A Platform to Study Lean: Accelerators
Lean Startups and Innovation Strategy PDW, AOM 2017
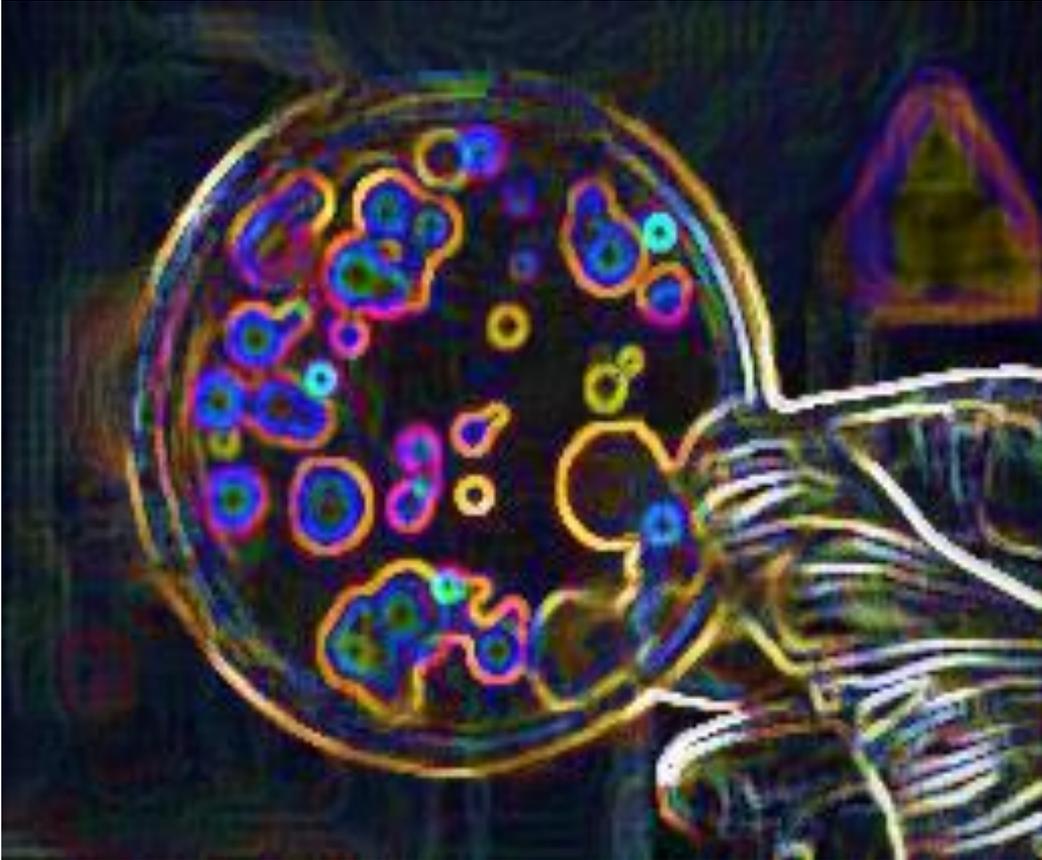
Susan Cohen
SCOHEN2@RICHMOND.EDU
@susleec

What are Accelerators?

Organizational sponsors that provide cohorts of ventures with mentoring and education during intensive, temporally-compressed programs that have a limited duration and end with a graduation event (Cohen, 2013)

Accelerators are the Petri Dish of Entrepreneurship Research

- Thousands of startups across thousands of programs globally
- Roughly 250 US programs have accelerated 10,000+ startups
- Lots of variation between programs
- 1/3 of all startups that raised a series "A" in the US went through an accelerator in 2016

Emerging Research on Accelerators

1. "The Design and Evaluation of Startup Accelerators" with Fiona Murray, Yael Hochberg and Dan Fehder
   - What are the design choices available to accelerator managers and how should accelerators be evaluated?

2. "Do Accelerators Accelerate?" with Ben Hallen and Chris Bingham
   - Three samples, two matched paired and one qualitative
   - Accelerators accelerate time to funding, exit and customer traction

3. "Accelerator Practices: Mitigating the Bounded Rationality of New Ventures" with Ben Hallen and Chris Bingham
   - Inductive multiple case analysis
   - Shows variance in accelerator practices and outcomes
   - Session on Tuesday!

Lean: A Definition

- A process where startups translate their vision into falsifiable business model hypotheses, then test the hypotheses using a series of minimum viable products. Based on test feedback, startups then decide whether to persevere, "pivot", or abandon the startup
- It is not "bootstrapping"

(Eisenmann et al. 2012)

Why is Lean Important?

- Reduces cognitive biases
  - Confirmation biases
  - Over confidence

- By incorporating
  - Customer feedback
  - Objectivity

- But, the effects of lean are dependent on following a specific methodology (Camuffo, Cordova, Gambardella working paper)

Lean: Everyone is "Doing It"

Are They?

Entrepreneur's understanding of lean

- "So, I would literally have to go back and -- but it depends on whose definition of 'lean startup'."
- "I really don't believe in boot strapping and lean startups. I think if you can't get somebody to give you money, you probably shouldn't be doing it."

Eisenmann et al.'s definition of Lean

- A process where startups translate their vision into falsifiable business model hypotheses, then test the hypotheses using a series of minimum viable products. Based on test feedback, startups then decide whether to persevere, "pivot", or abandon the startup (Eisenmann et al. 2012)
- It is not "bootstrapping"

How do Accelerator Best Practices Differ From Lean Methodology?

Lean

- Translate vision to testable hypotheses

- Start by building a minimal viable product

- Set levels for tests arbitrarily

- Focus evolving strategy via pivoting

Accelerator

- Articulate problem and market

- Start with feedback from mentors and customers before building MVP

- Set aspiration levels against cohort

- Focus on planting strategy

Same Goal: Product–Market Fit

Experimentation (Lean) is Only One Type of Learning (in Theory and in Accelerators)

- Vicarious learning

- Congenial learning

- Learning by doing

- Learning before doing

- Cognitive learning

- Experimentation
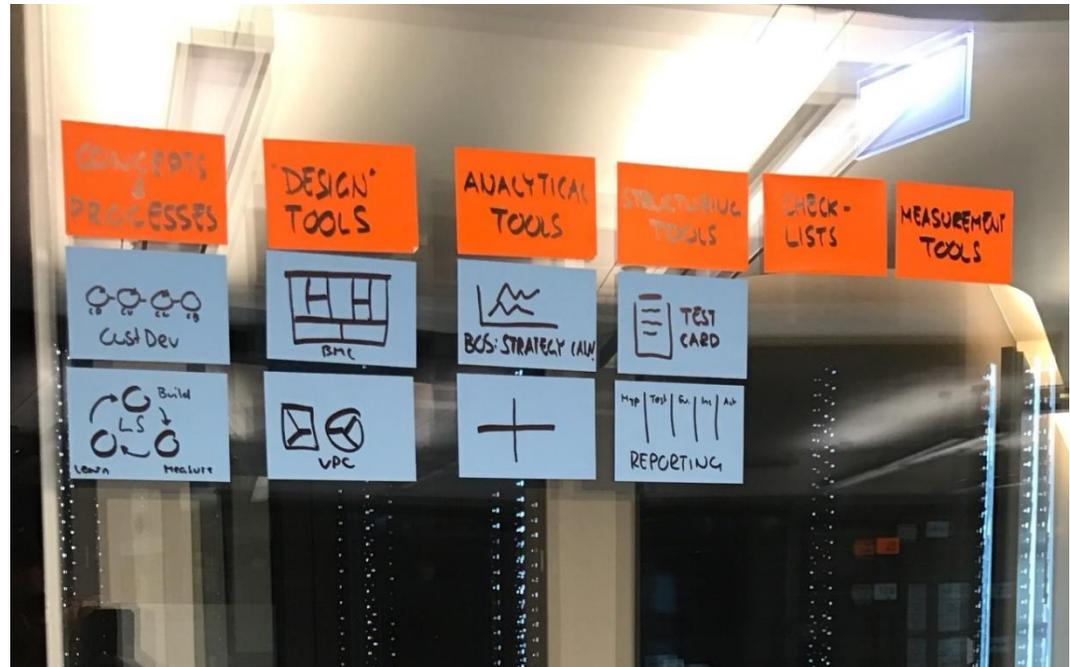
The key is matching the learning method to the information gap

Parting Thoughts

- Accelerators provide a window to observe large numbers of entrepreneurial ventures

- Especially good for process studies, including lean processes

- Beware of jargon; Do entrepreneurs really know what lean is? (How) are they actually learning?

- How does lean fit into the larger context of (entrepreneurial) learning?

Thank you!

scohen2@Richmond.edu

@susleec