



BTWW Entrepreneurship



Entrepreneurship??

We are faculty not business people...



Individual


Faculty involved in cutting edge research
Efforts rewarded (P&T)

Institution

Declining state contributions/
increasing interest in entrepreneurship

Society

Research moved from industry to
academia over the last 50 years

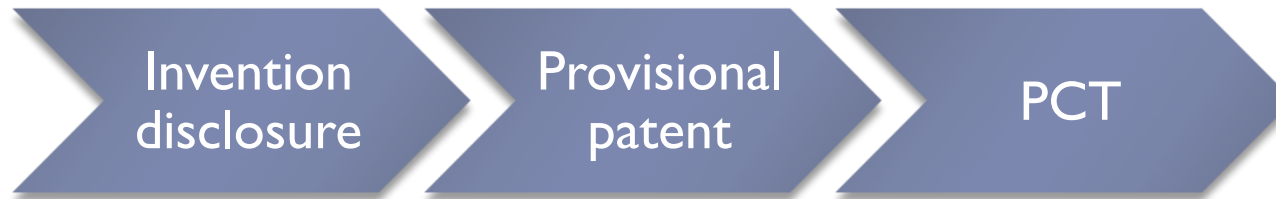


Intellectual property

What is it?

A novel, non-obvious development

Process of protecting your patent



IP Protection: tensions

Patent filings may delay publication

Both for initial and subsequent/follow on patents

The issue of 'public disclosure' can be complicated

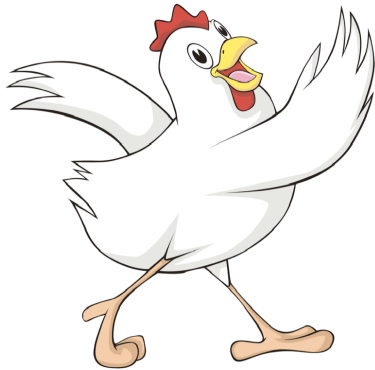
- Presentations in public can be delayed
- Placing documents in dropbox is considered a public disclosure

Other complications:

- NDA, MTAs and other forms of alphabet soup
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Early, early start up: chicken and egg problem



CEOs are supposed to write the
business plan



It is hard to attract a
CEO without a business
plan



What is in a business plan?

Introduction

- The Market Need
- Value Proposition
- Vision

Business Opportunity

- Team
 - Business Roadmap,
 - Monetizing Model
 - Target Markets
 - Competitive Landscape
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Elements of a business plan II

The Product & Technology

- Product
- Technology
- Regulatory
- Adoption

Financial Plans

- Funding
 - Product P&L
 - Financial Venture Plans
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Elements of a business plan III

Summary

- Risks & Opportunities
- Business Highlights



Picking a CEO/Selling yourself

- Women face specific challenges when raising money
 - Similar challenges come with attracting CEOs or other team members
 - Most faculty do not have the background for many elements highlighted in the business plan.
 - Expertise comes in the technology and to a certain extent markets for application of the technology
- ➔ Hire a CEO who brings complementary expertise



Finding a CEO

Universities may have a CEO–in-residence program
Prescreening candidates for you to interview

You think that finding a good graduate student is hard! Try finding a good CEO.

Sometimes interviews resemble American Idol auditions

The simple reality is that faculty represent an elite pool of people



Other team members

Board of directors

Board of scientific advisors

Administrative support

Regulatory advisors

Principal Investigator for SBIR/STTR grants

Many employees will be on a contract/as needed basis.



Raising money: types of \$\$

Non-dilutive funds

- SBIR/STTR grants
- Income from product sales

Dilutive Funds

- F&F
- Angel investors
- Venture capital



Dilutive Funding Sources

University start up sold for \$80 million 7 years later

- Faculty made \$5000
- University made \$20,000

Both were early investors whose contributions were so diluted by late stage capital that their shares were only minimally valuable by the time the company was sold

Early stage capital can be hard to come by



Dilutive funding sources cont.

All of these funding sources are for early stage businesses who do not have a history of raising funds through the sale of stocks, etc.

F&F: sometime called family and fools. Commonly early stage and relatively small amounts of \$\$\$. Crowd sourcing also falls into this category.

Angel investors: wealthy people who invest for fun. They get shares and invest hoping for a good rate of return. Medium levels of investment

Venture capital: typically late stage-investors who input larger amounts of \$\$\$



Managing conflicts: \$\$

Most faculty will have to disclose business relationships with a start up

Typically a conflict management committee will monitor the faculty for conflict of interest

- Research integrity should not be compromised by the financial ties of the faculty member

Policies at the federal and university level frame the relationship

- U of MN policy does not permit me to be on the BOD or CTO of the company.

- Financial relationships of >\$5000 require disclosure (federal rule)



Managing conflicts: time

Start up companies take time from faculty

Level of involvement is flexible

Simple reality: your involvement improves chances for success

Issues are much the same as balancing work/home life



End game

Companies as they grow go through different stages

- Start up
- Medium
- Large companies

Each stage has different characteristics and requires different skill sets

Do you have the skill set needed for the company at its current state?



End game cont.

For most, the relationship with the company ends at some point

- Expertise at the company $>$ yours with the product
- You get kicked out
- You get bought out

Be prepared to leave the company at some point

