An Evaluation of Agora
Executive Summary
February 2018

Prepared by Enabling Outcomes Ltd.

About Agora

Agora offers a growth-stage impact-focused accelerator with an access to investment proposition. The focus is on Latin American venture SMEs that are planning for and/or actively seeking investors, have a high growth trajectory, and a scalable business model. These businesses ideally have revenues of more than $50,000 USD, a strong impact proposition, and a willingness and urgency to grow the business.

The Agora Accelerator

Agora runs two cohorts per year (as of 2017) and aims to recruit cohorts of around 25 businesses. The accelerator process is four months. It is most valued for the work of Agora consultants. Consultants are "fellows" that go through a rigorous and competitive recruitment process to work for a year with accelerator businesses. They have 5-7 years' professional experience and can advise on growth, finance and investment for small and growing businesses. They must have a strong soft-skill set: adaptable, independent, problem-solve, take initiative, manage personalities, and have cultural competency.

The acceleration process starts with a four-day retreat that takes entrepreneurs out of day-to-day operations and brings them together. The retreat includes workshop and panels, community building and networking with investors, mentors, industry experts, the Agora team, and peer-to-peer learning. It is at the retreat when entrepreneurs meet their consultant and kick off the diagnostic that will inform the work that the businesses and consultants will do together.

Over the course of the four months, businesses work together with their consultant on a series of agreed-upon deliverables, usually consisting of a growth plan, a pitch deck, and an executive summary, but could also include improving impact metrics and measurement, pricing strategies, and go-to-market strategies. The consultant visits with the business onsite as well as touches base with the entrepreneur or a delegate from his/her team on a weekly basis to ensure progress is being made and to troubleshoot. Agora has developed a young professionals panel that reviews and feeds back on the deliverables. They also have an investment review process with investors that are a part of Agora's Priority Investor Network.

The Agora Unique Selling Proposition (USP) is the customized work and deliverables that come via the consultants, with the site visit creating the most value from the perception of the entrepreneurs. This is the piece that is seen as uniquely different than other accelerator programs that operate in Latin America. This USP is designed to meet what Agora wants to focus in on: the entrepreneur and his/her experience and needs.

Agora conducts exit surveys from its cohorts. Participants are overall happy or extremely happy, yet every year there are one or two businesses that don't seem to be satisfied with the program. They don't see a fit and/or disengage. The challenge has been whether the business was at the right stage (either too early or too advanced), general timing, or whether the business had a strong enough social impact proposition to gain from being a part of the accelerator.

The critique of what could be done better from the point of view of the entrepreneur is very diverse. The one consistent comment is that they feel like the length of time is short, and that more could be done to wrap up the program at the end. Most participants want more face-to-face time with their consultants. The expectations around how the program could better deliver advisory services, operational improvements, and facilitate investment connections vary greatly across the accelerator participants over the different cohorts.

The areas that were consistently valued most highly were the onsite visit by the consultant, the external perspective that the consultant brings, and the deliverables that the consultants developed in conjunction with the entrepreneur. These were followed by pitch practice and the retreat. Areas that were not as valued included the modules and pre-work activities at the retreat, talking to mentors, meetings and introductions with investors, and general investment preparedness.

It should be noted that whilst Agora promotes and offers mentors, they admit that more could be done to enhance the pool of mentors and quality of the mentoring offer. They have alumni that act as mentors and a pool of mentors that they have developed over the years. Agora does not have depth of local mentors, specialized technical mentors, or senior level executive mentors that other programs operating in the region can offer. This is an area that Agora wants to improve.

Agora is also going to experiment with a model that would have more peer-to-peer learning and workshops. This will be done through a dedicated climate resilience cohort in 2018. This may help resolve the issue that the consultants are generalists, so they are not able to solve very specific technical issues related to the specific product or service.

Access to Investment

Access to investment is a key element of the accelerator. After completing the accelerator, some entrepreneurs have an immediate need to find financing to grow the business. However, it should be noted that for many entrepreneurs there might be a time-gap between when they complete the accelerator and when they are ready to raise capital. Ticket sizes and needs vary greatly depending on the business. Agora is providing different ways to facilitate access to finance. These offerings include: distribution of deal books, personalized introductions to investors, opportunities to participate in deal rooms at SOCAP and the Foro Latinoamericano de Inversión de Impacto (FLII), access to a Kiva loan, and advice on fundraising strategies.

To facilitate the transactions, Agora has introduced a Priority Investor Network (PIN) offering aimed at investors and bringing them closer to the Agora businesses. This includes providing access to additional events (the Agora retreat and an Impact Investing in Action invite-only event), networking opportunities, facilitated discussions with entrepreneurs, and additional due-diligence support. There are currently eight PIN members. In particular, for investors that are new to impact investing and/or to Latin America, they see value from their proximity to Agora staff, entrepreneurs and alumni as well as the ability to have early and honest conversations with entrepreneurs.

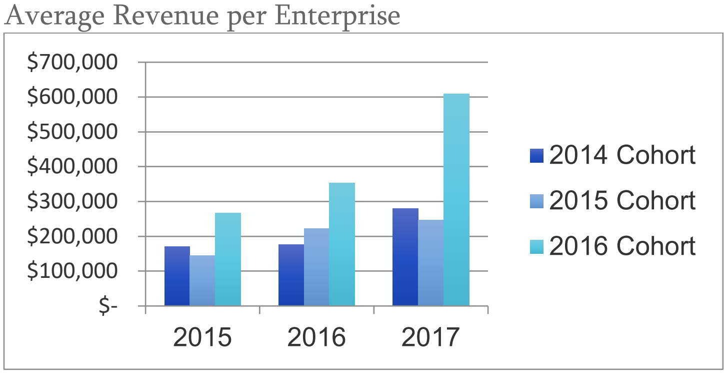
The access to investment piece of the Agora offering is a tricky one. Finding the perfect match between investor and business is not easy (matching up interest areas, stage of business, structure, etc.). Furthermore, the businesses might not be ready to access finance at the time that they are in in the accelerator—there is often a delay and not much communication post-acceleration. Fine-tuning the access to investment offer is an on-going need.

Business Performance

It should be noted that Agora has been continuously improving the accelerator, so the more recent cohorts should perform better than the earlier cohorts as the selection, accelerator methodology, delivery and access to investment components have been refined. The early results of these improvements are showing in the performance of the 2016 cohort, although it is premature to draw any significant conclusions.

The performance of cohort participants has been mixed. There have been some stars that have demonstrated strong growth and ability to access capital. There have been others that have fallen flat or are struggling. However, there seems to be good performance coming from the 2016 cohort with strong growth from a good number of businesses. There are high hopes for the 2017 cohorts, who have demonstrated good albeit early progress in terms of raising capital.

Average Revenue per Enterprise



Based on businesses that reported figures in 2017.

Agora's Positioning in the Region

As a result of geographic diversification and new entrants, Agora no longer has a strong role in local Latin American entrepreneurial and social impact ecosystems (with the exception of continued strength in Nicaragua). The staff based out of Mexico City has not had a mandate to build the ecosystem there; however, they opportunistically have participated in events and building relationships out of a business necessity when they have had capacity and bandwidth to execute.

There are more new entrants as global accelerators are taking their programs to Latin America or recruiting Latin American businesses. There are 35 acceleration programs that claim a headquarters in Latin American and the Caribbean according to GALI data. Although these programs differ or are nuanced in terms of entrepreneurial profile, stage of business, approach and offering (some coming with funding), it is making Latin America a crowded space (especially from when Agora first started). While this gives greater choice to entrepreneurs, it also increases competition for Agora for both top entrepreneurs and philanthropic funding (which is slowing down for Latin America).

Sustainability

Agora recovers a small portion of costs by charging the entrepreneur a fee for participation. They have experimented with different price points ranging from $600 to $5,000. The current cost to the entrepreneur is $2,600 USD. Agora also charges investors for participation in the Priority Investor Network: a fee of $2,500 per annum.

Agora is primarily dependent on large grants for subsidizing the bulk of the program. There is currently no model at Agora by which they capture a revenue share, equity percentage or investment percentage if they contribute to growing the accelerated business. This is an area that Agora is looking to explore in more detail. To diversify funding, Agora has been "selling" cohort themes and seats to funders, impact investors and NGOs.

Agora is also currently exploring other ways to bring in revenue generating activities that create value for entrepreneurs. These include a white label product that would be a retreat plus online engagement for early stage start-ups that could be easily branded. Agora is also exploring paid alumni services. Alumni services would include consulting projects delivered with existing fellows or leveraging former fellows if need be, service referral fees, and impact investment readiness refresh curricula.

Agora needs some "big ticket" revenue generating activities. Alumni consulting services, two-hour refreshers on capital raises, referral fees, retreat plus options, etc. are not going to fill the P&L gap. Although these services make sense, Agora needs to "think big" to capture more revenue: Agora is currently thinking in the "hundreds or thousands of dollars" realm, but needs to be thinking about "hundreds *of* thousands of dollars".

Selling cohorts and cohort places has met mixed success. While it helps to provide funding, it is often a difficult high touch sell for a small amount of money with very specific expectations. Agora thinks that themed cohorts is an area that could grow, especially for themes where Agora feels that they have a unique competitive advantage based on alumni businesses, ecosystem connections and/or funding interest (i.e.--ethical fashion, indigenous businesses, and women entrepreneurs).

The Agora office in Nicaragua is a financial anomaly: it has a diverse revenue stream and is profitable as a stand-alone office. A large part of that revenue (greater than 50%) comes from the Variable Payment Obligation work that is grant-funded by Argidius and USAID's PACE program. The office is also providing consulting services to NGOs, corporations and funders that are interested in themes such as business development services and financing for SMEs. The Agora Nicaragua office has a good local reputation and is a strong player in the ecosystem, is helping to educate the market, and is managing a pipeline of future opportunities. There is hope that this model can be replicated in Chile, where Agora has earmarked funding.

Agora's Execution

Agora faces many challenges that small businesses face when trying to scale and these issues are very much interlinked. These include high turnover through poor recruitment decisions, overworked staff, and continuous strategic and tactical diversions. There have been five accelerator managers over six cycles. Although the current staff is talented and committed, there needs to be more investment in addressing talent management dimensions (such as staffing, leadership, career paths and culture). Agora has struggled to hire Latin American staff. There are no native Latinos in the newly recruited fellow class. Three out of four new hires in Mexico City are non-natives. The team continues to struggle to find top native talent, although it is not clear why.

Conclusions

Agora has a great brand and a motivated team. They have accelerated some businesses to steady and significant growth and accessed investment, propelling and propping up the brand. Recent cohorts seem to be on a better path to growth than prior years, most likely due to learning and Agora's commitment to continuous improvement and a strong focus on the entrepreneur. This can only get better through greater selectivity and improving the accelerator and access to investment offer; however, when trying to accelerate a minimum of 50 social impact growth stage businesses in Latin America per annum, the likelihood of finding 50 strong businesses year over year is a big challenge.

The organization is not stable from a talent, strategy, or financial perspective. There has been a revolving door of talent. There is no growth strategy—the organization is in continuous survival mode, as it does not have a robust sustainability model. The overhead and delivery costs are high and the organization is in need of a business and growth plan.

Before Agora can become a *growing* business they need to spend the next two years proving that they are a *great* business worth growing. The team will need to aggressively fundraise: going after big grants as well as cohort funding and donations from high net worth individuals. Internally, the organization needs focus—attention to building a culture, nurturing talent, and better selecting, serving and maintaining relationships with high-potential entrepreneurs.

Recommendations

Focus on the core offering: the accelerator. While Agora has entertained raising a fund, it could be a major distraction. The accelerator pipeline needs to be continually strengthened as well as the selection (targeting a 10-15% acceptance rate which is more in line with the GALI median). Agora needs to be recruiting through better diagnostics and profiles: understanding what drives success of the entrepreneur and the business (and avoid this ongoing issue of always having one or two businesses that don't fit or disengage).

Furthermore linking entrepreneurs to each other outside of the retreat days, improving mentorship, and improving the content and delivery is needed to better meet participant expectations.

Strengthen "localization". Following the model in Nicaragua and the potential in Mexico and Chile, Agora should hire locals, develop local teams, and build the local ecosystems. This localization strategy should help uncover more funding opportunities and new business lines, build better pipelines, link more to corporates, and bring in mentors and angel investors (as well as lower overhead and delivery costs).

Build the team and culture for the future. Agora is in need of the right organizational culture that attracts, maintains and develops the talent that they need. This cultural shift needs to come from the top. The leadership needs to set the tone as well as empower its employees.

Consider how to integrate sustainable revenue into growth plans. Agora needs to be able to generate more revenue and find a path to self-sufficiency. This should include being able to capture a share of the growth of the businesses they support. A sound business plan and investment case is needed.

Methodology Note

The primary sources for the evaluation were interviews with Agora staff and fellows, board members, Priority Investment Network investors, Agora entrepreneurs and Argidius staff. The evaluation also consisted of a review of documentation, evaluation surveys, and enterprise level data. Observations, reflections and recommendations were drawn from the insights from these interviews and document review, coupled with the evaluator's knowledge of the small and growing business landscape and evaluation of other accelerator and BDS programs.