[CITY|TOPIC]

[YOUR BRAND HERE or YOUR BRAND ABOVE, *powered by Fledge*]

DRAFT

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PURPOSE AND PROGRESS

Entrepreneurship is a global phenomenon, with socially and environmentally conscious (a.k.a. impactful) startups launching all around the world. These mission-driven for-profit businesses are solving the important problems of the world: **poverty**, **hunger**, **health**, **unemployment**, **sustainability** and the **environment**.

Few accelerators and funds support such startups. Those that do are most commonly organized as nonprofits that do not understand the realities of starting, funding, and sustaining for-profit businesses.

In **2012** Fledge started filling this gap, raising and investing nearly **$2 million** in **82 fledgling** companies hailing from **22 countries**, providing **guidance**, **mentorship** and **training** along with a small amount of cash, creating an investment portfolio whose value is now being harvested, so far on track to prove doing good can not just benefit the world, but also earn a **market-rate return** for investors.

The **Fledge accelerator** is based on the best practices of the highly successful TechStars accelerator. In short, Fledge receives applications from around the world, accepting just 6-8 into each 10-week session, less than 3% of the applicant pool. Fledge makes a small investment in each ***fledgling***, with the investment uniquely structured as **revenue-based equity** investment. This provides a market-rate return without waiting for or requiring a traditional "exit" by acquirer or IPO.

HISTORY AND EXPANSION

From **2012 through 2015** Fledge operated solely in Seattle, Washington, USA, with two sessions per year, each with 6-8 participating companies.

In **2016** Fledge began expanding, first to Lima, Peru with Fledge**8** (the eighth-ever session), then in **2017** with Fledge**10** once again in Lima and Fledge**11** in Barcelona, Catalonia/Spain. These first two cities are copies of the Seattle program, open to all entrepreneurs from around the world, working in any sector.

For **2018** two new cities are being added, and with them the first two *powered by Fledge* programs that are not exact replicas of Fledge Seattle. January 2018 is the first *Global Impact Accelerator Program* in Vancouver, BC, Canada, operated by Spring.is. This is Canada's first accelerator tied to its Start-Up Visa program, and the only partner in that program working on impactful startups. Then June 2018 is the first *ECOSTAR Nature Accelerator*, operated by an EU-funded partnership between ETIFOR and the University of Padua in Padua, Veneto/Italy. This program focuses on environmentally conscious startups, primarily from Europe.

On the queue for expansion is Lisbon, Portugal, in partnership with Impact Hub Lisbon. Plus conversations are ongoing with people and organizations in New York City, Hong Kong, Nairobi, Accra, Bahrain, Dubai, Sao Paulo, Quito, and Anchorage, amongst others.

HOW THE ACCELERATOR WORKS

The modern business accelerator was invented in the "tech" sector, perfected over the last decade by TechStars, which as of mid-2016 operates 29 programs in North America and Europe. Since 2012, this model has proven to also work in the impact sector by Fledge, *the conscious company accelerator*.

Four key features distinguishes a modern accelerator from a more traditional incubator.

1. Open applications, attracting talent through a mix of marketing and recruitment.

   Fledge [CITY] will be focused on startups from [sectors and geography]. Nonetheless, applications will arrive from around the world as entrepreneurs seek quality help when offered.

2. A cohort of 6-10 simultaneous participants, who through the program form a peer-network of support, and who join into a growing peer-network of fellow entrepreneurs who they can turn for support.

   Fledge [CITY] will invite seven participants per session, focusing quality over quantity.

3. A fast-paced, high intensity program, which forces companies to focus on improving their companies, and which attracts hundreds of outside "mentors" to provide guidance to those companies, far more help than is provided by the accelerator staff.

   Each Fledge [CITY] session will last for 10 weeks, inviting the 480 existing mentors from the Fledge accelerator network to help the teams, along with funders and supporters from the [YOUR BRAND] network, and other experienced entrepreneurs from the [YOUR CITY] area.

4. A cash investment into each participant, creating a long-term relationship between the graduates and the accelerator program, providing years of follow-on support for these companies beyond the limited time within the accelerator program.

   Each Fledge [CITY] fledgling will receive [$15,000-$25,000] in cash. During the program and after graduation these fledglings will be promoted to local and global venture funds, foundations, and impact investors.

The first Fledge [CITY] session will take place in [20XX], repeated annually for at least five years.

[YOUR BRAND] and Fledge

Fledge [CITY] is a partnership between [YOUR BRAND] and Fledge Global. The program will operated out of [LOCATION] by a [YOUR CITY]-based team managed by [YOUR ORGANIZATION], replicating the basic structure of the Fledge accelerator, tuned to the needs of the target companies.

The program can be named *Fledge [CITY|TOPIC]* or it can be *[YOUR BRAND], powered by Fledge*. The choice is up to you, Fledge is happy either way.

Joining the Network

An accelerator is not a difficult business to launch and operate. If it were, there would not be thousands of accelerators in the world. That said, only a handful of these programs have global recognition, and few have managed to operate ten sessions or to stay in business over half a decade. The challenges for accelerators come in having a sustainable business model for the accelerator itself, and in overcoming the inevitable hurdles of learning how to successfully operate the accelerator as a business, providing a high level of quality and service to the entrepreneurs.

The shortcut between wanting to help entrepreneurs and operating an accelerator that truly helps entrepreneurs is joining an existing accelerator network, rather than starting one from scratch.

Joining the network means starting with a proven business model, a proven curriculum, a large and global mentor network, access to a collection of like-minded accelerator directors, and an established brand name.

What Fledge Doesn’t Provide

Fledge doesn’t provide everything you need to launch. You need an organization to operate the program, office space sufficient for 10-15 people to work, a local team to facilitate the program, and a set of local investors to cover the cash investments into the fledglings as well as the costs of operations.

It will also help if you have at least a few dozen volunteer mentors who can meet your fledglings face-to-face, and some local partners to help recruit local applicants.

A Partnership, not a Franchise

Joining the Fledge network means joining a global network of partners who together are building the Fledge brand. This is not a franchise agreement. Fledge Global does not envision or want dozens of copies of Fledge Seattle. The vision is instead a collection of varied accelerator programs, with the constants being a focus on mission-driven for-profits, investments into those participants, and an ethos of providing the best-possible experience to entrepreneurs.

Responsibilities

	Fledge	You
Branding	Fledge	You choose whether to be Fledge [CITY|TOPIC] or [YOUR BRAND], powered by Fledge
Marketing	Fledge.co, http://Fledge.co/blog, Newsletter, Facebook, Twitter, YouTube, LinkedIn	Add content to those feeds
Recruitment	Outreach to various global partners, Fledge profiles on multiple online lists	Outreach to local partners. Recruitment efforts directly with entrepreneurs.
Selection	Fledge screens the top applicants, and interviews as needed. Fledge provides a screening process and ranking ontology.	You screen all applications and interview all promising applicants. You make the final decisions.
Contracts	Fledge provides copies of our Participation Agreement and Stock Purchase Agreement	You edit the agreements to fit your local laws and regulations
Curriculum	Fledge provides a full 10 week curriculum including online through *The Next Step* series of books for entrepreneurs.	You add guest speakers and anything else you want to add.
Mentors	Fledge invites its mentor network to meet your fledglings.	You add your mentors to the network.
Demo Day	The Fledge curriculum includes three weeks teaching story telling aiming for the fledglings to tell a TED-like talk on-stage. Videos of those talks are posted to youtube.com/fledgellc.	You organize and video the Demo Day.
Alumni	All fledglings are listed on fledglings.fledge.co. Fledge tracks quarterly revenues and employment for all alumni.	You provide continued support and introduce your alumni to investors. You and your inventors are welcome to co-invest in any fledgling gradate.
Capital	For all of the above services, Fledge charges a license fee of \$7,000 per session, plus a one-time fee of \$700 per fledgling, plus 1% of the profits from your investment fund.	You raise the capital needed to invest \$15,000-\$20,000 per fledgling and to cover all your operational costs.

FINANCIAL SUMMARY

Fledge [CITY] should be a company organized to both operate the accelerator as well as invest in the participants of that program. This can be a subsidiary of your existing organization. Funds for both of these activities come from a common pool of capital, with the operational expenses embedded within the investments.

REVENUE-BASED INVESTMENTS

Fledge uses a revenue-based structure for its investments. The accelerator buys shares in the company, and the company in turn uses 3%-5% of future revenues to repurchase those shares at a price which provides a [2x-3x] return on investment (inclusive of both cash and in-kind services).

This structure aligns the interests of investor and management. Both sides want to see revenue growth in the company. Both want revenues to be sufficient to be profitable. With the embedded redemption, investors get a return on investment without pushing the company to sell (or what more commonly seen in the organic and natural food market as "selling out").

In these revenue-based investments, a small percentage of the share are no included in the revenue-based redemption. This "residual" equity is purposefully left as additional upside in case of an acquisition.

FINANCIAL PROJECTIONS

The draft financial model (too small to read below) includes five years of operations, with one 10-week program per year, each with 7 fledglings. At $20,000 per invitee, each session requires $140,000 in cash plus spends approximately $120,000 in operating expenses. Total capital required for 5 years of operations is $1.4 million. The revenue-based redemptions then provide sufficient cash to cover 5-7 years of follow-on support and "harvesting" of the remaining returns. Projected total income is $2.7 million, just shy of a 2x cash-on-cash total return on investment.

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Y11	Y12	TOTAL
Investor Capital	$350,000	$300,000	$300,000	$250,000	$150,000	$0	$0	$0	$0	$0	$0	$0	$1,350,000
Cumulative	$350,000	$650,000	$950,000	$1,200,000	$1,350,000	$1,350,000	$1,350,000	$1,350,000	$1,350,000	$1,350,000	$1,350,000	$1,350,000	
Revenue-based Redemptions	$0	$9,380	$37,520	$84,420	$150,080	$243,880	$328,300	$337,680	$290,780	$225,120	$131,320	$37,520	$1,876,000
Cumulative	$0	$9,380	$46,900	$131,320	$281,400	$525,280	$853,580	$1,191,260	$1,482,040	$1,707,160	$1,838,480	$1,876,000	
Equity-based Redemption	$0	$0	$0	$0	$0	$0	$180,000	$180,000	$180,000	$180,000	$180,000	$0	$900,000
Cumulative	$0	$0	$0	$0	$0	$0	$180,000	$360,000	$540,000	$720,000	$900,000	$900,000	
Total Income	$0	$9,380	$37,520	$84,420	$150,080	$243,880	$508,300	$517,680	$470,780	$405,120	$311,320	$37,520	$2,776,000
Cash Investments	$140,000	$140,000	$140,000	$140,000	$140,000	$0	$0	$0	$0	$0	$0	$0	$700,000
Cumulative	$140,000	$280,000	$420,000	$560,000	$700,000	$700,000	$700,000	$700,000	$700,000	$700,000	$700,000	$700,000	
Expenses	$168,500	$150,000	$150,000	$150,000	$150,000	$45,800	$45,800	$45,800	$45,800	$45,800	$40,800	$5,000	$1,043,300
Cumulative	$168,500	$318,500	$468,500	$618,500	$768,500	$814,300	$860,100	$905,900	$951,700	$997,500	$1,038,300	$1,043,300	
Total Outflow	$308,500	$290,000	$290,000	$290,000	$290,000	$45,800	$45,800	$45,800	$45,800	$45,800	$40,800	$5,000	$1,743,300
Distributions	*$0*	*$0*	*$0*	*$100,000*	*$0*	*$0*	*$200,000*	*$500,000*	*$400,000*	*$500,000*	*$300,000*	*$382,700*	*$2,382,700*
Cumulative	*$0*	*$0*	*$0*	*$100,000*	*$100,000*	*$100,000*	*$300,000*	*$800,000*	*$1,200,000*	*$1,700,000*	*$2,000,000*	*$2,382,700*	

The cash values are driven primarily by the number of companies and average amount of investment per company. The return values are driven primarily by the projected revenue *growth, the percentage of companies that redeem their shares, and percentage which monetize the residual equity.*

The more cash that is invested, the higher the potential returns. Plus, in operating an accelerator you will quickly learn that most participants need more than $20,000 in capital to grow. Thus while the financial model includes the minimal ~$300,000 per session, it is preferable to raise capital for some follow-on funding, and thus $500,000 per year is a more reasonable amount to plan.

Fledge Seattle uses a stipend of $20,000 per team. There is nothing magical about that amount. It is a quirk of history, being the value used by Y Combinator and TechStars, the two inventors of the modern accelerator. Fledge started with a $7,000 stipend, increasing it to $10,000, $12,000, and $15,000 before reaching the standard $20,000. Each increase saw an increased number of applicants as well as an increased quality in those applicants.

$50,000 would likely attract more and stronger teams. However, that would increase the capital requirement, and it would not be optimized for every participant. The better model is to stick with $20,000 per team and have a pool of capital for bespoke follow-on investments that match the specific needs of each fledgling.

The Team

Executive Director

The founder and Managing Director of Fledge is Luni Libes, a 25+ serial entrepreneur, Entrepreneur in Residence and Instructor at Presidio Graduate School, author of *The Next Step* series of a books and online classes on entrepreneurship.

Through Fledge and elsewhere, Luni has guided hundreds companies through the complex process between idea and operational startup, and is in the process of replicating that program across multiple cities around the world.

Managing Director

Fledge [CITY|TOPIC] will have an on-site Managing Director located in [YOUR CITY]. *The ideal candidate for this position is an entrepreneur with a penchant for helping start new companies. These are commonly either young recent graduates from business school, or old experienced entrepreneurs who are ready to give back.*

Advisors & Mentors

In addition to the small operational staff, the accelerator will receive volunteer support from a network of mentors. Fledge integrate this network into its existing network of **480 individuals**, about 300 of which are based in Seattle and the rest scattered across the globe.

The intense, centralized nature of the Fledge program attracts people who want to help entrepreneurs, who have an urge to give back by sharing their knowledge and experience. So far, in each session, the number of people giving an hour or two of their time has increased, as had the number of people asking to join in that crowd. The same is expected of Fledge [CITY].

APPENDIX: LOOKING BACK FROM 2025

One possible rosy scenario, from the vantage point of 2025, looking back five years…

It's December, 2025. The fifth session of the Fledge [CITY|TOPIC] Accelerator completed a few months ago. With that, you now have 35 graduate fledglings, 30 of which are still in business. This year they earned a combined $50 million, employed 1,200 people, and expect annual growth of 33% for the next three years.

More importantly, they've made a noticeable difference to [CITY|TOPIC], affecting the operations of another 200 companies between their vendors and customers. These companies are talked about in the press as example of how to do [TOPIC], and others outside [YOUR CITY] have taken notice, and are asking [YOUR BRAND] how to replicate their success [OTHER CITIES].

The toughest struggle for these [CITY|TOPIC] fledglings has been securing follow-on capital. Banks continue to look at [CITY|TOPIC] businesses as too risky. Foundations continue to talk about PRIs and MRIs, but amazingly, few have yet to take action and write checks. The few impact funds have provided some capital, but it was too sporadic. To fill the gaps, the [YOUR BRAND] Fund I was launched in 2020, initially with $2 million from a few small foundations and Angels, but it grew to $10 million by 2025.

That includes the capital to fund the next five years of the Fledge [CITY|TOPIC] Accelerator. Invitees will still receive $20,000, but upon graduation each of the companies will have the option of an additional $200,000 in capital, with terms to allow other investors to tag along.

It's still too early to tell what the returns will be on the original $1.5 million invested into the first accelerator fund, but signs are looking good. There have been some nibbles about acquisitions, and a few of the founders are considering employee-owned-company models, which would provide a partial exit to the founder along with a full exit to the early investors.

There were certainly some challenges along the way, some rough times that killed a few of the [CITY|TOPIC] fledglings, but all in all [YOUR CITY] and the world are all better off from the products and services offered by you 35 graduates.

In other scenarios, half the companies could be dead, or we could be worrying about a five year drought, or another burst economic bubble, or one of the [CITY|TOPIC] fledglings could have sold for $100 million and paid back the whole fund in one check, making [CITY|TOPIC] the next big sector for investors. The future is hard to predict.