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Corporate accelerators: Building bridges between corporations and startups

Thomas Kohler

College of Business, Hawaii Pacific University & Visiting Scholar UC Berkeley and University of Innsbruck, 900 Fort Street Mall, Honolulu, HI 96813, U.S.A.

Abstract   Today's startups are a major source of innovation, as they employ emerging technologies to invent products and reinvent business models. Corporations that embrace an open innovation strategy increasingly look to startups as a source of external innovation. Corporate accelerators offer a potent approach to nurturing innovations from entrepreneurial ventures. However, the vast differences between corporations and startups make collaboration a challenge. Corporate accelerators need to be designed effectively to add value for startups and create innovation benefits for the company. Based on information obtained during interviews with managers and participants of corporate accelerators (n=40), managers receive a framework and strategies for designing corporate accelerators. To leverage startups' innovation and to make corporate accelerators an effective part of a firm's overall innovation strategy, managers need to systematically and thoughtfully consider the design dimensions of proposition, process, people, and place.

1. Expanding open innovation to startup collaborations

The knowledge necessary to generate innovations increasingly resides outside the modern corporation's boundaries (Chesbrough, 2003a; von Hippel, 2005). Entrepreneurial startups may be a valuable source of such knowledge (Dushnitsky & Lenox, 2005). Today, startups are driving major innovations that are replacing incumbent technologies and existing business models. By adapting open innovation—the paradigm that assumes firms should use external and internal ideas and internal and external paths to market (Chesbrough, 2003b)—established businesses are building structured programs to harness entrepreneurial power (Horn, 2014; Mocker, 2015).

As interfaces between corporations and startups, corporate accelerators provide a unique platform for long-term growth and corporate renewal. They are a promising way for established companies to explore new ideas for their corporate innovation efforts. Consider Orange Fab, the corporate accelerator of the telecommunications company, Orange. The three-month accelerator program offers

E-mail address: tkohler@hpu.edu

startups access to distribution opportunities, funding, office space, and a trip to its global headquarters to meet executives. Orange Fab helped startups raise a total of $19 million and resulted in five deals and pilots with Orange. The corporate accelerator trend extends well beyond high technology and has gained traction across the globe and across industries, from healthcare (Bayer) to insurance (Allianz) to entertainment (Disney) to consumer packaged goods (Coca-Cola). Effective corporate accelerators combine the best of two worlds: the scale and scope of large, established corporations and the entrepreneurial spirit of small startup firms.

To take advantage of the possibilities that corporate accelerators represent, it is necessary to go beyond seeing them as a new and shiny innovation initiative. Indeed, to unlock their potential, managers need a deeper understanding of how to design corporate accelerators that add value to the startups and which generate innovation for the corporation.

Given the recent emergence of corporate accelerators, there is little theoretical development that directly informs their design. Most organizations are still experimenting with different ways of setting up and managing their accelerator initiatives. By studying leading corporate accelerators and interviewing managers/participating startups, the author of this article herein offers a framework for understanding the design dimensions of and identifies common patterns for designing effective corporate accelerators.

2. The potential of corporate accelerators

Corporate accelerators are company-supported programs of limited duration that support cohorts of startups during the new venture process via mentoring, education, and company-specific resources. They generally share the following characteristics:[1]

- An open application process;

- A focus on small teams and not individual founders;

- Time-limited support comprising company interactions and mentoring; and

- Cohorts of startups rather than individual companies.

Corporate accelerators are distinct from other forms of corporate-startup engagement. Table 1

lists engagement methods and distinguishing characteristics of corporate accelerators.

Corporate accelerators have their roots in business incubators. For instance, in the late 1990s, Ford established an incubator to speed the process of creating and developing Internet businesses to find new ways of leveraging Ford's assets. Networked incubators were supposed to deliver superior value to startups and investors by surpassing existing organizational structures to launch a greater number of ventures more quickly. However, with the bust of the dot-com bubble, the promise did not materialize (Hansen, Chesbrough, Nohria, & Sull, 2000) and the business incubator model went dormant for half a decade. Today's corporate accelerators are distinct from the business incubators of the 1950s and the startup factories of the late 1990s (Cohen, 2013; Trotter, 2013). In 2005, Y Combinator was the first accelerator to provide a small amount of seed investment money in exchange for a minor equity stake in startups participating in a three-month program with networking and advice from experienced entrepreneurs. Five years later, Citrix was among the first firms to adapt the accelerator model to foster corporate innovation and partner with startups. Traditional accelerators, like Techstars, also added corporate partnerships to their programs.

The promise of corporate accelerators lies in bridging the gap between corporations and startups. Large corporations and startups are decidedly different organizations. One has what the other lacks. Consider that startups are innovative, growth-oriented businesses in search of a repeatable, scalable business model (Blank & Dorf, 2012). They are a great source of innovative ideas, talented and passionate founders, and new technology, and they operate using nimble processes (Anthony, 2012). Nonetheless, their liability of newness (Stinchcombe, 1965) makes execution difficult, and increasing ease and decreasing costs of launching a startup puts competitive pressure on successful ventures. By contrast, corporations are best designed to execute a repeatable, scalable business model. The processes that firms have optimized for execution might interfere with the search activities required to discover innovation outside the core business, leading to missed opportunities (Chesbrough, 2014; Wolcott & Lippitz, 2007). The complementary nature of startups and corporations suggests that both can benefit from collaborating; in doing so, startups receive help to improve execution and corporations receive support to search for innovation. Setting up a formalized corporate accelerator can make collaborations more efficient and cost-effective, and might result in a range of corporate-startup collaborations:

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[1] Similar to Miller and Bound (2011).

Table 1. Corporate-startup engagement spectrum

ENGAGEMENT METHOD	DESCRIPTION	DISTINGUISHING CHARACTERISTICS OF CORPORATE ACCELERATORS
Corporate Hackathons	Intense collaboration of diverse teams within a restricted time limit to solve a corporate innovation challenge (see Newton, 2015).	Offer more substantial and longer-term engagement with participants.
Business Incubators	Company-supported flexible working space with additional value—added services such as centralized legal or marketing support (Bruneel, Ratinho, Clarysse, & Groen, 2012).	Selection of startups is competitive and cyclical, cohorts of startups with shorter time duration and limited or no equity stake.
Corporate Incubation	Provides a path to market for corporate non-core innovations (Dee, Gill, Livesay, & Minshall, 2011; Miller & Stacey, 2014).	Internal efforts fall short of the full capability of corporate accelerators to tap into external innovators.
Corporate Venturing	Permits corporations to participate in the success of external innovation and helps to gain insights into non-core markets and access to capabilities (Weiblen & Chesbrough, 2015).	Focus on innovation and business development rather than predominantly pursuing financial investments in external companies. Engagement with a larger number of startups is possible thanks to a more standardized approach than any single engagement.
Mergers & Acquisitions	Quick and impactful way of buying complementary technology or capabilities that solve specific business problems and enter new markets (Lerner, 2013; Weiblen & Chesbrough, 2015).	Allow selection and pilot programs with larger number of startups to select potential targets for M&A.

- *Corporation supports pilot project*: Funding the development of innovative solutions and products by startups rather than attempting to do so internally affords corporations the opportunity to explore innovation prospects at a lower cost, in a shorter timeframe, and with fewer risks in relation to the core business. Corporations may develop new products together with startups, explore market opportunities through startups, or solve business challenges via startups' technology or talent.

- *Corporation becomes startup customer*: Interaction with multiple startups during an accelerator program allows corporations to learn about different solutions to their business challenges. Mutual benefits result if the startup wins the company as a high-profile customer, and the corporation finds a solution to its pain points. Working with a large corporation can be an important step for startups to test their product-market fit and scale their operations.

- *Corporation becomes distribution partner*: Channel partnerships can be mutually beneficial in that they provide a joint solution for both the corporation and the startup. Rather than build out their own distribution networks, startups can thus offer their products through the companies.

- *Corporation invests in startup*: Backing and supporting startups is beneficial for corporations as this provides them—at lower capital requirement and higher speed compared to internal R&D—with access to new markets and capabilities. At the same time, startups benefit from favorable terms relative to traditional sources of venture capital.

- *Corporation acquires startup*: Acquiring startups is a quick and impactful way to solve specific business problems and enter new markets (Harrison, Hitt, Hoskisson, & Ireland, 2001). Rather than time-consuming scouting for individual startups, corporate accelerators allow for the rapid exploration of many startups that could be a target for acquisitions. For startups, acquisition is an appealing exit strategy.

While harnessing these collaboration opportunities can be beneficial for both sides, they are difficult to achieve.

3. About the research

To get an in-depth and holistic understanding of the design of corporate accelerators, we conducted 40 semi-structured interviews with managers of corporate accelerators and startup teams participating in the accelerators. Corporate accelerators included those associated with firms such as Intel, Samsung, Orange, and Cisco. The interviews sought to identify the strategies and tactics of effective accelerators and to generate insights on how to facilitate the interplay between corporations and startups. Primary interview data was complemented with publicly available material and reports about the accelerator. Each interview was recorded, transcribed, and coded. Comparing the similarities and differences yields common patterns for designing corporate accelerators.

4. Designing corporate accelerators

Our research suggests a range of questions leaders of corporate accelerators need to answer (see Table 2). These considerations fall into four design dimensions:

1. *Proposition*—what the program offers;

2. *Process*—how the program is run;

3. *People*—who is involved; and

4. *Place*—where the accelerator is hosted.

For each dimension, managers receive decision support on how to set up or enhance corporate accelerators.

4.1. Define the proposition

The first design dimension relates to the proposition, which defines the relationship between the corporation and the startup. The proposition frames the interplay between process, people, and place. The collaboration needs to fuse corporate and startup interests to create mutual value.

4.1.1. Clarify innovation goals
Before working with startups, corporations need to clarify their strategic intent. On the corporate side, the expectations and goals fall into the following categories:

DESIGN DIMENSION	QUESTIONS TO BE ANSWERED BY CORPORATE ACCELERATOR LEADERS
Table 2. Design considerations for corporate accelerators	
Proposition (What)	• Which strategic intent do we pursue with our corporate accelerator? • How can we align our corporate objectives with startups' expectations? • Which startups do we want to partner with? Are they early, mid, or late stage? • What role do financial objectives play? Are we taking equity? If yes, which equity model do we choose? • How do we frame our innovation challenge? How much diversity of ideas do we want? Do we focus on a narrow problem, or do we explore broader innovation opportunities?
Process (How)	• How long should our accelerator program be? • How do we structure the program to accelerate the startups? • Which program elements should we include in the process to support startups and foster corporate innovation? • How can we make it easy for startups to work with us?
People (Who)	• How can we identify the right startups to accelerate? • How can we ensure internal buy-in from our executives and managers? • Which internal and external mentors can we bring on board to accelerate startups and ensure corporate alignment? Which mechanisms will facilitate interactions between employees and startups? • How do we foster networking to support startups and foster corporate innovation? • How can we tap into existing startup communities and add value to the ecosystem?
Presence (Where)	• Where should we host our corporate accelerator? • How do we manage the interactions between executives and managers with startup teams? • Are we running a physical or virtual accelerator? How can we use technology to enrich support online? • Should we run our own program or be in partnership with a third-party intermediary? • How should we design the space?

- *Close innovation gap*: In general, existing business units are not likely to pursue disruptive concepts and often face strong near-term pressures that discourage investments in new growth initiatives. Corporations are employing accelerators to help fill gaps in the current business by providing the necessary coordination for ideas that fall outside the scope of existing business units. Consider the accelerators of major banks, such as Wells Fargo and Barclays. They rely upon accelerators to partner with startups that might be disruptive to the bank's business model. An accelerator format helps firms resolve the problem of which ideas to focus on by spending intensive time with the nascent ventures.

- *Solve business challenge*: A major motive for corporate accelerators is to stimulate startup activity around a product platform and convince the next generation of startups to build their products on top of a company's platform. The example here is Nike's accelerator, which invited startups to build products and services utilizing the company's digital activity tracking platform. This allowed Nike to test its product and build an ecosystem of developers.

- *Expand to new markets*: Working with startups that have the capabilities and agility to compete in newly emerging sectors can provide new opportunities for corporations. Being exposed to the latest technological trends has the potential to accelerate the pursuit of new market opportunities.

- *Rejuvenate corporate culture*: Corporate accelerators can support efforts to enhance a company's culture. Public commitment to supporting innovation sends strong signals to internal staff and external partners. Connecting the corporate workforce with fresh talent and ideas inspires innovative thinking, and can result in employees becoming effective change agents. Many accelerators, including Samsung's, cater accelerator programs to employees or turn founders into team members for a certain period of time.

- *Attract and retain talent*: Many firms employ corporate accelerators to tap into the pool of entrepreneurial innovation and talent. In addition to attracting external talent, it can also be helpful in retaining existing entrepreneurial talent within the organization. Branding and PR plays a particular role for this objective.

4.1.2. Align goals with startup expectations

After defining their objectives, corporations need to find ways to cater to startups' expectations. From the startup's perspective, the following expectations should be built into a corporate accelerator:

- *Access to resources*: A startup's growth can be positively affected by access to corporate resources, assets, and capabilities. The teams interviewed mentioned the opportunity to frequently and quickly interact with company experts, executives, and decision makers as a valuable means of getting access to specialized complementary assets. Such access deepens the business and process knowledge necessary to build and scale the startup.

- *Increase credibility*: Startups believe that corporate backing will boost their visibility and credibility. This can benefit many startup priorities. For instance, working on a product partnership with an established company conveys validation for future customer acquisition.

- *Access to markets*: Business-to-business startups, in particular, often aim to get the sponsor of the corporate accelerator as a customer. This speeds up the process of securing product—market fit. Other startups view the sponsor as a potential distribution channel partner to quickly grow their company. For instance, Orange can leverage its market position and provide distribution support to promising new ventures, helping them to scale globally.

- *Getting funding*: The funding that comes with being accepted to a corporate accelerator clearly motivates startups' interest in corporate accelerators. Corporate investments are attractive because of the favorable terms they offer as compared to an institutional venture that exclusively pursues financial objectives. Startups expect that the time during an accelerator helps them to become investor-ready. As one startup going through Hub:raum—the program by Deutsche Telekom to support startups with the potential of transforming important markets—told us, credibility earned through the accelerator process helped this startup get to the next funding round.

Unlike traditional accelerators, corporate accelerators have to meet corporate objectives and fulfill startups' expectations, which results in further design considerations.

4.1.3. Let startups retain ownership

Should corporate accelerators take equity in startups? The answer depends on whether the corporate accelerator is primarily driven by strategic, innovation, or investment goals. The major benefit of investing in all teams is to spread the risk across a portfolio of firms; accelerators hedge their bets and increase their odds of picking a home run. Corporations with such a model argue that by taking equity they align their incentives with the startups. However, early-stage investment is not a priority for most corporate accelerators studied; rather, they choose a more selective approach, usually with no equity investment at all. Because an accelerator enables firms to learn about a large number of ventures before taking a financial stake in them, corporations get a first look at the startups and can later selectively fund those that seem to be in line with their strategic priorities. MasterCard's accelerator is one of many that does not take equity but reserves an option to invest. Taking too much equity will reduce the entrepreneurial drive of startup teams and might reduce startups' attractiveness for future investors. In addition, for later-stage startups, the average amount of equity—of around 6%—is not an attractive proposition. The seed funding that comes with acceptance to a corporate accelerator covers living expenses where the accelerator is located during the acceleration period (~20 K), and more seed money is required (50—150 K) if equity is taken.

4.1.4. Focus on specific verticals

While many traditional accelerators take a horizontal approach, accepting applications across a variety of industries, most corporate accelerators focus on specific verticals. Consider Coca-Cola's Bridge program, which links the entrepreneurial community with the corporation's major global markets. The program focuses on startups that offer software solutions fitting into one of five core themes: (1) consumer engagement, (2) consumer retail, (3) supply chain, (4) marketing innovation, or (5) health and wellness. The themes reflect the strategic priorities of Coca-Cola's business units, which fund the program. A major benefit of focusing on teams in one sector is that the ventures benefit from sharing expertise because they are working on related problems or technologies. Similar teams in one cohort also facilitate collaborating with investors and partners who are active in the particular sector. In contrast, horizontal accelerators that assemble a highly diversified portfolio of ventures are likely to suffer from a lack of synergies among teams.

4.2. Design the process

The corporate accelerator process describes the program that startups go through. It begins with the selection phase and ends with graduation. Before creating program features, the first decision relates to time duration and the degree of structure.

4.2.1. Compress the innovation cycle

Inspired by the success of private accelerators and informed by the lessons of business incubation, our study suggests short program duration. The typical length ranges from three to six months, with most programs lasting three months. A short time span is closer to the timelines of startups than to common corporate innovation cycles. It focuses the founding team's attention and also the resources the company must dedicate to the accelerator. It increases throughput and speeds up the cycle of the venture, leading to quicker growth or failure. If programs stretch out that intense period, dependency between the company and the startup develops. The best accelerators offer strong support during a concise program and then continue the collaboration through alumni engagement or other relationship-building mechanisms. Cohorts as a byproduct of structured and time-limited programs allow ventures to enter and exit the programs in groups, which creates positive group dynamics. Founders become very close to those in the cohort, helping and motivating each other during the program. It is telling that ventures in incubators are called tenants, while those affiliated with accelerators are called portfolio companies.

There are caveats to the timeframe suggestion; hardware accelerators or innovations in healthcare, for instance, may require more time to develop. Corporations may also find that they cannot keep pace with the rapid startup velocity, and thus take more time to build partnerships. Consider the evolution of Hub:raum in Berlin. After a few batches, it stopped its accelerator program and switched to an incubation model to concentrate on long-term relationship building.

4.2.2. Balance structure with flexibility

The next design decision relates to program structure. While some programs follow a strict process, others lack structure. Finding the right mix of both is challenging. Insufficient structure often translates into limited involvement and mentorship. Efforts to create efficiencies by following the same stringent structure lead to mandatory and bureaucratic programs. While some structure is necessary, our results indicate that it is crucial to customize the program to fit the startups' needs. Teams who went

through a program with a defined curriculum and mandatory attendance lamented the rigid structure, which they felt diverted their focus. The trick, then, is to present some events as mandatory and others as voluntary. To eliminate the threat that mandatory programs and reporting pose to the entrepreneurial spirit, startups should be free to join events that are not part of the core curriculum. Effective accelerators identify the needs and goals of the startups at the beginning of the process and agree on priorities for the program. Establishing goals for the acceleration period helps to define the relationship between the startup and the accelerator. Articulating success metrics during the onboarding process allows managers, mentors, and teams to track progress. Many startups shared that they would like corporations to point out what it takes for startups to extend collaboration beyond the program.

4.2.3. Provide relevant training

All programs feature educational elements during the process. This especially pertains to corporate accelerators that are focused on earlier-stage startups; here, the goal is to train teams in the lean startup method. Accelerators focusing on early-stage startups include a discovery phase in their process during which teams concentrate on refining their concept, business model, and market offerings. To do this, the teams spend considerable time with potential customers toward validating the market for their products or services. Workshops or talks provide inspiration and the opportunity to receive feedback and guidance. Besides relevant business knowledge, pitch training plays an important role for fundraising efforts.

4.2.4. Simplify procedures

To ensure that they are a mechanism for overcoming existing organizational and bureaucratic impediments, accelerators need to be designed as shields to protect the startups from corporate complexity. As numerous managers of accelerators shared with us, their goal is to tear down the barriers between both sides and make things happen that otherwise would not occur. They must prevent promising startups from losing momentum due to slow decision making or corporate complexities. The working model needs to reflect the startups' way of doing things, which manifests in a number of characteristics. Well-designed corporate accelerators maintain a spirit of entrepreneurship by keeping formalities straightforward. Decision making needs to be decentralized to grant the accelerator team autonomy, as large corporations often lack internal processes to efficiently address startup issues. The

contracts that define the startup—accelerator relationship should be simple and founder-friendly. For instance, corporations need to accelerate their payment cycle for new startup vendors to adjust to the realities of new ventures. Simplified procedures need to be coupled with a clear decision-making timeline to facilitate partnerships.

4.2.5. Collaborate with accelerated startups

Most corporate accelerators culminate in a demo day when founders pitch their businesses to large audiences of potential investors, media, and company representatives. Graduation might be less formal, but the acceleration process ends with a transition out of the program. What should corporations do with successfully accelerated startups? From a company perspective, teams ideally advance into pilot projects, partnerships, or acquisitions. While relationship building happens during the program, execution usually occurs after the completion. However, when opportunity throughput increases, new bottlenecks arise in terms of finding organizational homes within the company. If there is no match between the company and startups, organizations should nonetheless maintain meaningful interactions beyond the program duration for possible future collaborations. Partnering with other organizations is one path for leading accelerators to scale their programs. Coca-Cola and Orange, for instance, bring in additional corporate partners to expand partnership opportunities for participating startups.

4.3. Involve the right people

By involving people from both inside and outside the company, an effective corporate accelerator combines intimate business knowledge with fresh startup perspectives.

4.3.1. Carefully select the startups

A precondition for an effective corporate accelerator is identifying and recruiting the right teams to accelerate. With the rapid growth of accelerators, it becomes increasingly difficult to attract the best teams. Clearly, an accelerator that wastes startups' time will soon find it difficult to attract new teams and top talent. Corporations need to build and leverage their network to identify many interesting startups that respond to the call for applications. Chances to select top teams increase with the number and quality of applications. Interestingly, some corporate accelerators form a consortium with other corporate partners to extend their reach (e.g., Orange partnering with Visa, LG, and others). To select the teams, most corporations rely on the

accelerator management team, mentors, industry experts, and employees.

4.3.2. Find champions to play a dual role
Managers of corporate accelerators are the liaisons between startups and corporations. Their job as 'bridge makers' is to facilitate two-way interactions: provide startups with access to the right people within an organization *and* ensure that the external innovations are used internally. The challenge lies in finding people who are capable of not only working with startups, but also skilled in navigating corporate structures. For startups, the operations team provides guidance throughout the program and helps entrepreneurs absorb and apply the knowledge they gathered through mentor meetings, seminars, and company interactions. To give advice to the startups, they must have experiential credibility and demonstrate that they enjoyed startup success. Regarding the company, corporate accelerator managers need to tackle corporate complexities and identify the right people within an organization to connect the startups. The managers should run the corporate accelerator like the startups they serve: start small and evolve based on experience.

4.3.3. Get executives committed
Effective corporate accelerators require the commitment of executives. Several teams shared how the CEO's involvement was a remarkable element of their experience. The Sprint and Nike accelerators provide cases in point. On the very first day of the Sprint accelerator, Sprint's CEO joined startup team members in a casual dinner setting to learn about their ventures and thank them for participating. Likewise, Nike CEO Mike Parker's scheduled one-hour stop turned into a whole afternoon of interacting with Nike accelerator teams. Executive engagement is critical because without sufficient support from senior management, promising startups can end up as casualties of conflicts with established businesses. Having the CEO's commitment will also increase internal buy-in and get employees involved.

4.3.4. Ensure corporate alignment
Crafting the mechanisms to have the right people interact with the startups is a highly critical factor. Effective corporate accelerators involve representatives from the receiving corporate units and secure their buy-in as early as possible. Ideally, the receiving business unit gets involved before the actual start by shaping the call for applications. An education-oriented corporate accelerator, for instance, started its process with identifying the

challenges its managers faced. This provided broad involvement early on and helped mitigate the issues involved with handing over a project from the start-up program to a regular business unit upon completion of the program. To find the right employees, our interviewees indicated that top managers often reached their level of responsibility by executing the extant business model, which was familiar and reassuring to them. But they were less comfortable with anything that differed from this model. The managers of Standard Chartered Bank's SC Studio in San Francisco shared with us that they have learned to identify employees who are at the edge of their careers as the best fit. They are newcomers, people who face a transition, or those who need to take a risk. They are best positioned to encourage cross-unit collaboration, protect projects emerging from accelerators from internal turf battles, and build potentially disruptive businesses. Their job does not end with a successful prototype or proof of concept ready to be transferred to a regular business unit for market launch. They need to push the external innovation internally to make sure its market launch will happen and the project's results do not fall by the wayside.

4.3.5. Provide internal and external mentors
Intense mentorship and education are the cornerstones of accelerator programs and a primary reason that new ventures join. Mentoring varies substantially among programs. Some programs schedule meetings with up to 75 different mentors during their first month. Others either make introductions on an as-needed basis or simply hand entrepreneurs a list of preselected mentors. Meeting with many different mentors a day for nearly a month can delay other aspects of new venture development but provides a unique opportunity for ventures to build their network and gather insights. Employees can transfer company-specific knowledge to startups through mentoring. The corporation benefits by bringing energy and insights from the startup ecosystem back into the company. Staffing the mentors exclusively with advisors from one company limits the ability of founders to get the broadest product feedback necessary for success, so our results suggest a mix of employees, entrepreneurs, and domain experts.

4.3.6. Foster networking within and outside the accelerator
Network development is cited as one of the most important aspects of accelerator participation. Effective accelerators implement mechanisms that create ties to many outside experts. Office hours or talks by accomplished entrepreneurs are popular

means of establishing such connections. Leading accelerators also activate their alumni networks through events and regular interactions. For instance, a demo day for alumni prior to the public pitches provides opportunities for the startups to get constructive feedback and engage the accelerator community.

4.3.7. Make accelerator part of its ecosystem

Corporate accelerators need to be relevant to the environments in which they operate by actively engaging the whole entrepreneurial community and not just the teams in their cohorts. To attract teams, businesses must establish trusted relationships with sources of entrepreneurs, such as venture capitalists, universities and incubators, and other accelerators. Ideally, corporate accelerators are designed to act as complements to existing startup support ecosystem offerings. As Alan Boehme, who leads Coca-Cola's Bridge program, emphasized: ''You can't be a threat to anybody in the ecosystem. You cannot give or expect to receive a disproportional amount of wealth or knowledge. It has to be equal.'' This helps with recruiting the right startups to accelerate through ecosystem partners.

4.4. Decide on the place

The place dimension represents where to host a corporate accelerator and how to design the space.

4.4.1. Grant autonomy with meaningful interactions

Corporations need to choose between four models that result from a number of strategic options: inside corporation, outside corporation, independent accelerator, or virtual accelerator (see Table 3 for examples listing the pros and cons). Many experts and managers suggest locating a corporate accelerator close to headquarters but not in the same facility. Some managers argue that accelerators can thrive within established organizations. Orange, for instance, stresses its corporate ties and highlights the collaboration potential of co-locating with startups. Having startups inside or in close proximity grants the company the highest level of control and opportunities for frequent interactions.

Others propose creating a standalone entity and positioning the accelerator as independent of its corporate parent(s). Separating the accelerator from the company avoids conflicts between the company and startups and allows for the necessary autonomy. The downside of isolating a corporate accelerator is that it might be too distant for the business to influence or leverage. Consequently, accelerators may lack the resources and the power or credibility to win the organization's cooperation. While situating an accelerator in a startup hub like Silicon Valley provides great ecosystem benefits, difficulties emerge due to limited interactions if the corporate headquarters is farther away.

Regardless of physical proximity, corporations must be sure to not limit the freedom of startups. As Dylan Boyd, former manager of several corporate accelerator programs for Techstars, points out, ''you don't want a petting zoo'' where executives tour the accelerator to get close to startups they might not usually encounter. Corporations need to respect the startup way of working and provide space for creative freedom.

4.4.2. Partner with experts

Whether corporations should create their own accelerator program or partner with existing accelerators is an important decision. Accelerators like RocketSpace, which counts Uber and Spotify among its alumni, run corporate accelerators within their thriving ecosystem. Firms can plug into an existing platform. Another plus for this approach is cost effectiveness. Partnering with an existing accelerator is a way to gain experience before investing in a separate unit. A company's choice of collaborating with an intermediary or running its own program may evolve over time.

4.4.3. Enhance personal interactions online

Managers must also decide whether to have a physical or virtual accelerator. While accelerators typically thrive on face-to-face mentorship and heavy

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Table 3.   Choices to host corporate accelerators

INSIDE CORPORATION	OUTSIDE CORPORATION	INDEPENDANT ACCELERATOR	VIRTUAL ACCELERATOR
Orange	Samsung	Disney	Pearson
+ More control - Risk of being too stringent	+ Flexibility for teams - Maintaining corporate involvement is more difficult	+ Existing ecosystem + Cost efficient - Less control	+ Global reach + Cost effective - Disadvantages of virtual communication

support, there are examples of successful virtual accelerators. Some global corporations in our sample chose a cost-effective virtual accelerator because they wanted to reach teams across the globe. However, most accelerators rely on at least some degree of face-to-face interactions in order to build the trust necessary for knowledge transfer. A digital accelerator should be combined with in-person sessions to tackle the disadvantages of virtual communication. Facilitated by technology, participants meet weekly with an entrepreneur-in-residence and have remote access to the mentor and partner network. By not forcing startups to relocate, they can increase the breadth of applications. It is a trade-off, and both mediums work for specific purposes. With the exception of virtual accelerators, all corporate accelerators come with free co-working space. Also, physical corporate accelerators should establish processes for exchanging information and know-how online across teams. Techstars, among others, has online forums via which founders can share their experiences and knowledge.

4.4.4. Nurture serendipity

Success depends not only on the choice of where to host an accelerator but also on its space design. The configuration needs to convey an entrepreneurial atmosphere and be seen as an approachable place for entrepreneurs. The setup of RocketX is instructive. Established companies sit close to rising startups and diverse visitors attend frequent events, resulting in unplanned interactions. Michele McConomy, VP of Corporate Innovation Programs at RocketSpace, calls them "serendipitous moments on campus, where we don't expect something to happen, but it does."

5. Limitations

Several limitations should be considered when designing corporate accelerators. Despite the potential of corporate accelerators, challenges result from immense gaps in work practices, substantial cultural differences, and different organizational clocks (Weiblen & Chesbrough, 2015). Critics question corporate accelerators for a number of reasons. First, the incentives between corporations and startups might not be aligned (Crichton, 2014). Being bound to a big corporation could limit startups' freedom to pivot, and it is not always clear if the corporate accelerator has a hidden agenda that contradicts the startup's goals. Second, corporate involvement might stifle the progress of startups. In addition to achieving product—market fit, startups must achieve product—corporate fit in corporate

accelerators; hence, they could end up with a fitted solution to one company's challenges rather than building a scalable solution to a general industry problem. Third, there is the risk of overprotection through corporate backing, which leads to dependency or increases the likelihood—and sunk costs—of later failure. If corporations shield startups from market forces, they could miss out on important feedback that would enable them to adapt. Fourth, close ties to the corporation hosting the accelerator could prevent startups from pursuing partnerships with competitors or from developing competing products that might disrupt the corporate backer.

To address these challenges and concerns, corporate accelerators need to achieve mutual benefit. Effective corporate accelerators foster corporate innovation and offer valuable support for startups. Early examples of corporate accelerators do not represent the end of the story, but rather just the beginning. As startups look for ways to scale their ventures and corporations eagerly search for innovation, there will be more efforts to collaborate through corporate accelerators. With the framework described here, managers receive starting points to increase their chances of benefitting from the promising possibilities of corporate accelerators.

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