



Article 395

April 26, 2015

## **Business Accelerators Invited to Compete for SBA Funds**

*By Finance New Mexico*

For the second year in a row, the Small Business Administration is sponsoring a competition to award \$50,000 each to 50 business accelerators, incubators, shared tinker spaces and co-working startup communities.



This time around, Javier Saade, associate administrator for the SBA's Office of Investment and Innovation, hopes to see more applicants from New Mexico. Only one accelerator in the state competed in 2014 — out of 830 applicants.

Given that one objective of the program, according to the SBA, is to “fill geographic gaps in the accelerator and entrepreneurial ecosystem space,” New Mexico is just the kind of place the agency would like to spend money from its growth accelerator fund.

“It is well known that the most successful accelerators to date were founded on the coasts,” according to the SBA. The National Venture Capital Association concurs, reporting that startups in San Francisco, San Jose, New York, Boston and Los Angeles have consistently received the lion's share of venture capital funding over the past five years.

The SBA awards are designed to stimulate more capital investment in parts of the country that lack conventional sources of capital and vibrant entrepreneurial networks.

### **What They're Looking For**

The agency is accepting applications for the latest round of funding through June 1. Once again, SBA will distribute 50 awards of \$50,000 each to help accelerators fund their operating budgets.

This year as last year, a panel of business experts will weigh each applicant's mission, team and goals. It will look for accelerators that support manufacturing and those that aim to assist women and other groups underrepresented in the startup universe.

The competition is open to government agencies, nonprofits, private sector groups and even entities that are created specifically for the project that the award would underwrite.

Applicants are asked to provide matching funds — whether from state, private or in-kind donations — that would cover three-quarters of the project cost. But because the 4-to-1 matching ratio is applied across the entire program, exceptional projects that fall short of this formula shouldn't be discouraged; if another applicant can invest more than \$150,000 toward her own project, this can offset any deficit.

## Accountability Metrics

The accelerators that accept funds this year also must submit quarterly reports for one year that document job and business creation so SBA can track the impact of accelerators and develop sustainable relationships with entrepreneurial communities.

According to SBA tracking data, last year's winners have created or retained more than 5,000 jobs and served 1,458 startups. These new businesses have raised more than \$547 million in capital, with 70 percent of that money contributed by friends, relatives, angel investors and other "alternative" sources.

Once the application period closes, first-round judges review proposals and select finalists, who are notified of their status at the end of June and given until July 13 to produce videotaped pitches. Final-round judges then pick winners in advance of an Aug. 24 announcement; awards should be allocated before Sept. 30.

Follow this link to apply for the competition: <https://gaf2014.wufoo.com/forms/2015-sba-growth-accelerator-fund-application/>.

*Finance New Mexico is a public service initiative to assist individuals and businesses with obtaining skills and funding resources for their business or idea. To learn more, go to [www.FinanceNewMexico.org](http://www.FinanceNewMexico.org). Sponsored by:*

