

An Internship Report on
“Accelerator Programs and its Benefits for Micro Entrepreneurship”

By

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LETTER OF TRANSMITTAL

May 8, 2019

Shamim E. Haque
Assistant Professor
BRAC Business School
Mohakhali, 66, Dhaka 1212

Dear Mr. Haque

This is my internship report on the topic "*Accelerator Programs and its Benefits for Micro Entrepreneurship*".

This report examines the problem that micro entrepreneurs face in the sub-urban regions. The lack of support in those regions make it difficult for small and medium sized businesses to grow. This is where accelerator programs come in, which not only support the SMEs in terms of finance but also in terms of coming up with a solid business plan. This report discusses such form of mentorship and enabling of small businesses to not just retain their position in the market, but also excel in the business they are in.

I hope you will find this report to your satisfaction.

Sincerely,

Kazuki Kunimoto, Junior Associate

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ACKNOWLEDGMENT

May 8, 2019

Shamim E. Haque
Assistant Professor
BRAC Business School
Mohakhali, 66, Dhaka 1212

Dear Mr. Haque

I would firstly thank the faculties of my department, BRAC Business School, at BRAC University. They have helped me throughout my four years of journey at the university and have extended their help beyond the class hours in my time of need. Especially, Mr. Shamim Ehsanul Haque sir for getting back my mails and calling me after office hours to ensure that I can complete this report on time.

I would then like to thank the colleagues in my office, Mr Antu Islam and Rafayet Khan, both of whom have been with me in all the accelerator programs that I have been to outside Dhaka. Antu Islam and Omar Khan have helped me by giving the questionnaires that we used for the accelerator program participants.

The consulting team at LightCastle Partners, Rageeb Kibria and Imran Chowdhury have been great mentors to me. I felt they were more like elder brothers than my boss. They have helped me understand business analytics and have taught me various functions and usability of different office softwares. The style with which I have written this report is also thanks to their mentoring and teaching throughout my tenure at LCP. Silvia Rozario and Dipa Sultana, my fellow Junior Associates were also always there for me when I needed someone to cover my shift when I fell ill or could not follow up with my work. Great Appreciation for them too.

Finally, I would like to thank the Directors of the LCP team. Zahedul Amin, my boss who has given me incredible market insights and has taught me to read between the lines for any business situation where I could find a very simplistic solution for any underlying problem. Bijon Islam, the CEO, has always been supportive of my actions. He has laughed at my mistakes and given me enough time to re-learn and deliver my work in due time. I have never been scrutinized for any deadline that I have missed but have been taught the value of time and how important it is to notify any delays beforehand so as to not hamper the work of others in the same chain of operation. And I would like to thank Ivdad Mojish Khan, even though we have not worked on the same project, yet this man has taught me to become a better person. We had spent hours talking about other things than work that ultimately motivated me to do more development jobs and help people who are not solvent themselves. The three of them are people of great knowledge and their patience with me and my work has encouraged me to take on harder jobs and challenge myself for something greater.

Thank you all at LightCastle Partners!

With gratitude,

Kazuki Kunimoto
Junior Associate, LightCasle Parners



EXECUTIVE SUMMARY

This report is on how accelerator programs benefit micro entrepreneurs in Bangladesh. The programs that have been run were mostly outside of Dhaka – such as Rangpur, Barguna, Dinajpur, Khulna, etc. This is because the accelerator programs that are done in sub-urban areas reap greater benefits since the people living on the outskirts lack financial and educational support. Which is why when they get big support from the capital city, they excel in their performance and stay determined to grow their businesses. For these entrepreneurs the sky is the limit and they will travel great distances to get the vocational training provided by industry experts and business tycoons.

The accelerator programs discussed here are mainly that of Unnoty program because that is the program that I was a part of. Apart from this there are small segments that talk about SmartCap and TruValu's Farmer's Hub done in Rangpur, all of which I was a part of. The report not only gives insights to what these small and medium sized entrepreneurs need, but what sort of steps actually helps these businessmen and women in real life. There are different models provided in the report for different scenarios. Not all businesses are the same, so obviously not all solutions will be the same either. Having said that, there have been trials to make a generic plan for tackling most similar problems that are faced by micro-entrepreneurs such as access to finance, capacity building and forward market linkage. These are some of the basic generic problems that every one faces. There have been many models and structures of accelerator programs that tackle these very problems with different solutions.

The report here discusses primary solution through going to the fields personally and helping out people in their daily work and also there are digital solutions where data input is required to understand the needs and wants of the entrepreneurs. Here, Farmer's Hub of Syngenta Bangladesh has used an IT driven solution to help farmers grow better crops and get support beforehand so that it is not too late when professionals get to the actual scene.

This report also gives the result of the accelerator programs and how they have helped SMEs get huge investments from venture capital firms which is very new in Bangladesh. Such VC firms need to grow and need to have a stack of opportunistic businesses to invest in. Bangladesh has a diverse set of products that can be curated to the international market. Under the right mentorship and planning this can be made possible where Bangladeshi products are being sold world-wide, and the exporters do not have to be from the Capital or the Port City of the country. One major plus point of micro-entrepreneurship is its nature of decentralized economy. Any part of Bangladesh can suddenly boom, if there is enough growth of small businesses in different parts of the country.

The report gives an overview of the success stories of my time at LightCastle Partners and how we made it possible for SMEs to dream big. There are many such projects that are still ongoing and many more participants that are calling up to be a part of the such programs. I hope this student report sheds little light on the topic of Micro-Entrepreneurship and its importance for the growth of economy in Bangladesh.

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ORGANIZATION OVERVIEW

LIGHTCASTLE PARTNERS

LightCastle Partners combines Technology, Data and Analytics to solve “Real Life” problems. The solutions range from developing/implementing innovative social enterprise models to consulting for the world’s largest business conglomerates in forming market entry strategies to working with the Government of Bangladesh to implement the country’s first “open data” platform.



Figure 1: LightCastle Partners Process

LightCastle Partners (LCP) has dedicated capabilities to provide top of the line collaborative opportunities. They have developed service suites to best work together with clients. Data is LCP’s best friend and they want it to be everyone’s, too. Ranging from data collection to analysis, to solution implementation, to tracking progress – they provide the complete value chain of expert services to help clients chart their unique impact story.

LightCastle Partners share values that entail them to not just get things done, but to have them get done the right way. From that even I have instilled the company values in me. The following is shared in the LightCastle website -

“Entrepreneurial Spirit – We are entrepreneurs ourselves. We are passionate about the work we do. Our hope is to make this spirit contagious and, therefore, actively promote developing an entrepreneurial mindset among others, too.

Ethics – We internalize a strong sense of ethical practices in what we do.

Excellence – We merit quality over quantity. Emphasis on quality renders professionalism.

Inquisitiveness – We remain insatiable in our thirst for new knowledge. Curiosity doesn’t kill us, rather lets us thrive.

Simplicity – We love to keep things simple. We strive to make this theme recurring in every aspect of our lives, be it personal or professional.

Transparency – We foster an open culture of communication. Transparency establishes trust.”

They serve all sorts of industries starting from agro and agro processing to construction and real estate, to ICT and digital services, to power and energy, telecommunications, water and sanitation, etc. The opportunities are endless.

Their clients are divided into three tiers:

- Multilateral Development Agencies
- Development and Impact Sector
- Private Sector

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RESEARCH

1. INTRODUCTION

HOW DOES ENTREPRENEURSHIP EFFECT THE ECONOMY?

The job market in Bangladesh has not been increasing at the same rate as the number of fresh graduates coming out of the universities. This has left many capable workers roaming around from one place to another looking for work or sitting at home idle. As a result, the massive working population that Bangladesh is blessed with is being underutilized which, if it was used as a resource, would have greatly impacted the economy. You might be wondering how could an entire population that is incapable of finding a job create their own job? This is where most of us are wrong. Nobel laureate Professor Muhammad Yunus, a social entrepreneur, has made the difference by giving away small loans to SMEs like farmers and day labourers who could not afford to take big loans from various financial institutions. The consequence of which has led to the development of the whole lower income class and an increase in the return on investment by Grameen Bank with almost no bad debts. This is a stark example of how, if we focus on changing the little things, it will certainly create a change in the big picture.

SCENARIO

Entrepreneurship development is becoming increasingly important because it creates a lot of impact on the locality it works in, and changes the lives of the people living in it. Imagine there was just one barber shop in your locality. There would be long ques on the weekend where everybody in the local area would want to get a hair-cut from him, however, this would entail him to have a monopoly business where he could choose not to adhere to a high level of service, granted that he would always have customers. Now imagine a new barbershop opens in that same locality. The owner of the shop is a young man in his late 20s who has attained small loans to rent a place, buy the necessary equipment and he is ready to cut and style people's hair. Now let us say, this young man also created a section for women where they could get haircuts as well as do their make-up there as well. Let us look at this from an impact's point of view – The new shop has created a competition in the market where now there will be competitive pricing allowing the consumers to have value for money, it has created new jobs because it will need more barbers and hairstylists, it has made a scope for innovation by introducing a separate section for women, it has empowered women development by creating new positions for women employees, this new shop will be generating income that will ultimately go to the government as tax; contributing to the economy of the whole nation. Even in this case, the start of such a small barbershop has great social influence not only on the locality it serves in, but on the country as well, even if it is on a minute scale. However, imagine if we start focusing on small businesses like this over the whole country. It will change the landscape of each region and distribute wealth on a more even scale without the need of government's intervention.

BIGGEST ECONOMIES ARE DOING IT

Great economies like China have large number of Small-Medium sized Enterprises (SMEs) that are located near big manufacturing firms. For example, a smart-phone manufacturing firm will have small businesses surrounding them that make the rubber plugs for their smartphone's earphones. These kinds of businesses sprout in support of bigger businesses with help from the government and other financial institutions. Here these small businesses, even though they rely on big firms, are still self-sustainable and offer the locals with weaker qualifications to earn a living and use their skills for some potential good. If more diversified businesses like them started sprouting then this would not

only affect the locality they live in, but change the whole face of the country. This is why other big economies like India have launched initiatives like *StartupIndia* through the Government to attract more entrepreneurs to start their own business, and *Make in India* to attract foreign companies and direct their FDIs into these firms. Any business big or small, will contribute to the society because it not only makes money for itself, but also provides jobs, creates export opportunities, distributes wealth and elevates the living standard of the whole community it works in.

ACCELERATOR PROGRAMS

Bangladesh was lagging behind SME development only a couple of years back, but now new businesses are trying to enable entrepreneurship through various accelerator programs and initiatives around different parts of the country. These businesses are giving the underprivileged an opportunity to change their lives and the lives of the people around them by helping their businesses to scale by providing financial support along with procuring market linkages such as introducing them to corporate buyers, foreign investors, logistical support and educating them on how to run a sustainable business for the long run. Only a few days back, in the month of February, 2019, LightCastle Partners a data firm in Bangladesh ran an accelerator program named *Unnoty* in the southern part of Bangladesh at a place called Barguna. There, they looked for women entrepreneurs who had agro-based businesses to help them scale their business and prepare them for upcoming opportunities to get foreign investment. A similar kind of program called *SmartCap* was run by Business Finance for the Poor in Bangladesh (BFPB) in Rangpur's BRAC Learning Centre where a group of agro-related farmers were given the opportunity to present their business ideas in front of potential investors. The farmers had presented their ideas which was helped and developed by private organizations like LightCastle Partners and Syngenta Foundation Bangladesh to enable them to start their own business with a profitable and sustainable model that could in the coming years, create an agro-industry in the region.



Photo 1: First phase of Unnoty at Barguna, Bangladesh

The Roadshow in Barguna was one of the many accelerator programs that I was a part of. We travelled to different neighbouring villages like Keoraboniya, Kodomtola, Payra ghat, Purakata bazar, Aamtoli bazar, Mohishkata, to Golachipa, Candokhali, College gate, Kumrakhali, Kauniya, Kazirhat, etc. This attracted more than 40 participants and

more than 50 women participants from areas like Fuljhuri bazar, Sadar upozila, Boro Gourichonna, Bangabondhu Road and Mithai Potti. This was done in support with SACO who had reached out to more than 200 female entrepreneurs and had 120 agri- entrepreneur participants agreed to come to the Bootcamp for further filtration, where industry experts would train and help them mature their businesses.

PROBLEMS TO TACKLE

The problems small and medium sized entrepreneurs have in Bangladesh are –

1. Lack of Formal Business Knowledge
2. Absence of Forward Market Opportunities
3. Access to Finance

TOOLS FOR A SOLUTION

These are the three main factors that generally hamper entrepreneurs from scaling their businesses to bigger platforms, especially in the export market. Unnoty aims to accelerate growth of the agro based SMBs by solving these three main problems through three major components.

1. Capacity Building
2. Forward Market Linkage
3. Linkage with Financing Agents



Figure 2: Unnoty's approach to develop a model

Their main aim is to make a sustainable business model for the micro-entrepreneurs and help them reach foreign markets through the development of their products. This report will further discuss the actions and results of the accelerator program and will answer the question “Can accelerator programs make a positive impact on micro entrepreneurs?”.

2. REVIEW OF RELATED LITERATURE

BOOK

Zero to One by Peter Thiel

This book is written by co-founder of PayPal and Palantir and its about how start-ups can develop a business by not just following and copying other successful businesses but making it on their own. It outlines very simple and basic mistakes that entrepreneurs make initially and shows ways on how to rectify them without the help of giant institutions and big corporate mentors. The book gave me a lot of insights on where most start-ups fail, hence most entrepreneurs fail, and it is not them failing at making a good business but failing to understand what it is that they are trying to accomplish. The growth spoken in this book is about “vertical” where innovation counts as “1”; and a “horizontal” growth or copying already successful business formats counts as “0”. The concepts and ideologies spoken in this book has been very much relatable with the work that I have been doing in my company, during the run of my internship.

REPORTS

The reports are taken from the company website and published documents which have recorded the numbers, figures and facts on the projects that I have been a part of.

Bijon Islam. Growth of Small and Medium Enterprises as means to Achieve Development, 2016.

LightCastle Partners. Smart Capital Investment Program – Round 1, 2018.

LightCastle Partners. SMARTCAP Season 2 Accelerator Program for Ag-Entrepreneurs, 2019.

LightCastle Partners. SMARTCAP Season 2 Road Show and Boot Camp, 2019.

LightCastle Partners. First Phase of Unnoty Roadshow Program Completed, 2019.

JOURNALS

Newspapers articles from Daily Star and Dhaka Tribune were used to identify missing links and gaps and some of the facts provided by them were used to fortify the credentials of this report.

The Daily Star. Editorial - Success stories in micro-entrepreneurship, 2019.

(Link: <https://www.thedailystar.net/news-detail-66692>)

The Daily Star. Star Business Report - Microcredit Empowers Women, 2018.

(Link: <https://www.thedailystar.net/business/microcredit-finance-organisations-in-bangladesh-empowers-women-entrepreneurship-1651369>)

The Daily Star. Making ideas investment - ready with Startup Dhaka Incubator, 2019.

(Link: <https://www.thedailystar.net/next-step/news/making-ideas-investment-ready-startup-dhaka-incubator-1715074>)

The Daily Star. Spark Bangladesh Accelerator, 2018.*

(Link: <https://www.thedailystar.net/star-youth/spark-bangladesh-accelerator-2018-1546642>)

The Daily Star. BANGLADESHI STARTUPS, 2018.

(Link: <https://www.thedailystar.net/next-step/news/bangladeshi-startups-1642645>)

Mir Aftabuddin Ahmed. The Daily Star. Entrepreneurship to the rescue!, 2018.

Link: (<https://www.thedailystar.net/opinion/perspective/entrepreneurship-the-rescue-1531375>)

Manzoor Ahmed. The Daily Star. Jobs and hope for the future, 2019.

Link: (<https://www.thedailystar.net/supplements/28th-anniversary-supplements/entrepreneurship-key-youth-employment/news/jobs-and-hope-the-future-1702957>)

3. METHODOLOGY

The first step of the methodology used here is based on secondary research, because we had to locate enough number of entrepreneurs to start the project. Once we located them, the plan was to engage them face-to-face in order to gain their participation, which brings us to primary data collection. For most part of the project, any information collected came from the prime source.

For the accelerator programs we have used a practical and viable method to make it easy for the entrepreneurs to access each session. For the long run, a holistic approach to methodology gives a certainty of the profitability and sustainability of the business. The methodology used here relies on three fundamental principles –

1. Accelerating businesses
2. Promoting growth capital
3. Developing an ecosystem

At LightCastle Partners, there are six steps to attaining a successful accelerator program.



Figure 3: LC Impact methodology

1. ATTRACT

The model starts with conducting roadshows in selected locations like assembled marketplaces to attract SMEs and entrepreneurs to apply to the accelerator program. Generally, to start one batch of 25 people, the moderators have to go through 250 people to attain a quality intake. A total of 5 to 6 roadshows are done through an interactive multimedia-based approach which, sometimes, includes a local celebrity endorsement. Additionally, LightCastle Partners also reaches out via peri-urban/rural trade associations, NGO/INGO network, and FIs who have strong SME financing presence. More options include - business chambers, other accelerator programs, small business development foundations, relevant investor circle, like, venture capital associations and angel investment networks.

2. UNITE

Then the participants are shortlisted from the roadshows, and would go through a 1-day intensive Bootcamp. From the Bootcamp, the SMEs will be shortlisted again for the accelerator program.

The Bootcamp includes an experiential workshop with capacity building and psychometric tests to understand the best fit for the program as well as group exercises and in-depth interviews.

3. MENTOR

Mentorship is provided at later stages of the accelerator program where the participants are given an adaptive, market driven immersive experience by the industry experts. The mentorship program creates a syllabus that is tailored to the participants' lack of educational background to help them understand and nurture their abilities.

Topics include - Selecting and Analyzing Markets, Setting Performance Goals, Adopting Growth Tactics, Achieving Milestones and Developing Sustainable Model. The aftermath of which would help the participants make a business model along with a plan for market opportunity, investor readiness document, impact and implementation strategy document, branding/ marketing guidelines and materials.

4. ACCESS TO FINANCE

At the end of the mentoring program a graduation ceremony is held in front of investing partners to shortlist candidates and identify high potential ones for future growth capital. LightCastle helps facilitating investor relation documents for the SMEs and entrepreneurs, which can be leveraged for future financing. As a mediator and facilitator, LightCastle provides the linkage between investment & financing firms having Alternative Investment Schemes and Impact Investments Funds.

5. NETWORK

The businesses are linked to prominent experts and entrepreneurs, from whom they can receive mentorship in order to scale up. They have the opportunity to experience sessions that are arranged for the access to forward market linkage and capacity development, with relevant industry players. Forward market linkages are facilitated by providing networking opportunities with business conglomerates. The participants can also form peer-network groups which the businesses can leverage to create synergy.

The businesses are then left to grow on their own under a few years contract and their activities are monitored to help them take better decisions for the future. The micro-entrepreneurs are also kept in contact in case any new business opportunity arrives.

**The questionnaire samples will be provided as attachments.*

4. ANALYSIS AND INTERPRETATION OF THE DATA

DATA

The data is stored on LightCastle’s own platform called LightCastle Data. The platform stores in the same structure as the format of the questionnaire designed. In that way, the data can be brought into an Excel or any data file where the analysts could access them easily. They convert the internal data into asset with business analytics. Whether we want to predict multiple scenarios, have access to every information at our fingertips, or counter ambiguity with contingencies – LCP’s business analytics tools helps people get there. They specialize in gathering industry specific facts, recognizing critical success parameters and seeking out opportunities for us to carve our own niche and excel performance. They present with sufficient information and expertise to help make well-informed decisions. The analysis is a team effort where the project leader would confirm the underlying causes, effects and remedies after discussing with the other members. It helps to analyze past business trends and adjust accordingly, prepare contingencies at both strategic business unit and product levels, conduct stress testing to mobilize resources to absorb unwanted shocks and project financials to foresee future potential. LCP further develops tailored product – and customer-wise revenue reports, which enable their clients to take daily decisions based on ratio charts and at-a-glance summaries, helping to generate periodical financial statements and contrast with various performance metrics and create continual business insights from our daily data to optimize decision making. A few samples of the data platform are provided for better understanding.

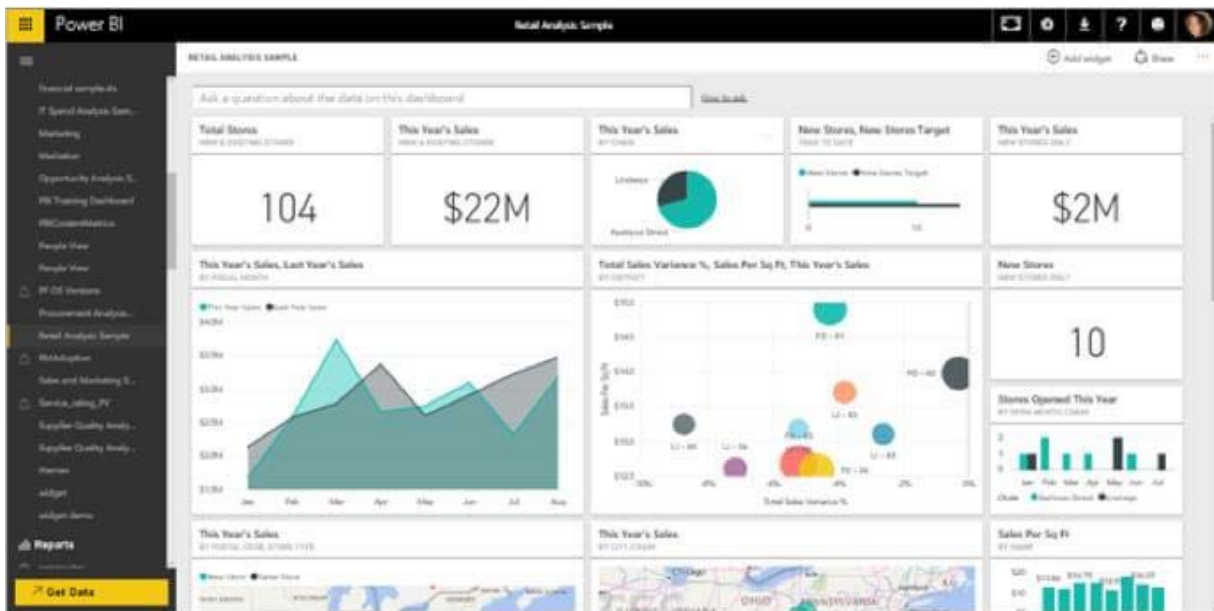


Figure 4: LightCastle Data Business Intelligence Dashboard

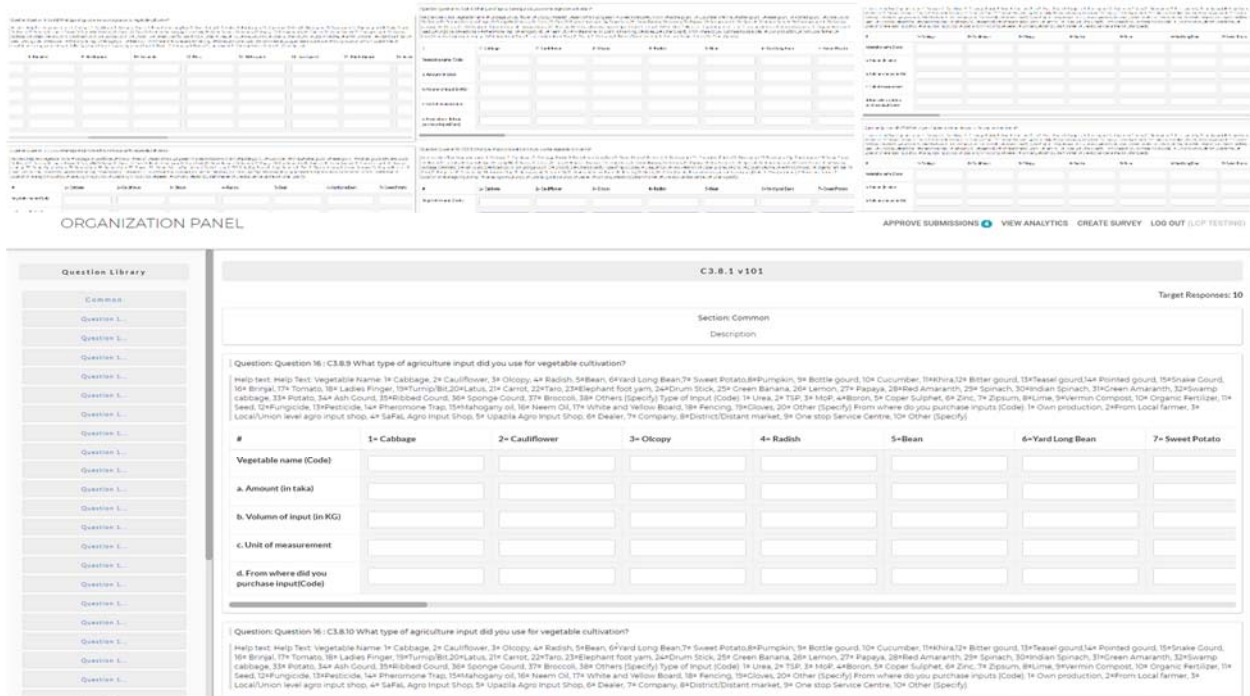


Figure 5: LightCastle Data Platform

For accelerator programs, we usually get the data from the primary source itself. For instance, we set up four sets of tables where the investors and the industry experts are seated in teams, and the entrepreneurs are called in each table to present their business. The entrepreneurs carry their business documents which includes their annual sales chart, a product variety document, their future investment need, etc. Once they have showed the necessary documents to back whatever it is, they are saying, they are asked how much would they need for the next phase of their business and why. The answers are recorded in a small note-pad and then revised to see which of the entrepreneurs have a solid business that can be invested on. The panelists or the judges then sit amongst themselves to shortlist the number of entrepreneurs that have a viable business plan and seem to have the capability to grow their businesses farther. Once the shortlist is made, another team is deployed to visit the site of the business to check if everything they claimed is valid. Also, another check is made to understand how much funding is actually necessary for the business. This is also recorded for further development in the later stages of the accelerator program.

ANALYSIS

After working on a few similar projects for LightCastle I have found that most of the entrepreneurs struggle with scaling their businesses because they do not have the proper network or financing. So, by eliminating one of the three problems for the entrepreneurs, resulted in a positive outcome. We visited one site where women made the traditional “nakshikatha” in tin-shed that was not big enough for all of them to work at once. So, the capacity building of that particular work-place made sense. Once the investment was made to increase the area, their business earned more profit and currently they are trying to reach international markets. There was another jute trader that had very diverse products in his store that used jute as their primary source. The products ranged from bags, carpets, clothes, blankets, covers and many more, however he could not sell at too much profit because of the low linkage in the market. Any orders were coming from a small part in Dhaka, which was not profitable enough to bare the transport cost of delivering the products to the buyers. Hence, we helped them form better networks that made easier for his

products to be sold at a scale large enough for which he could afford to send them outside of his small town in Rangpur.

These are small cases where little adjustments and tweaks have made the difference. The entrepreneurs themselves already have the capability to produce and sell a service or a product. However, they need the right direction to sell the products at a profit. They also need to tap into the right consumer segment in order to understand the demand. Even if they were making the best version of the product, they wanted to sell it would still be not enough, because the supply probably does not match the demand. This is where accelerator programs really come in handy because it aligns all their goals into a compact format where it is easy for the entrepreneurs to see where they are lacking for themselves, and improve from there on. The results of such programs have reaped very good results which will be discussed in the next part of the report.

The accelerator programs work as a catalyst for the growth of a business because it only works with the components that the business needs urgently. In most cases the entrepreneurs find themselves in bottlenecks simply because they cannot find the right kind of investment, even though they have a very solid business plan. This is because they have no representative that can convince the financial institutions that the business is a viable venture and the funds provided to the businesses will be returned with a profit or interest. When accelerator programs come in, they prepare the entrepreneurs in such a way that the business representative has all answers to why their business is profitable and sustainable and why should huge investments be made. The business is brought to the investors in a very presentable manner which is very important when anyone is trying to acquire more funds for the business. Once they know how to sell their business to venture capitalists, they also gain the confidence to pitch their businesses to new buyers who can help them get in touch with a new customer segment. They also get the chance to try for international markets that can bring foreign investments. Networking is a crucial part of the accelerator programs because this is what enables the businesses to venture into new turf where they can try to sell their products with a higher profit margin. Surprising enough, only a month-long training session can over-turn a simple business into an attractive venture for many to invest in.

FINDINGS OF THE STUDY

The findings from the accelerator programs were very satisfactory. The venture capitalists' firms who were eager to invest in new businesses were satisfied with the entrepreneurs that we scouted and showed huge interest in their respective businesses. This resulted in some of the entrepreneurs getting funds of up to BDT2.5 crore.

Name	Location	Sector	Investment	Products
Hasib Matubbar	Faridpur	Agriculture & Jute	1.5 Crore BDT	Raw Jute, Pulse
Tushar Khan	Kanaipur Bazaar	Agriculture & Jute	40 Lac BDT	Raw Jute, Pulse
Enamul Khan	Faridpur	Jute	22 Lac BDT	Raw Jute, Transport, Net Bags
Murad Sheikh	Faridpur	Construction & Jute	10 Lac BDT	Raw Jute, Cement
Ashrafal Hassan, Society Development Committee (SDC)	Faridpur	Agriculture & Personal Hygiene	40 Lac BDT	Microcredit, Pulse, Vegetables, Organic Fertilizer, Rice Mill, Sanitary Napkin
Md. Delowar Hossain, Momita Enterprise	Gazipur	Horticulture	2 Crore BDT	Flower, Flower seedlings
Al-Hajj Shamsul Haque	Kanaipur Bazaar	Jute	1.5 Crore BDT	Mini Jute Mill, Jute Diversified Product(JDP)
Towhidul Islam	Faridpur	Agriculture	1.2 Crore BDT	Cucumber, Pulses
Md. Shahidul Islam, Shahidul Farmers Hub	Natore	Agriculture	9.5 Lac BDT	Seedlings, Vegetable, Agro-Machinery
Sk. Shahriar Bin Rasul	Kushtia	Fertilizer	10 Lac BDT	Organic Fertilizer, Vermicompost, Co-compost
Raniganj Agro Farm	Dinajpur	Dairy	25 Lac BDT	Dairy Products
Charushi	Rangpur	Jute	30 Lac BDT	Jute Diversified Product(JDP)
Rangpur Craft	Rangpur	Jute	50 Lac BDT	Jute Diversified Product(JDP)

Figure 6: List of names of the entrepreneurs that have been funded

The list above shows the names of the selected entrepreneurs whose businesses have showed the possibility of a prominent growth and a very good return on investment. Thus, it made sense to fund them in order to turn their businesses into sustainable models so that future entrepreneurs can follow them to grow their own businesses with due time. The model can also be applied by the accelerator programs to help new and upcoming entrepreneurs and their innovative business ideas. Money is not the only solution to a problem, having a good plan is equally important and monitoring of industry experts acts as a huge support to the entrepreneurs. This helps them understand their line of business and keeps them in track.

RECOMMENDATION

The accelerator programs that LightCastle runs are mostly done in rural and semi-urban areas. There have been a few accelerator programs that were carried out in Dhaka, too. However, it has been most effective when the accelerator programs were run in the outskirts of the city. This is because most of the people doing business outside Dhaka are not educated in the formal practices of a business. They get information from very informal institutions, mostly from family and friends that give them a very broken ideas on how to run the business. Seldom do they get to meet professionals and discuss their problems. The lack of educational institutions like universities in such areas is another big problem, as they do not get to consult theorists and practitioners to help them out in their bottlenecks. In terms of investment, micro-financing is there, but this does not help businesses that are looking for growth. Neither, there are any venture capitalists' firms or anything close to that to help the businesses grow and fund them at the right time. Due to this, most businesses collapse and the owners can retain profits to make it sustainable. This is not good for the economy of the sub-urban town they work in, or the village they work in, especially because they employ a good number of people who earn a living from such businesses.

In contrast to Dhaka where most entrepreneurs have the accessibility to capacity building, forward market linkages and getting support from financial institutions, the ones that live outside the capital do not have it as easy. So, any accelerator program that are being run now, will do much better if they were to help those in need of it. That is the semi-urban population, where the people have the least idea of what they want to do but do not have the adequate learnings to understand how they should do it. In such cases, a little push would take them a long way, as most of these entrepreneurs are ready to set their life around the business they do, and they look forward to making it sustainable. There is an assurance with these entrepreneurs that they will not sell their businesses midway because this becomes a way of life for them. The accelerator programs help add value to their businesses by making a better supply chain model that allows them to sell the same unit of products at a greater value while making more money.

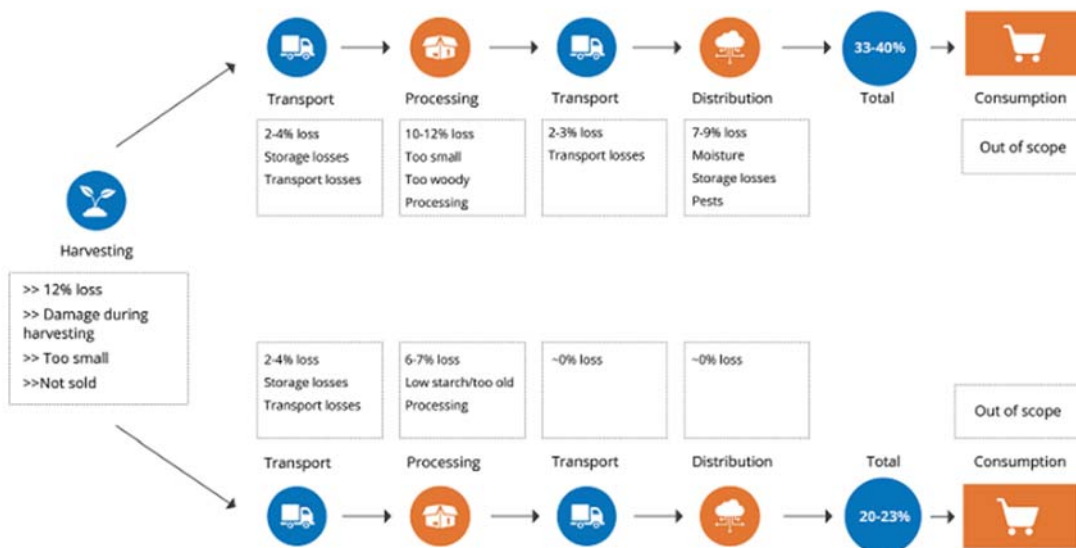


Figure 7: A value chain model comparison

As Bangladesh is growing towards a middle-income nation, we can see that most of the income generated is coming from the capital and port cities of the country. However, having a nation with diverse natural attributes we need to focus on diversifying the industries as well. The concentration that is in the capital is making it one of the worst

places to live in the world. The dispersion of the population can only come if there were more employment outside the city, with better profit margins. Micro-entrepreneurship can make that happen by accelerator programs can help by giving them the required tools to enlarge and scale their businesses for better employment. The services that can be provided are endless when we move out of the city. There are so many things that can be improved on a horizontal level. Opening up new restaurants and cafes in sub-urban areas through franchising of local brands can be a start. Helping necessary businesses like barber-shops, garages for motor vehicles, gift shops, craft shops, merchandising shops, new clothing brands, growing food crops, introducing carpentry shops, building IT related service centers and so much more. There are endless possibilities to opening new ventures for people to get into.

For this, LightCastle Partners aims to improve the skills and knowledge of entrepreneurs through mentorship and help them create a sustainable model through market linkage and networking. The main goal at the end of it is to Attract, Unite, Mentor, Connect and Empower small and medium businesses (SMBs) in an effort to improve their overall industry value chains.

It is recommended that the entrepreneurs take a journey comprised of three distinctive features.

- Assimilation: ATTRACT a like-minded group of people and UNITE them by fostering a sense of trust among the members.
- Knowledge transfer: Using experience of experts who have worked with various industries need to MENTOR the budding entrepreneurs. Then bestow specialized and structured knowledge and skills such as managerial, marketing, financial, completely adapted to the local context on them.
- Market linkage and Access to Capital: Facilitate forward market linkage and ACCESS TO FINANCE using vast NETWORK in the private and public sectors and eventually aid in developing a sustainable model to GROW THEIR BUSINESSES



Figure 8: Business growth strategy of LCP

LightCastle (LCP), are always on the lookout for investing in verticals where they see big opportunities arising. If there is viability, they deploy themselves to launch Strategic Business Units (be social enterprises or technology avenues). They believe in enterprise verticals to understand and solve the most pressing problems. By delving into pilot to course-correcting, where necessary, to establishing to scaling, LCP aims to build lasting solutions to better serve the community’s needs. Their current investments range from ICT based initiatives to social enterprises in WASH and Agro.

CONCLUSION

Accelerators are short term cohort-based programs that provide mentorship and educational experiences to their graduates. Accelerators ultimately guide startups to a public demonstration or pitching event at the end of their program. Startups usually go through five distinct phases in an accelerator: awareness, application, program, demo day, and post demo day.

With an exchange of equity, accelerators tend to their startup graduates as business partners, thinking of the startup as their own concern. Accelerators' investment in a startup cannot be measured just on the basis of the seed fund they provide- their approach is multifaceted. Whatever a budding startup lacks, accelerators try to make them whole. Teaching the graduates about basic finances and accounting principles, building a proper organogram, developing a viable business model, connecting startups with more investors etc. are some of the extrinsic things a startup gets in an accelerator program. But through the mentor-mentee relationships and a network of alumni startups- the actual learning potential is so much more.

To demonstrate the differences between accelerators and business incubators:

	Duration	Cohorts	Business Model	Selection	Venture Stage	Education	Mentorship	Venture Location
Incubators	1 to 5 years	No	Rent; non-profit	Noncompetitive	Early or late	Ad hoc, human resources, legal	Minimal, tactical	On-site
Accelerators	3 to 6 months	Yes	Investment; can also be non-profit	Competitive, cyclical	Early	Seminars	Intense, by self and others	On-site

Table 1: Difference of incubators and accelerators

Brad Feld, cofounder of TechStars- a leading accelerator platform operating in the USA- likened the accelerator experience to immersive education, where a period of intense, focused attention provides the founders an opportunity to learn at a rapid pace. Learning-by-doing is vital to the process of scaling ventures, and the point of accelerators is to accelerate that process. In this way, founders can compress years' worth of learning into a period of a few months.

In Bangladesh, accelerators have come through the initiatives of telecom operators. Grameenphone have their GP Accelerator, Robi have an employee-only incubator program. With the advent of 3G technologies and an increasing number of Wi-Fi networks in Bangladesh, consumption patterns among telecom customers- a majority of whom use smartphones now- has changed. Revenues from voice calls and text messaging services are drying up with an increase in internet usage. Telecom companies are now wanting to get into the data businesses. These corporate accelerator programs are enabling the telecom operators to tap into fresh talents and ideas. Through this they expect to capture data-based businesses and diversify their portfolios. The government has shown initiative to realize its Digital Bangladesh vision with the establishment of an incubator program and last year's Connecting Startups competition. They are developing an accelerator program called iDEA Accelerator under the supervision of its ICT Division. It can become an important player in the startup accelerator scene. With the emergence of hi-tech parks, this program can provide integrated solutions for upcoming startups.

Startup competitions have been trending in Bangladesh- having seen a surge in business competitions. The winners of these competitions come under the banner of the sponsor corporations who then help the startups in their initial funding and logistical support. But the scope of these competitions is often very limited, operating in single cities

like Dhaka or Chittagong. Almost always a relatively well-off startup is chosen as winners- whereas startups that actually needed the logistical support keep lagging behind.

At present, GP Accelerator is the benchmark of accelerator programs in Bangladesh. They are accepting applicants for their fourth batch of startups- taking five startups at a time. They hold a 4-month boot-camp that provides seed funding, mentors, curricula, in-house development resources and investor access to the founders and their teams. With three batches of alumni, their program is already developing a rich network of mentors and investors. But all these cater to startups with a technological background. These programs leave out a vast spectrum of new ventures trying to make their places in a diverse range of industries.

Recently there's been a boom in urban focused business accelerators mainly in Dhaka. Although a clear indication of progressing entrepreneurship business practices, there's still a broad spectrum of businesses countrywide with a large chunk of it being SMEs. In order to help build capacity of per-urban and rural SME entrepreneurs, a USAID funded, DAI-AVC implemented, project called Unnoty is initiated with LightCastle providing our expertise in capacity building, entrepreneurship and project implementation.

The Unnoty program has been highly impactful in changing the lives and businesses of the participants through its training sessions and forward market linkage. One such life is of Narayan from Gopalganj. Narayan Biswash is one of the senior traders from Boultoli Bazaar of Gopalganj district. He is involved in the groundnut trading business for the last 35 years. Till now he used to sell his products to other large arotders (wholesalers) in the Khulna region. It was almost impossible for him to get access to the large institutional buyers like PRAN, ACI or Bombay Sweets.

The startup ecosystem of Bangladesh itself is still in a molding and shaping stage and accelerators are a relatively new concept here. There is an overflow of business ideas- but a lack of proper and well-groomed new ventures. With a stream of startup success stories, there is a market for startup accelerators- but not many of them are being established apart from a few corporate initiatives. This needs to change. Accelerators in present-time Bangladesh can be a lucrative business itself. For the sake of our local business environment, accelerators will have to step up as important players in the overall ecosystem.