



Can you start a company without stopping your academic career?

Founding a company to deliver your idea versus finding one. You have what you believe is a great idea, a technological innovation that could profoundly change someone's life for the better. But what should you do about it? Do you leave your current academic role to start a business...or do you find an existing company that shares your passion — or at least sees the commercial potential — and will help you take your idea to the next level?

What is the best way for a university researcher to commercialize their idea?

- Work with the university technology transfer office to find a company you can partner with by licensing or co-owning the research and resulting commercial product
- Start your own company
 - Bootstrap it** — spending as little as possible to get the product to a point where it will be of interest to outside investment
 - Assume debt** — taking out a loan based on personal guarantees and/or collateral
 - Relinquish equity** — Get funding from a venture capital firm, but giving up part of your ownership
 - Find alternative funding** — SBIR/STTR, I-Corps

Are you starting a business to change the world or change your bank account? Think about why you want to start a business:

- See your research put to practical use
- Provide career opportunities for your students
- Create wealth for yourself and your family

Before you start a business, consider this:

- Do you have the time and the money to get started?
- What differentiates your business or products?
- How much money will it take to get started?
- Who is your ideal customer and who is your competition?
- What products or services will you provide?
- Do you need employees? Partners?
- How will you create awareness for your product?
- How will you manufacture it?
- Should you run the business?

Before you go any further, are you being honest with yourself?

- Are you comfortable taking risks?
- Are you good at making decisions on your own?
- Do you fear rejection?
- Do you enjoy engaging with people?
- Do you have negotiation skills?
- Do you have support of family & friends?

Running your own company can be incredibly rewarding, but intensely difficult:

- You'll spend time doing what you are passionate about — but you'll spend *a lot* of time.
- You'll be your own boss, so you can make your own choices — but your boss becomes your customers, clients and suppliers.
- You can work on your own schedule — as long as you put in more hours than you ever have before.
- You'll make more money for yourself — eventually, but definitely not right away (and that includes a lack of benefits like health care).

What about partnering with an existing firm?

- Is your technology patentable and do you have a patent?
- Do you have a well-formed market opportunity?
- Have you identified potential licensees/partners?
- What is the state of your technology?

No matter which path you choose, you'll need to understand the following:

- University Technology Transfer Policy
- Invention disclosure, patent/copyright policies

- Consulting opportunities
- Process for Tech Transfer
- Conflict-of-interest policy
- Material Transfer Agreement Policy

If you are employed by a research institution, you'll need to:

- READ and KNOW your institution's Intellectual Property Rights Policy
- Assume the institution owns the Intellectual Property
- Be careful of public disclosure
- Transferring material is based on negotiation and a viable business opportunity
- License the intellectual property into the startup company

Who will serve as the Principal Investigator at the company if it isn't you?

Postdocs in the academic lab (or a collaborator's lab) can often be a good choice. They have the necessary academic credentials and are often experts in the technology. Postdocs can potentially reduce their University efforts to work part-time at the company and return to the university full-time when inevitable grant funding interruptions occur.

- An equity ownership stake can be a great incentive
- Once funding comes through, the postdoc can be a well-trained full time employee

What kind of funding should you pursue?

Dilutive funding requires you to relinquish equity to venture capital, corporate or angel investors for the money you need. This provides expanded market opportunities, provides you with experienced management, and a potential exit strategy, but you often give up a large part of the company, particularly if you are in the early stage of development. Investors may also want more management control, including seats on the Board of Directors.

Non-dilutive (you retain company ownership) is potentially available in one of two ways:

- Bank loan, which is repayable and generally requires collateral and/or personal guarantees
- SBIR/STTR funding, which is non-repayable

SBIR/STTR federal funding: the better non-dilutive funding alternative.

The Small Business Innovation Research (SBIR) grant and the Small Business Technology Transfer funding provide \$2.5 billion of federal funding to support small businesses that have technological innovations that can be developed into viable, sustainable commercial products.

What do you need to apply?

- An eligible small business concern (**SBC**)
- A **product** to be developed
 - Based on **technological innovation**
- **Company controlled** R&D facilities
- **R&D personnel employed** at the SBC at the time of award
- An SBIR/STTR open **solicitation**
- Discipline, energy, enthusiasm, the ability to follow directions, and patience

There are many specific requirements for receiving SBIR/STTR funding and having guidance through that government maze can not only be helpful, but fruitful.

Make sure you're making the right decisions from start to finish by partnering with BBCetc.

- Assessment of competencies and capabilities
- Strategic planning
- Grant sourcing
- Training on all aspects of the process including in-depth proposal preparation
- Pre-submission review and editing
- Assistance with revision and resubmission
- Post-award administrative assistance and grant management

For more information, contact BBCetc at info@bbcetc.com.