

INCUBATORS OF POSITIVE CHANGE

HOW SEED CAPITAL, SHARED OFFICE SPACE, PURPOSE-DRIVEN MENTORS AND VENTURE-PHILANTHROPIST CONNECTIONS MIGHT LAUNCH ENTREPRENEURS TO “DO EPIC SHIT” AND SAVE THE WORLD.

By
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Impact Hub is an accelerator with locations around the globe dedicated to social entrepreneurs. Here, a mentor leads a workshop at Impact Hub in Belgrade, Serbia, during the fourth European Young Leaders Forum.

On Bank Street in downtown Ottawa, Ontario, a stylish loft occupies the sixth floor of a nondescript building. The bright, open space teems with art, from splashy graffiti to elegant sculptures. A diverse crowd—including 20-something hipsters and business-casual boomers—gazes at laptops and clusters around tables, chatting and sipping from mugs. At first glance, this could be an office, an art gallery or even a coffee shop.

But Impact Hub Ottawa is something else entirely: a business incubator that brings social entrepreneurs together. Under signs stamped with phrases such as “Hubbers Do Epic Shit,” the people here are working on startups ranging from a vegan-goods home-delivery service to a citizen-driven water-quality-monitoring app.

More than 350 members rent space here to work, attend events and network. Most of the entrepreneurs labor away unobtrusively, one on a red couch illuminated by a strand of Christmas lights. But they readily break to chat. “I think I’ve got a job!” one woman calls out. The woman, Heather Semotiuk, hugs Katie Miller, managing director of the space, and describes the gig. It involves studying water

supply for Canada’s Smart Prosperity Institute.

“That’s awesome,” Miller says. “You should talk to Kat, behind you, who runs Water Rangers. She knows all about stormwater.” Kat Kavanagh is among 120 recent grads of the Hub’s Impact Academy, a six-month incubator program that teaches entrepreneurial skills. The Hub’s workspace is designed to foster connections.

“The more the physical space can facilitate conversation, trust and cross-pollination, the better off the city is,” Vinod Rajasekaran says. Rajasekaran is one of Impact Hub Ottawa’s six co-founders. He’d seen Impact Hubs in other cities, and in 2011, he and his friends decided that Canada’s capital deserved one, too; it opened a year later.

Impact Hub, a worldwide network, has grown into one of the most influential social-enterprise incubators in the world. While it and certain other accelerators, such as Colorado-based Unreasonable Institute, have global aspirations, some accelerators have a more localized focus—Agora Partnerships concentrates on regional impact in Latin America, while Propeller focuses on impact within a single city, New Orleans. All four organizations are designed to support idealistic startups.

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—Jon Eckhardt, gener8tor accelerator co-founder

A Short History of Incubators

Incubators and accelerators for tech startups have been scattered across Silicon Valley for two decades. Now, innovators are using the same model to create more organizations that have a positive impact on the environment and society. “Incubators” traditionally provide physical space for startups to rent, while “accelerators” offer programming, such as entrepreneurship courses and networking events. And hybrids between the two are common.

Indy Johar, co-founder of Impact Hub Birmingham in England, leads a basic income workshop. ↓



There are now more than 1,000 tech incubators and accelerators worldwide. The first high-profile incubator, Idealab, was founded during the dot-com bubble of the mid-1990s. About a decade later, a new crop emerged, inspired by the early achievements of Y Combinator and Techstars, which helped launch success stories, such as Airbnb and Box. The incubator concept has now spread to nearly every continent.

Social-impact incubators aren’t created to develop billion-dollar “unicorns.” Instead, they nurture ventures that aim to do good in the world.

“Within the social sector, there’s an incredible amount of innovation that’s been enabled by collapsing the cost of doing things,” says Jon Eckhardt, executive director of the University of Wisconsin’s Weinert Center for Entrepreneurship, and co-founder of the gener8tor accelerator. “That puts tools in the hands of any kind of innovator, including social innovators. There’s a lot for social innovators to copy, and there’s a lot for

accelerators to copy from the social innovators.”

Global Reach

In 2005, a group of British recent college graduates interested in addressing global challenges opened the first Impact Hub, located in central London.

Today, Impact Hub has more than 15,000 members across 86 locations. Members have founded about 8,000 ventures, including the well-known petition platform Change.org. Impact Hub is evolving—moving, for instance, from a franchise to a collective-ownership model in 2014. And Impact Hubs are flourishing, says Gabriela Gandel, global managing director.

“It’s not a program. It’s not a virtual platform. It’s a physical everyday place where you come,” she says. “We take people way earlier in their journeys than most. We don’t do just top-level acceleration, but go from idea generation to market to growth. The Impact Hub has all the infrastructure to help you find your partners and investors.”

Those connections helped clothing-waste recycler Evrnu raise \$2.2 million from investors. The founders also signed deals with Levi’s, Target Corp. and Adidas. Three years ago, Evrnu CEO Stacy Flynn attended Fledge, a 10-week accelerator program offered through Impact Hub Seattle. The company now has its own offices, but Flynn keeps her Impact Hub membership. “We’ve met a lot of advisers and potential investors there,” she says. “Without [Impact Hub Seattle], we would be in a very different place.”

Impact Hub now employs 750 people worldwide and operates on a \$30 million annual budget. Money comes from membership fees, foundation grants, consulting for nonprofits, and fees for training programs. Local hubs each have an individual operating budget.



Colorado-based Unreasonable Institute strives for a global reach, sometimes by supplying courses to Impact Hub locations and other times through its own offices. Co-founder and CEO Teju Ravilochan thinks of Unreasonable as “a medical school for poverty.” He and his friends Daniel Epstein and Tyler Hartung founded the incubator in 2009 at the University of Colorado, Boulder, to train entrepreneurs with lofty, “unreasonable” ambition.

Unreasonable started as a 10-week training program. The company expanded into Uganda and Mexico in 2014. Unreasonable’s training programs, called Unreasonable Labs, cover seven themes, including product design, scaling operations, team-building and fundraising. So far, Unreasonable has held almost 40 lab sessions in 27 countries.

The institute employs 20 people in its three offices, and its headquarters operates on a \$1.1 million annual budget. The Rockefeller Foundation recently granted \$1.8 million toward a Future Cities accelerator built

within Unreasonable. The funding will provide \$100,000 each to 10 startups, and will fund their participation in a nine-month accelerator program.

More than 300 ventures have trained through Unreasonable to date. Among its successes are Mosaic, the largest home-solar lender in the U.S., and Eneza Education, an app providing mobile curriculum and communication tools to schools in Africa.

Regional Focus

Agora Partnerships launched as a conventional venture fund when it was founded in 2005, but over time, it evolved into an organization dedicated to supporting entrepreneurs solving social problems. Ben Powell, a Columbia University business school graduate with a background in Latin American business, initially raised \$500,000 to invest but struggled to find suitable social-impact companies in Latin America. So, in 2011, he decided to help create some.

Powell, now CEO, believed that Agora could help build a

↑ Vida Harvest, a 2015 alumnus of Agora Partnerships’ accelerator program, provides technical assistance and capital to small-scale farmers in Nicaragua.

stronger ecosystem of social-impact startups. “We really listened to what the entrepreneurs needed and tried to serve their needs,” he says. “They’re a totally different profile from the tech entrepreneur who would go to Y Combinator. We provide strategic consulting and a holistic community and network.”

Each year, up to 30 startups are selected for the program, which begins with a weeklong retreat in Nicaragua or Mexico. The meeting establishes a community for the entrepreneurs. For Brendon Brewster, founder of disaster-resistant-housing producer Veerhouse Voda, the retreat laid the foundation for his peer network. “We have a support group now. We can share each other’s successes and ask each other [for] advice,” Brewster says. “It really helps.”

Agora companies are assigned a consultant who, for four months, helps them develop their businesses. Consultants work from the Agora hub closest to the entrepreneur and make on-site visits.

Photo courtesy Impact Hub; Page 66: Photo courtesy Impact Hub

Photo by Stuart Freedman/Argidius Foundation

Need to Accelerate?

Eleven accelerators that focus on developing and supporting social entrepreneurs:

Agora Partnerships
Managua, Nicaragua, and Mexico City
agorapartnerships.org

Advance Humanity
Woodstock, Vermont
advancehumanity.com

China Australia Millennial Project
Sydney
australiachina.org

Impact Hub
Multiple global headquarters
impacthub.net

Impaqto
Quito, Ecuador
impaqto.net

Koga Impact Lab
Asunción, Paraguay
koga.com.py

LIFT Economy
San Francisco
lifteconomy.com
Learn more about LIFT's accelerator fund:
bthechange.com/?p=8008

Propeller
New Orleans
gopropeller.org

Singularity University
Moffett Field, California
su.org

Unreasonable Group
Boulder, Colorado
unreasonablegroup.com

Village Capital
Washington, D.C.
vilcap.com

The consultants, all fluent Spanish speakers, are business leaders, many with investment-banking backgrounds.

Brewster believes that the experience and insights his Agora consultant provided have been vital for the growth of Veerhouse Voda: "My consultant was driving a forklift in our factory. They get into the nitty-gritty and look under the hood of your business."

Agora employs 13 people and operates on a \$1.2 million budget. Consultants are paid about \$1,800 per month.

To date, 125 companies have gone through Agora's program. Entrepreneurs pay \$600 to attend the one-week retreat. And while Agora hopes to implement a model in which participants slowly pay back the real cost of the program as they grow

(approximately \$18,000 per organization), banks and other companies are underwriting most of Agora's work for now. The Inter-American Development Bank, for instance, has invested \$1.3 million to help accelerate 140 companies over the next three years.

Agora has also teamed up with the online microfinancier Kiva.org to crowdfund up to \$200,000 for Agora enterprises through Kiva donors.

The goal is to create the pipeline of investment-ready Latin American startups that Powell was looking for back in 2005.

"I see Agora as a platform that allows entrepreneurs, investors, funders and consultants to come together with a common aim of getting resources to people who can make positive social change," Powell says.

Local Impact

After Hurricane Katrina, New Orleans residents came together to resurrect their ravaged city. "Right after the storm, there was so much federal money and philanthropy," says Andrea Chen, a former teacher. "After it all went away, we wanted to make sure people had the momentum to keep going."

Chen realized residents without business experience needed training in practical matters, such as finance and operations. In 2009, she founded Propeller to serve New Orleanians who were trying to rebuild their city's infrastructure and economy.

In 2013, Propeller opened a 10,000-square-foot co-working space. Companies participating in the accelerator get free rent, while established companies pay market rates. The three-month accelerator program provides a dedicated business mentor and access to investors, advisers and sometimes clients.

Tyler Ortego, founder of ORA Estuaries, which grows oyster reefs that protect coastal environments, went through Propeller's accelerator last year. Ortego was paired with an experienced mentor with deep corporate experience—he'd helped develop Glade air fresheners. This expertise helped ORA navigate key negotiations and manufacturing decisions, Ortego says.

"We want to put a massive dent in billion-person problems like poverty. We are so far from that."

—Teju Ravilochan, Unreasonable Institute co-founder and CEO

New Orleans entrepreneur Dr. Lana Joseph describes her clinic, High Level Hearing, at a Propeller pitch competition focused on health.

"Having that mentor there to bounce a large number of ideas off of was really helpful."

With 14 full-time employees and 10 AmeriCorps volunteers, Propeller operates on a \$1.4 million annual budget. More than 100 ventures have completed the accelerator program.

A few years ago, Chen was inspired by the Milwaukee-based Water Council's work solving local water-related challenges. She says she realized her organization could be more effective if it targeted specific goals, so in 2014, Propeller launched programs focused on water, health, education and food.

Propeller also advocates for issues that matter to its companies. For instance, Propeller supported Louisiana's benefit-corporation legislation, which allows mission-driven companies to incorporate their sense of purpose into their legal corporate identity. "When a policy challenge becomes big for several entrepreneurs in a space," Chen says, "we'll take action on that."

Expanding the Impact

The founders of these social-impact accelerators admit that they may never fully reach their lofty goals. "We want to put a massive dent in billion-person problems like poverty. We are so far from that," Unreasonable's Ravilochan says. "Sure, we've gotten some nice statistics here and there, and [media] coverage, but none of that matters against the metric of whether people's lives are actually better. And that is a moving target." ●

Photo by Morgan Sasser



Advice on Gaining Accelerator Access

Six key tips from accelerator alumni who've been there, done that.

Do your research. "Everybody's needs are different, and yours might not match the program's. Propeller seemed like a no-brainer, but if you're interacting with a new group, verify that they're going to meet your expectations." — Tyler Ortego, ORA Estuaries, assisted by Propeller

Showcase customer validation. "If you've got a contract or are working on something, or if you've got a customer you're working on a grant with, that goes a long way to showing that people are responding to what you're bringing and that there's a market for that." — Tyler Ortego

Know your numbers — and competitors. "Know how big your market size is, what your business model is, what potential layers you have beyond one revenue stream, who your competitors are, and what else exists like it in a market. When people say they have no competition, [judges think], 'Oh, sure.'" — Toni Maraviglia, Eneza Education, assisted by Unreasonable Institute

Hire to strengthen your weakest areas and show a well-rounded front. "You solve problems by having the right partners and the right team. What you lack, you have someone to fill that hole. It shows you're smart enough to make smart hires to get to where you need to be." — Brendon Brewster, Veerhouse Voda, assisted by Agora Partnerships

Be open to advice. "If you pitch your idea to an experienced investor or startup manager, they'll have a lot of feedback for you. Sometimes it's better to go in raw and let them shape you. Be open and honest about where you are." — Stacy Flynn, Evrnu, assisted by Impact Hub Seattle

Don't take "no" for an answer. "A rejection is generally not a hard 'no,' just a 'not right now.' I wasn't accepted [to an accelerator] for the first year or two. I took it personally. Then I contacted someone, and it happened to be an oversight. These guys are so busy that sometimes you slip through the cracks. If you want something, stay on top of it." — Stacy Flynn