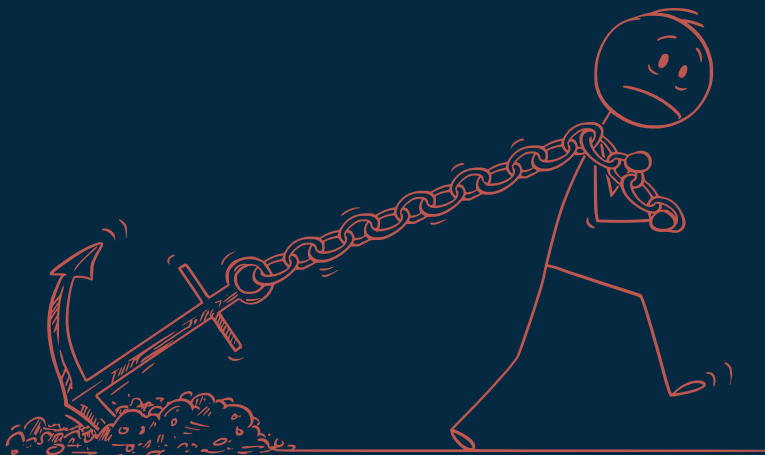


# The Elephant in the Room, Revisited

Putting Incubator-Investor Insights in  
East Africa to the Test

# The Insights Gathered

1. **Mismatch in communication of roles and needs**
2. **No common definition of “investment ready”**
3. **Mismatch in the expected quality of entrepreneurs coming out of incubation programmes**
4. **Available investment capital is constrained, giving rise to grants** (which come with market distortions)
5. **Stakeholders are operating in silos**



# Who's Who?

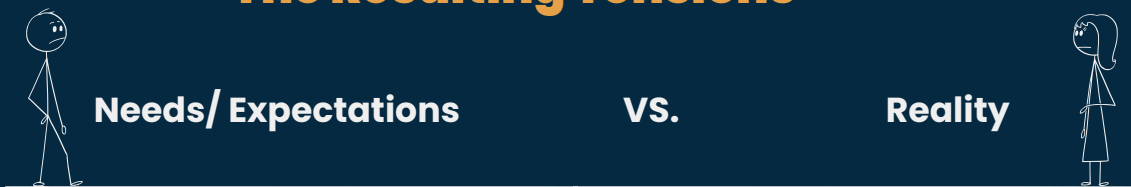
## What Do They Do Exactly?



### The Challenge

Lack of clear communication  
and knowing who is doing what,  
on both sides of the equation.

### The Resulting Tensions



**INFO**

1) Want information easily shared on who is doing what - both incubators & investors

1) Information without a corresponding relationship won't help bridge the gap

**TRUST**

2) Which comes first, quality or trust?

2) Investors operate more heavily on a trust-based relationships for their pipeline

# What We Heard from Both Sides

## Investors

## Incubators

### Need to Be Proactive

"How we communicate [our priorities] for pipeline is not effective nor is it efficient because **the pipeline will not change unless we go and activate that pipeline ourselves**...through outreach [and] talking to...incubators...who are working in those spaces so that we can be able to **unlock the value that we see** in those sectors."

"While there's also a lot of work expected on the incubator side, I think sometimes the relationship from...our experience is that **we are mostly chasing the investors**. So we also need the relationship to be the other way around so that **they're more reaching towards us because I think it also helps to...work together.**"

### Relationship Building & Trust

"We view investment like a marriage...Therefore, the conviction we have at the beginning **has to be really the trust**...And the **only way to build that, just like even in our own relationships, is through communication.**

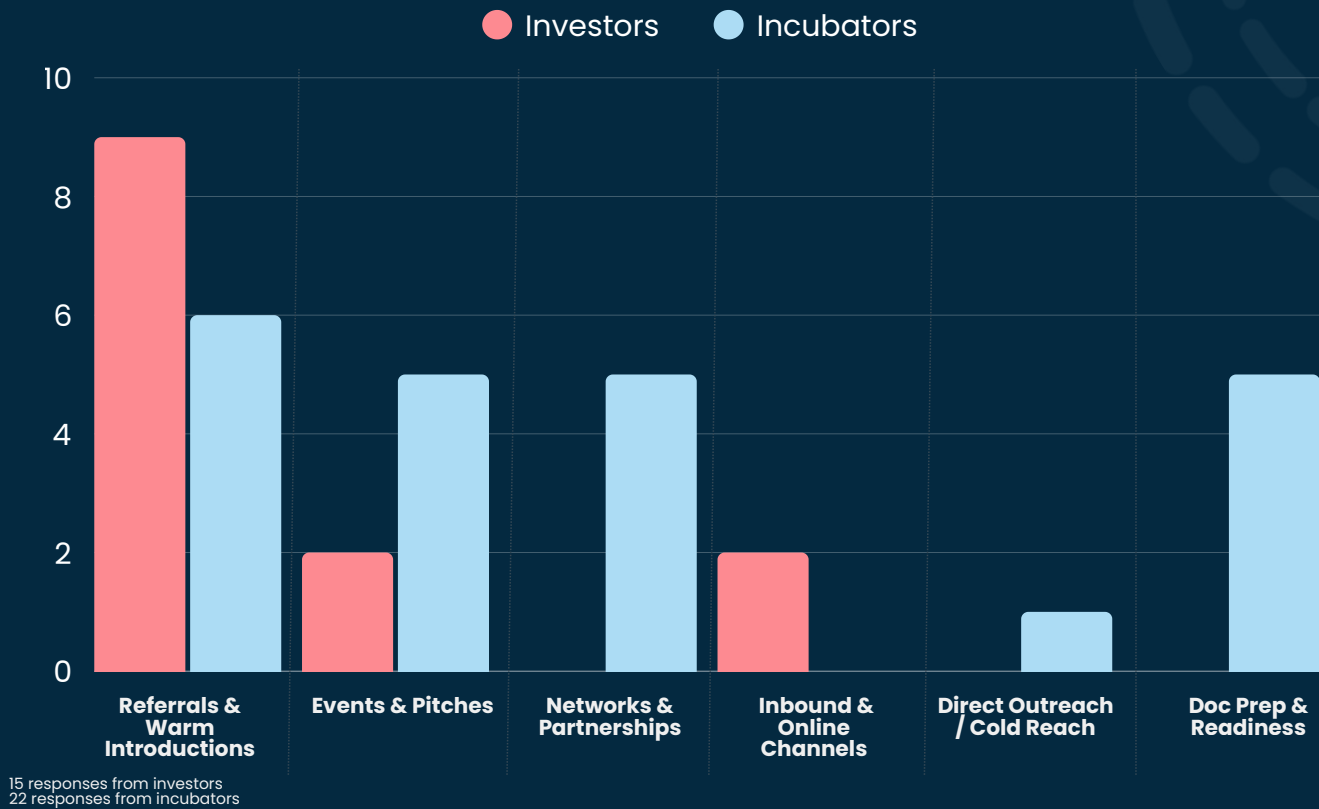
"I don't think there's a lack of trust, right? But the **question is about the quality**, in terms of the kind of companies that are coming out of the incubators. **Is it valuable enough** for the different investors in the room?"

"I don't think investors are interested in hanging out with us ESOs at all...so I always get a sense they're not interested. I've tried reaching out...[to] investors for different things. They don't show up...**if we don't hang out, how do we get to understand what your processes are, what you're looking at?**

# How Investors Get Pipeline

vs.

## How Incubators Connect Pipeline to Investors



**Referrals & Warm Introductions:** Personal or trusted connections used to identify or introduce investment opportunities — often via peer investors, advisors, co-investors, or known networks. These are high-trust, relationship-based channels.

**Events & Pitch Platforms:** Public or private forums where startups pitch or present to investors, including demo days, pitch nights, conferences, and curated events.

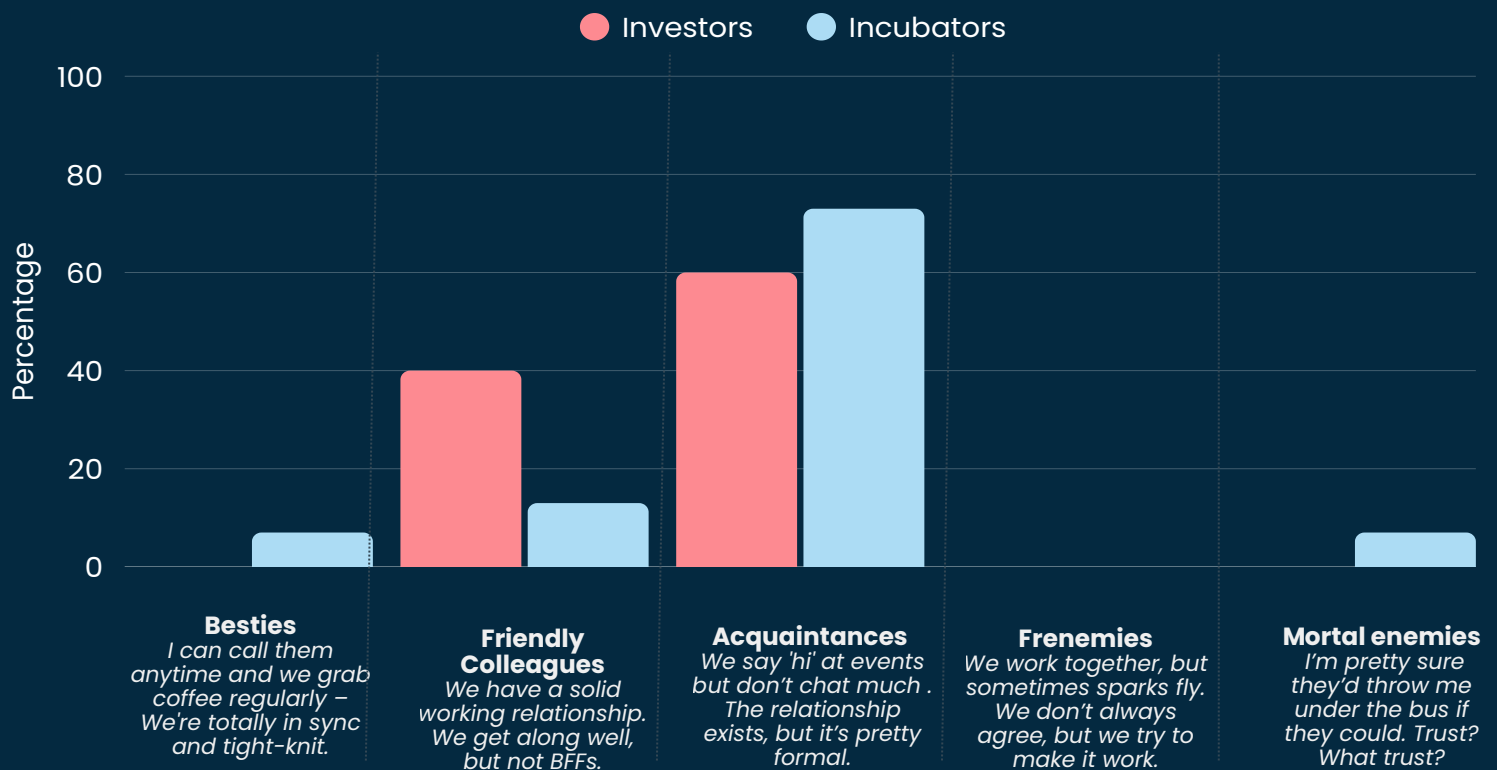
**Networks & Partnerships:** Formal or semi-formal alliances with investors, capital pools, or partner organizations that are often leveraged through ecosystem collaborations, but not through direct relationships with investors.

**Inbound & Online Channels:** Inbound channels like rolling applications, online forms, or digital marketing efforts that attract startup leads via the internet. Often more passive and scalable, but less curated.

**Direct Outreach/Cold Reach:** Unsolicited or targeted outreach by the ESO or entrepreneur to investors — typically via email, LinkedIn. This is outbound and often cold or semi-warm.

**Documentation & Readiness Support:** Support services to prepare entrepreneurs for fundraising, including pitch decks, data rooms, financial models, and understanding entrepreneur needs.

# The Relationships Between Incubators and Investors



10 responses from investors  
15 responses from incubators

# Recommendations

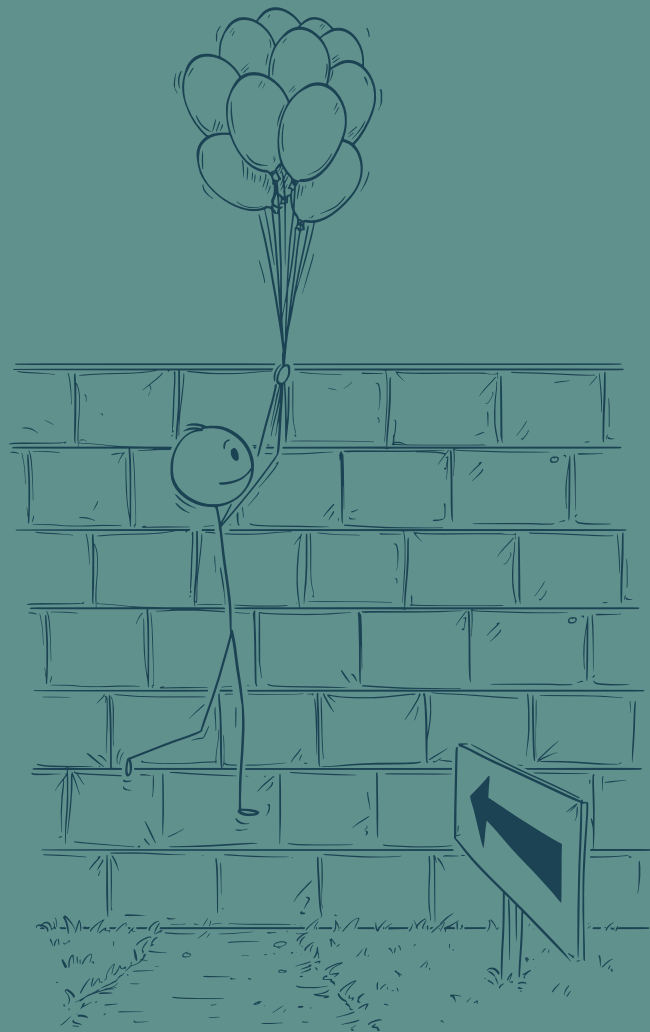
✓ **Have continued conversations and opportunities to engage to build relationships.**

✓ **Build a database of investors and incubators to make the flow of information more efficient.**

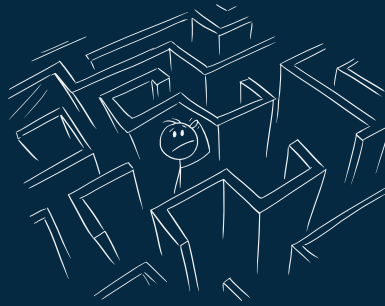
"I do wonder if there isn't a place for more of a central ecosystem resource to help **map all of that out so that the outreach is more targeted**, which is better. As an investor I **only want to hear from people who are going to be a fit for my mandate.**"

"It's not just the demo day or such a day that you're inviting us, but please **keep us informed...**can you provide us with milestones on how it's actually growing? And that way, then, we can **build confidence and more information** on what is really going on."

Need to build a database of investors "and then... really having conversations with these investors, **building the relationships, and...knowing exactly what they're interested in to then make very targeted introductions** between the entrepreneurs and the investors...the question is, what is in it for the incubators, right?...Should they expect money from the investors?...Why should they do this?"



# What Does 'Investment Ready' Really Mean?



## The Challenge

There are varied definitions of what "investment readiness" means to different investors, yet there is such emphasis from incubators to get their entrepreneur "investment ready."

## The Resulting Tensions



**Expectations**

**vs.**

**Reality**



**SUPPLY &  
DEMAND**

1) Incubators should design programmes with investors' expectations from the get-go

1) Entrepreneurs may have needs (financial or otherwise) that can't be met by investors

**APPROACH**

2) Investor-centric approach versus an entrepreneur-centric approach to incubation

2) The approach for incubation has to be two-way

# What We Heard from Both Sides

## Investors

## Incubators

### Misalignment of Expectations

"We [investors] are all very different and so understanding of the investors' expectations is critical... from Kua Ventures to Vested World, **we have very different ideas of what investment readiness is.**"

"**Investor readiness is key** to ensuring your SMEs access funding from investors."

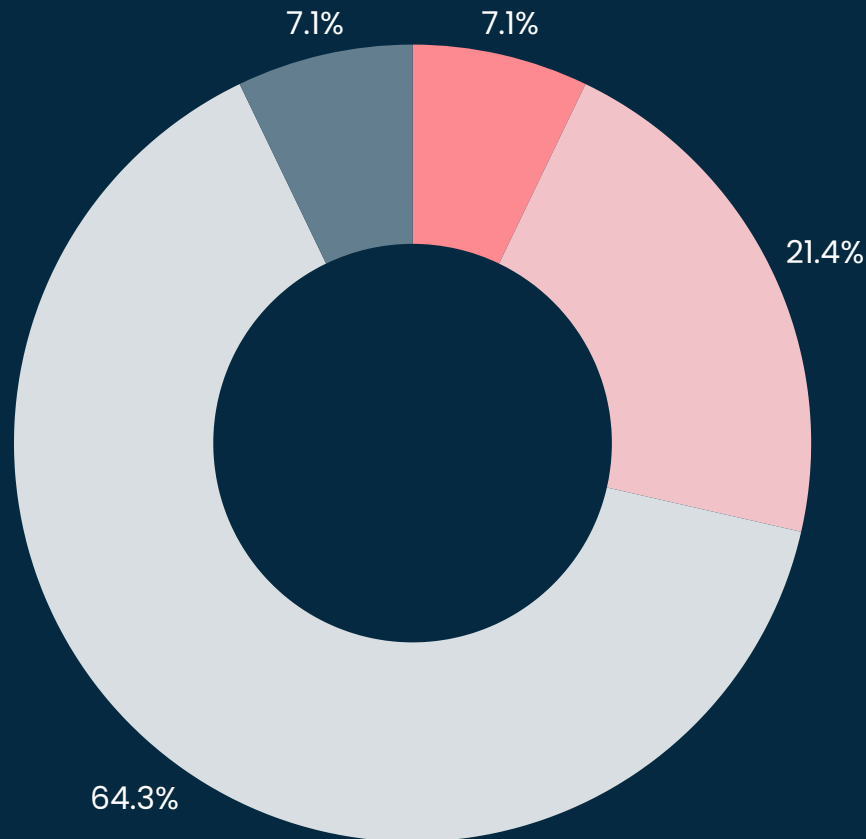
"I just...**need to understand** what this '**solid pipeline**' means."

### Inefficiencies in Communication

"It is **inefficient for every incubator to have to keep refreshing on that research all the time** because our mandates change and our profiles of what we take on change and it's also **inefficient for me to have to tell call up ten different people every time** my mandate changes and update them."

It is hard to maintain that network of investors...knowing what everybody wants, who's who...I sometimes talk about it as the **Frankenstein's monster ecosystem that we've built** not just on the investor side, but even on the incubator and accelerator side."

# What's Been the Incubator Experience with Investor Feedback on the Startups in Their programmes?



**Like a game of hide and seek:** Sometimes we find it, sometimes we don't. The feedback is inconsistent, but we can work with it when it's available



**Like a personal coach:** Feedback is spot on, insightful, and always helpful. Investors are deeply engaged and provide actionable, valuable insights



**Like a black hole:** They pitch, and the feedback just disappears into the void. Investors are completely disengaged, and feedback feels like it's never going to surface



**Like a GPS:** Helpful guidance that points us in the right direction. The feedback is solid and directs us toward improvement, though not always revolutionary

# Recommendations



**Incubators need to have a clear(er) USP and focus, in order to build meaningful relationships with the right investors (and other stakeholders).**

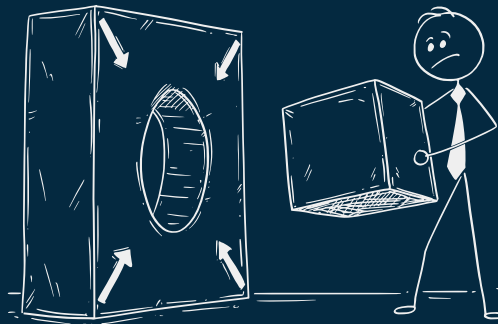


**Investors need to engage with incubators to realize their benefits and “activate the pipeline.”**

“We also design our programmes for acceleration or incubation...with investor needs from the beginning...So we **identify the entrepreneurs with that criteria in mind...** But then also...we look at **what financing models work for them...**and then you work upwards to look at what kind of investors actually fit the profile...**it's two ways, either top-down or bottom-up depending on the size of the business.**”





# Graduating Entrepreneurs Aren't Ready for Investors



## The Challenge

The entrepreneurs coming out of incubation and acceleration programmes aren't yet ready for investors, and require further polishing before they are "investment ready."

## The Resulting Tensions

	 Needs & Expectations	VS.	Reality 
<b>TAILORED SUPPORT</b>	1) Highly customized incubation programmes with deep understanding		1) Standardized incubation programmes that are easily scalable
<b>TIME</b>	2) Entrepreneurs need long-term support to scale		2) Incubation programmes are mostly short term (3-6 months)
<b>RIGHT FIT</b>	3) Selecting the right entrepreneurs for the programme		3) You can't have it all. What gets sacrificed: impact, profit, or scale?

# What We Heard from Both Sides

## Right Fit for the Right programme

"Some of the **companies that are coming out from incubators...are too early.**"

"Incubators typically deliver **conceptual businesses that are yet untested.** Investors are interested in scalable tested models."

"If we are intending to see a higher conversion of entrepreneurs accessing finance, **who are we onboarding?** I've been part of some of these accelerators and you find the **quality of entrepreneurs that have been onboarded really need a lot of work...**before you can actually bring them before the investor...We need to be very categorical in which [entrepreneurs] we are bringing on board so that we can get the best results."

Investors

Incubators

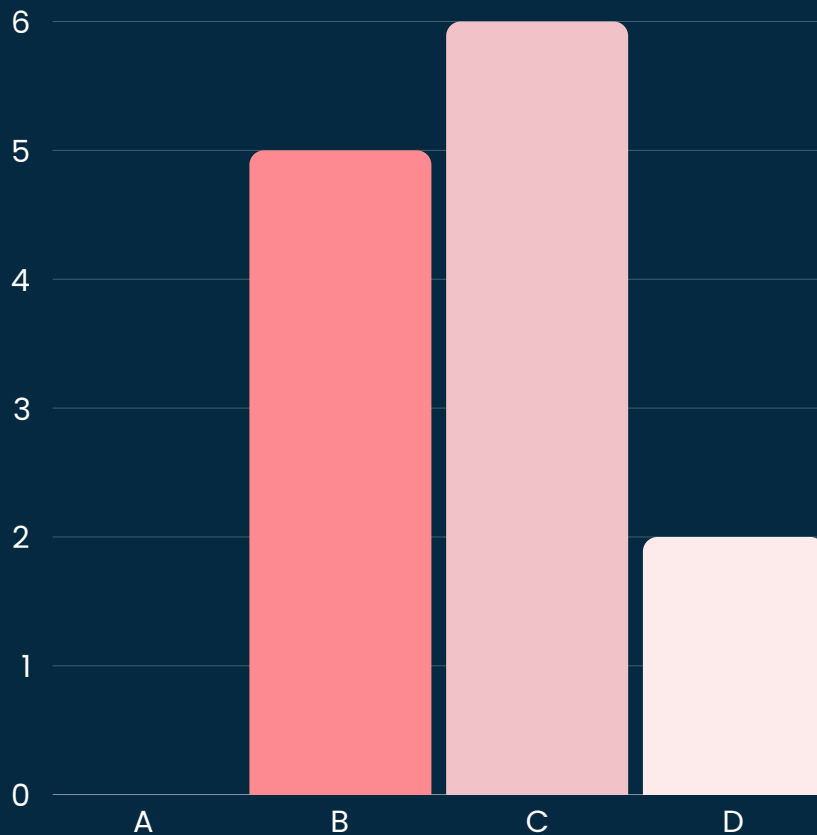
## Quality vs. Quantity

"Incubators and accelerators...aim to be **very scalable**, and that means they **need to be very standardized**, and investor relationships are a marriage where you have to develop really deep conviction about a small number...and so **there's a bit of a mismatch**, and I think the more that an incubator or accelerator can **build really deep conviction behind a smaller number...**they can stand behind, that makes it easier to...trust what's coming out the other side."

"There's **just not enough time to do any proper support...**we have a programme, [for] six months and you spend two months contracting and inception, then you have four months. And within four months, you need to have done some support, deployed funds, and shown success."

"Need for **tailormade support** for entrepreneurs."

# How do Investors Perceive the Quality Coming Out of Incubators?



**A. I'd put my life savings on them**  
These startups are amazing and ready to scale.



**B. Solid enough to impress my grandma**  
They're promising, just need a little polish.

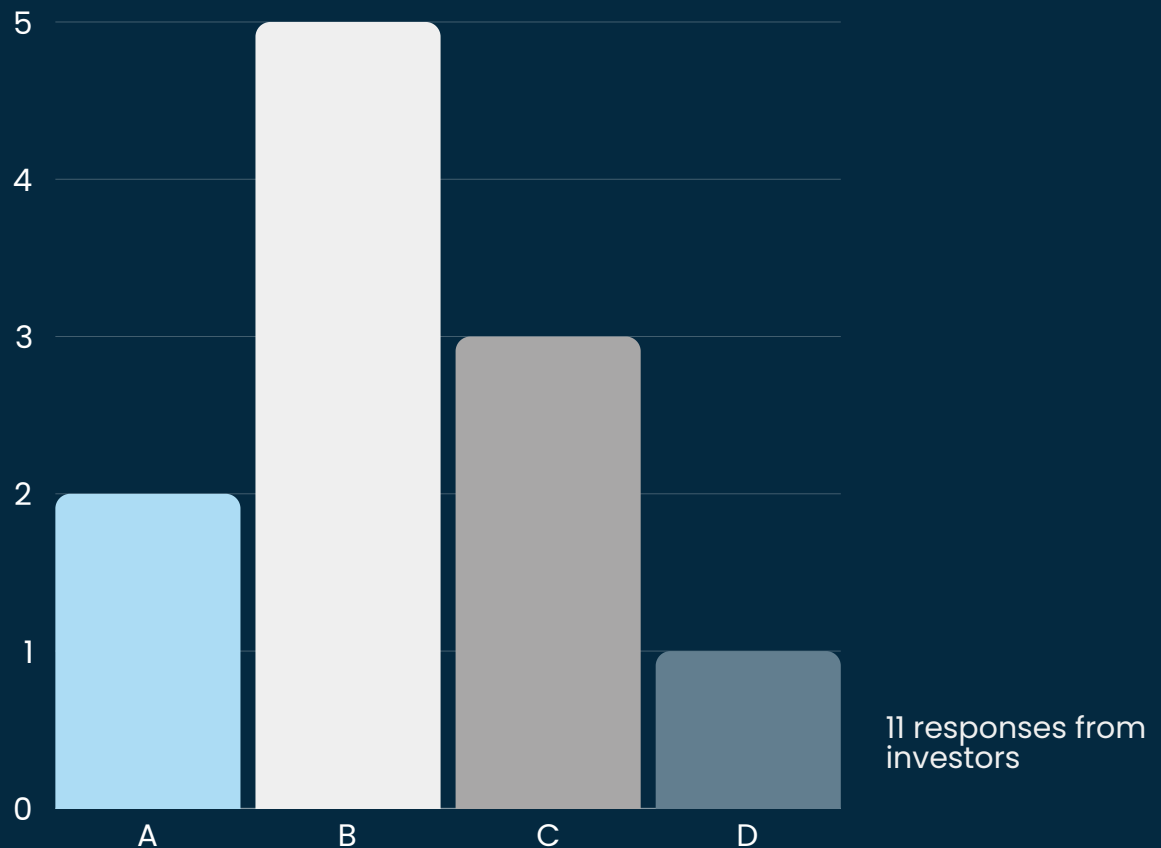


**C. Meh, like a half-baked pizza**  
They've got potential, but they need work.



**D. Call me when they've figured it out**  
These startups are more like "concepts" than real businesses.

# How Involved are Investors with Incubation programmes?



## A. Wait... incubators invite people?

I've never been asked to engage or attend a demo day.



## B. A plus-one at the party

I've dropped in on an event or two, but don't actively engage.



## C. A regular guest

I participate occasionally—maybe a panel, some mentoring, or a demo day here and there.



## D. An honorary team member

I show up to every demo day, mentor early-stage founders, and am always ready to support when incubators reach out.

# Recommendations

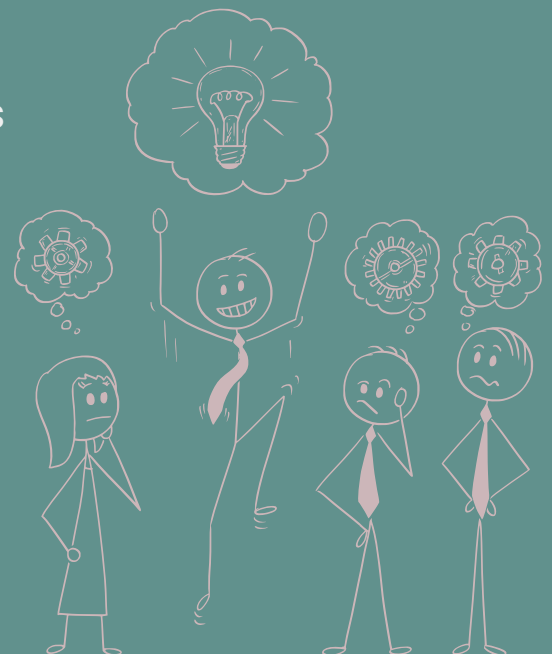
✓ **Investors to get involved earlier on in the co-creation of programmes; during the programme as mentors or as mock investor panels.**

✓ **Get the timing right for when you engage investors – both before and after incubation programmes**

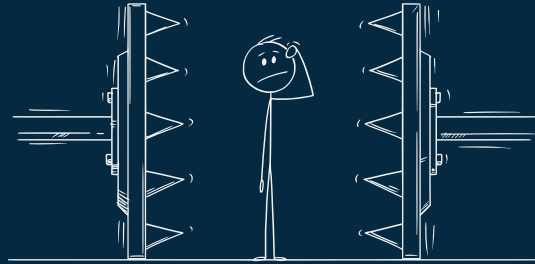
"What I'd love to see is the **involvement of investors, much like how you work with donors and funders at the design of the programme early on** so that we can know what your mandate as an incubator is, does it fit within our mandate as a fund?"

"You need to **bring investors early, even into the co-creation of the investment readiness programmes**, so that you tell the businesses and entrepreneurs what is it really that investors want in this particular area, so that they are not misguided because you find a lot of frustration when they get out of that incubation and acceleration phase. "

"Need for more involvement of investors in incubators and accelerators. **Co-created investment readiness programmes/curriculum.** Longer follow up on pipelines after incubation."



# Available Capital is ~~Not~~ Constrained



## The Challenge

Entrepreneurs who want investment, can't get it and some don't want investment at all because of the availability of grants, which can distort the market.

## The Resulting Tensions



### Expectations

VS.

### Reality



ACCESS

1) Entrepreneurs will want to raise investment

1) Grants are more easily accessible with fewer strings attached

USE

2) Grants should provide catalytic funding for entrepreneurs

2) Grants aren't always used to grow the business

MINDSET

3) Entrepreneurs participate in programmes to grow the business

3) Entrepreneurs participate in programmes to raise funds

# What We Heard from Both Sides

## Market Distortions of Fundraising

"Most startups are **not ready to accommodate capital.**"

"Some entrepreneurs feel the whole **fundraising process is a bit too tedious, complicated, and not worth the effort.**"

"Our grant investors are also now in a hurry. They want to deploy their funds and they're basically like, '**Give me an entrepreneur that I can write a cheque to now**'...So entrepreneurs are getting checks, but they didn't have valid business models, or they didn't have proper use of funds, or the money is not actually coming to accelerate or to scale a business."

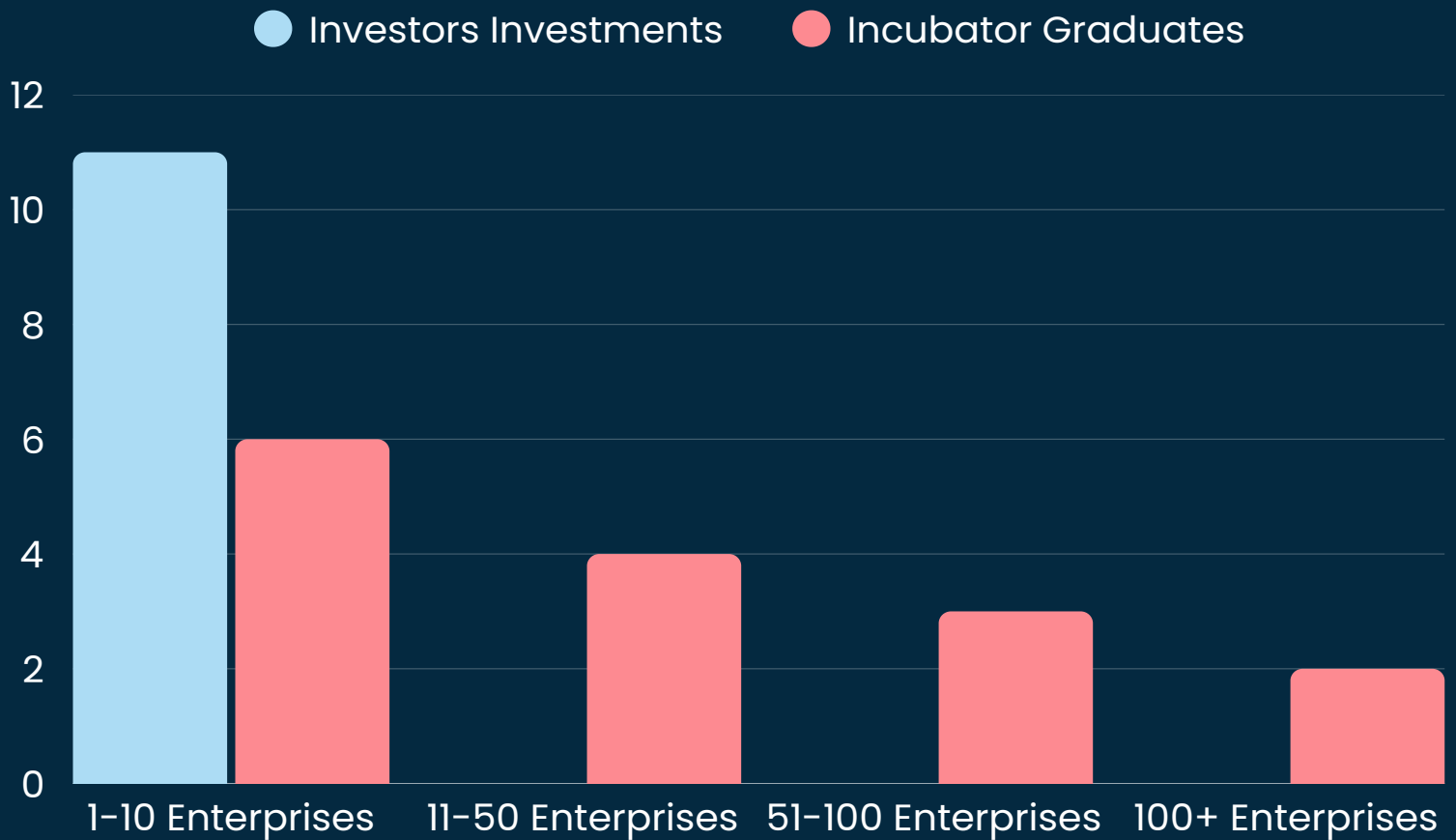
## A Negative Mindset of Grantpreneurs is on the Rise

"With some of the shorter programmes... I think [incubators are] bringing in companies because they're **wanting to fundraise, not really work on their business.**"

"**What if grant funding and the reality of grants is permanent?** How does that change how we interface with entrepreneurs and how we develop our programmes?"

"It's actually a real fear because entrepreneurs don't want to put in the work. **The people with the money are stuck with the money.** So then they'll go for grants. So I think there's need to talk about the mindset. **How do we shift that mindset?**...Last year, I talked to five clients. **Four of them were only interested in grants. And I've seen that growing.**"

# Annual Investments Made by Investors vs. Annual Incubation Graduates



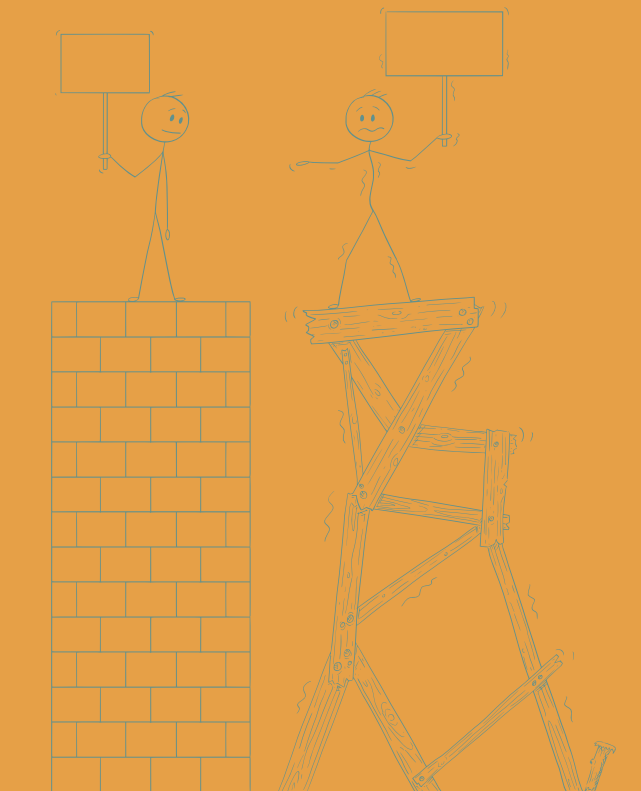
11 responses from investors  
15 responses from incubators

# Recommendations

- ✓ **Facilitate more peer-sharing between incubators of what is working.**
- ✓ **Engage with donors to build awareness on the unintended consequences of grant-giving.**

“What we’ve tried to do is control the grants a little bit...So we’ve come up with this fund called the MAGI fund and it’s four million dollars, half grant, half debt, all from the investors that we work with. Our take on, “How do we escape this grants madness?” was what if we also **control the grants and they were truly catalytic and productive grants**, like can we distract you with our grants from all those crazy grants that are out there. So we’ve kind of tried to build an ecosystem around it.”

“A low-lying fruit...is **document and showcase what is actually working**...there is a way that is successfully working. It’s **not a traditional sense** in terms of how you’ve seen incubators, accelerators engaging with investors perhaps. But there is something that is working...being able to document that and showcase that, I think that’s probably a role for Pollinate.”



# We're Working in Silos



## The Challenge

Working in isolation creates inefficiencies in the ecosystem.

## The Resulting Tensions



Expectations

VS.

Reality



OVERLAP

1) Entrepreneurs will graduate from programmes and get investment

1) Investors are creating incubators, accelerators, & venture studios; Incubators are launching funds

CREDIT

2) We have a common goal of supporting entrepreneurs to grow

2) The desire for attribution is greater than contribution

# What We Heard from Both Sides

## Investors

"The elephant in the room is simple. **We are working in silos**, yeah? We have incubators, we have accelerators, we have investors... **there's so much that is happening in the space, it is so fragmented.**"

## Incubators

"On the ESO side they say the investor connection is not working, so they start to try and **build their own fund**. And then the investors are like, we're not getting good pipeline, so they start to **build their own venture studios and acceleration programmes**. And so **everyone tries to do it all and then doesn't do anything very well at the end of the day in trying to solve the problem.**"

"I tend to find a gap in terms of working with other ESOs... **because...you can only give so much support to one particular entrepreneur at a particular stage where they're at**, and then when they reach that...there's need to bridge that [gap] while working with other organizations, other ESOs within the system."

# Recommendations

- ✓ **Build stronger connections between incubators and other key stakeholders in the ecosystem to move from transactional approaches to ones based on trust and mutual understanding.**

**Join Pollinate Impact!**



# Recommendations

1. Have continued conversations and **opportunities to engage to build relationships.**
2. Build a database of investors and incubators to make the **flow of information more efficient.**
3. Incubators need to **have a clear(er) USP and focus**, in order to build meaningful relationships with the right investors (and other stakeholders).
4. **Investors need to engage with incubators** to realize their benefits and “activate the pipeline” – it’s a two way street.
5. Get **investors involved earlier on in the co-creation of programmes**; during the programme as mentors or as mock investor panels.
6. Incubators to **get the timing right for when they engage investors** – both before and after incubation programmes
7. Facilitate **more peer-sharing between incubators** of what is working.
8. Engage with donors to **build awareness on the unintended consequences** of grant-giving.
9. Build **stronger connections between incubators and other key stakeholders** in the ecosystem to **move from transactional approaches to ones based on trust** and mutual understanding.

*If you want to go fast, go alone.  
If you want to go far, **go together.***

~ African Proverb

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