successful technology entrepreneurs. The accelerator programme model comprises five main features. The combination of these sets it apart from other approaches to investment or business incubation:

- An application process that is open to all, yet highly competitive.
- Provision of pre-seed investment, usually in exchange for equity.
- A focus on small teams’ not individual founders.
- Time-limited support comprising programmed events and intensive mentoring.
- Cohorts or ‘classes’ of start-ups rather than individual companies.

The accelerator programmes are notable for the high quality of mentors and start-up teams they work with and the value they add to companies. Demand for accelerator programmes outstrips supply. Limits on their growth include the pool of high quality mentors, opportunities for acquisition by large companies or stock market flotation and competition for start-up talent with other careers.

Over the past six years, a new method of incubating technology start-ups has emerged, driven by investors and successful tech entrepreneurs: the accelerator programme.

The main supporters of these types of acceleration programs are business angels and venture investors (development) capital (venture capital), because they constitute a key major frontier in selecting capable of start-ups, talent and a link to mentors and other strategic resources. These links in the acceleration program have subsequently positive effect on the local ecosystem of the region in which the act, while providing a reference point for placing the, the performance and build trust between the founders, investors and other stakeholders.

The emergence of incubators and accelerators are shown worldwide as one of the best institutional tools support innovation in recent years, support innovative business creation and start-ups. The development of incubators directs from venture capital to another type of incubators, and thus are called corporate incubators (incubators established firms).

Many countries are trying to promote the internationalization of their start-up companies.
through the creation of international mentoring or acceleration programs.

**Examples**

**StartupHighway** is a 13-week intense acceleration program that combines €14K in funding, business advice from our international fleet of mentors, access to follow up funding, markets and more. [3]

Each start-up will receive up to €14,000 in seed funding - €2,000 for the idea and €3,000 for each founder (for up to 4 founders), in return we will ask for 7.5% of the company's equity. In addition to funding each start-up will be provided an acceleration program, business development support, many other perks including with free office space at the incubator.

StartupHighway is designed following the example of the world's best acceleration practices. The program will consist of three distinct stages.

**SHAPE.** The first 5 weeks of the program will be dedicated to mentoring. One-on-one mentoring session will provide start-ups with valuable advice on how to best shape or reshape their business model in order to build a successful business. Check out an international mentor fleet. Mentorship will be tailored to start-up needs and will also include recurring mentoring from most relevant mentors.

**BUILD.** The following weeks will be dedicated to building a business model and a working product. At this stage the start-ups will be guided by a team of mentors and will be encouraged to reach out to potential customers. More advanced teams will focus on sales or expansion depending on their own readiness.

**SELL.** The last stage will include crash course in raising capital, workshops to prepare the start-up with all essentials and beyond tools and documents, including extensive pitch training. The program ends with a set of pitching opportunities at various geographies in Europe and beyond, known as "demo days" during which the participating teams get to pitch their investment cases to investors.

**Seedcamp program** is based on a family relationships, and like all families, it has a set of values which do best to live up to. [4]

1. **Think ‘Founders First’** – Our founders are our family, treat them as such.
2. **Be transparent** – When in doubt, put all your cards on the table.
3. **Have a coaching mentality** – Approach situations with a mind-set of being open to learning or in helping others to learn.
4. **Our community is important** – Wherever possible, bring people together that can help each other.

5. **Give wherever possible** – Whether it simply be your time, empathy, or knowledge, give wherever possible.
6. **Results matter** – Efforts are nice, but what matters in the end is whether you shipped what you said you would.
7. **Communicate often** – Err on the side of letting people know what is on your mind. Isolation costs everyone time if you take a wrong turn.
8. **Don’t be afraid to screw up** – Just admit you did, what you learned from it, and for goodness sake’s don’t do it again.
9. **Get to the point, and do things expeditiously** – Assess issues swiftly, be efficient in communicating, take action quickly wherever possible, but do not compromise on quality.
10. **Keep things fun** – Take your duties seriously, and don’t be afraid to have fun & be yourself.

### 2 CONSULTANCY SUPPORT FOR STARTUPS

In the Startup Survey Slovakia 2014 is a summary of the findings KPMG actual survey. This survey was carried out in June and July 2014 and focused on Innovation Driven Entities (IDEs). [5]

Each respondent was attributed to one of the following categories:

- Startups (37%),
- Corporates (38%),
- Public sector entities (13%),
- Organisations supporting startups (7%),
- Investors (5%).

**Some results from KPMG Startup Survey:**

There is now a significant number of startups in the economy. These startups cover an impressive range of sectors from flying cars to life-saving medical research and are run by ambitious and talented women and men.

**Funding,** and the appetite to invest it, is there for the right projects. Funding levels are increasing and startups have an unprecedented spectrum of funding options from private individuals to institutional funds. Parallel to this dynamic, several founders manage to bootstrap their startups in effective and efficient ways.

**Organisations supporting startups** report a growing demand for their services and increased use of their spaces throughout the whole country. As the ecosystem is growing, it is no longer the “privilege” of Slovakia’s capital to bring new projects to life – Kosice and Zilina are becoming increasingly active and are already enriching the
ecosystem with new talented founders and dedicated mentors. I believe that it is just a question of time for other cities to enter the startup scene.

Public sector is also contributing positively. This is reflected in the increased use of services provided by public entities and the range of promising startup-focused initiatives currently being considered. I am convinced that the gradual reinforcement of the Slovak startup and innovation ecosystems holds great potential for making Slovakia’s global brand increasingly more visible and memorable.

Corporates are keen to be involved and currently representing under-utilised pool of resources within the ecosystem. Knowledge, contacts and experience accumulated within the corporate sphere can bring great value-added. At the same time, the ecosystem can provide inspiration, motivation and know-how for corporates aiming at taking the lead in innovating within their respective industries.

Entrepreneurs from startup are:

- They are young. The survey found that over 79% of respondents were between 25 and 34 age.
- They are well educated. 79% of respondents had a master’s degree or higher. Education backgrounds are typically in business or computer science - 42% computer science, 40% business/management.
- Predominately male. 76% of start-ups did not have a female founder.
- Their businesses are still in early stage: 9% idea/concept, 41% prototype, 35% early revenue, 11% growing revenues, 4% expanding to new markets.
- Employment in start-ups is in category micro or small enterprises: 0 22%, 1 9%, 2-3 19%, 4-9 28%, 10+ 22%.
- External funding is being accessed: personal savings 74%, angel investor 39%, friends and family 22%, other 20%, venture capital 15%, bank 4%.
- Relocating start-up to another country. 57% of respondents are considering a move to another country and 80% of these are doing so to access new markets.

KPMG Startup Studio provides the following services [6]:

- It works with startup founders and make sure that not only their business models
- but also their leadership skills are robust enough to handle tough competition. It provides access to proprietary KPMG Training and Development program. It is for them a long-term investment.
- It provides physical space for open dialogue between founders, investors and other relevant entities. It is provides access to our knowledge capital, Which includes more than 20 proprietary databases and resources (Amadeus, Ovum, Bloomberg, Analysis Mason, Economist Intelligence Unit, Lexis.com Thomson Deals / SDC, Harvard Business Review, etc.), 20 lawyers, 30 tax professionals, 15 M & A experts in Slovakia and over 120,000 professionals around the globe.
- It get you connected within our corporate and investor network to individuals, who will make a difference in your personal and your business' evolution.
- It provides a sounding board, which will make you see both, the negative and the positive reflections.

References

This contribution is the result of the project implementation: VEGA 1/0879/13 Agile, the market adapting business systems with highly flexible corporate structure.