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No Regrets for Missing the Accelerator Wave

By Matt Crowley
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Over the last two years, hundreds of startups have been created in Los Angeles and Santa Monica. The website peHUB has estimated that there are now at least 24 incubators/accelerators in Los Angeles.

Not one of them is located in the Valley.

Did the San Fernando Valley miss the boat, again?

What's the Big Deal?

The old school incubator model is basically a real estate play, offering office space and a foosball table to startups in exchange for rent payments and a little equity. Between 1980 and 2006, the incubator model exploded. The number of incubators around the country rocketed from one dozen to 1,400, according to the National Business Incubation Association.

During the current mania, the new accelerators offer space plus seed money investments in the range of \$10,000 to \$20,000, free legal services, access to startup rock star mentors and the biggest value of all — “demo day.”

On demo day, each graduate startup gets a chance to get on stage in front of hundreds of potential angel and venture capital investors. Super angels like Ron Conway in the Silicon Valley are angry about demo days, believing they create a heated auction atmosphere around the graduates, driving valuations through the roof. In L.A., a few accelerators are trying to crank out dozens of “graduate” startups every three months. The graduates are “graduated” right out the door to make room for new contestants.

Where Was the Valley When This All Started?

In 2006, after 11 years of practicing corporate law in San Francisco during the height of the

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SFVBJ Editor Laurence Darmiento

dot.com boom, I started a solo law firm in the Valley focused on startup financing. I scoured the Valley for startup watering holes here and found nothing.

I quickly learned that venture capitalists in West L.A. would not come “over the hill” to meet companies in the Valley, so any startup that was paying attention located itself in Santa Monica, Westwood or in Pasadena to be close to the Pasadena Angels network.

At the time, there were very few business incubators in the L.A. basin. The L.A. Economic Development Center had a fantastic space in Altadena, and there were a few small incubators in the South Bay, but nothing here. The Valley Economic Development Center had great resources for entrepreneurs that wanted to start small brick and mortar companies, but didn’t have the space, resources or mentoring that a true startup incubator needed to offer.

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