Outline of the Start-up “Envisioning Process”

Like many academics, you may have limited experience or expertise in commercial matters. Yet, starting a new company may be the best way to bring the benefits of your research to the public and society. It may also be an exciting and interesting experience, and you may make money.

The “Envisioning Process” is the TTO’s way of helping you fill in the gaps in your experience and knowledge about starting companies, so that you can picture in your mind what it would be like, and recognize whether this is a possibility for you. The process is a series of about five face-to-face meetings with you and others that may be involved in the start-up, with discussion loosely based on the outline below.

In the course of this process, you may decide “that’s not for me,” which is fine! It takes considerable effort and isn’t of interest to everyone. On the other hand, you may decide “let’s do it!”, in which case the Envisioning Process can help you identify resources and make initial decisions that can get you started on the right foot.

1. Why should I consider starting a company?
   a. Why not just license my inventions to an existing company?
   b. How important are “real world” outcomes from research?
   c. Would NSF and other federal agencies see it as a plus or a minus?
   d. Isn’t it too time consuming and too complicated?
   e. What are the odds such a company would succeed?
   f. How long would it take to know if it will succeed?
   g. Is the market big enough?
   h. Is this the kind of company that would attract investors?
2. Is there a real market opportunity?
   a. What would the company’s products or services be?
   b. What is the market for such products?
   c. What competing products already exist?
   d. How significant is the benefit of the new product over existing ones?
   e. What market share might the new product attract? Over what time?

3. What kind of company, and where?
   a. What is a “virtual company”? Does this company need a physical place?
   b. Does my company have to eventually build a factory, or can it contract out?
   c. How critical is the company’s physical location?
   d. What factors should I consider in deciding what location is best?
   e. For this company, what are the pros and cons for Amherst, elsewhere in W. Mass, or Boston?
   f. Where can the company rent lab space or office space?
   g. What are “incubators” and “accelerators”?

4. What educational and mentorship resources are there for me at UMA?
   a. What is the Berthiaume Center for Entrepreneurship, and how can it help?
   b. What is the “Lean Launch Pad” business development method, and why is it so popular?
   c. What is I-Corps? Who is eligible? How to apply?
   d. What is the “Jumpstart” program?
e. What is an Entrepreneur-in-Residence, and how can he/she help?

f. What is the UMA Venture Mentoring Service? How can it help?

g. What academic courses are there for my students?

5. What are the relevant UMass Amherst rules and expectations?

a. What is the UMass Amherst philosophy about faculty starting companies?

b. Who else at UMA has started a company? Can I talk to them?

c. How enthusiastic and involved is UMA in the “entrepreneurial” culture growing at many U.S. universities? Will this grow and be sustained?

d. Will potential conflicts of interest or conflicts of commitment block my plans? Will they make me look or feel like I’m doing something wrong?

e. How do I disclose “financial interests”?

f. If I have federal grants, are there additional disclosure requirements?

g. When does the State Conflict of Interest Committee have to get involved, and how long does that take?

h. Do I need a separate address, email address and phone number?

i. Can I be the CEO for the time being?

j. Can I refer to myself as a “founder”?

k. What roles am I allowed to play in the company under UMass policy? What roles are not allowed?

l. How much of my time can I commit to the company? Consulting time? Nights, weekends, holidays, vacation, personal leave?
m. Under what circumstances would a leave of absence be required? How do you apply for one?

n. Can my departing postdoc or grad student start the company?

o. Can current postdocs or grad students work part-time for the company? From my lab or another lab?

6. What laws regarding foreign countries and individuals may apply?

a. Are there any legal restrictions on the company hiring foreign nationals, or accepting funding from foreign sources?

b. Can the company be incorporated or operated in a foreign country?

c. Can the company’s products be made abroad and sold in the U.S.?

7. What should the company be called?

a. How do I pick a good name for the company? What pitfalls should I avoid?

b. What are descriptive, suggestive, arbitrary and fanciful trademarks?

c. How do I do a trademark search? How do I evaluate “likelihood of confusion”?

d. What does TM mean, and when should the company use it?

e. Why is federal registration of a trademark a good idea?

f. How does the company file for federal trademark registration?

g. When can you use ®?

h. How do I do a domain name search, and which of .com, .org, .biz, .net, etc. should I buy?
8. **What does it mean to “incorporate”? How do you do it?**

   a. Why incorporate? What are the benefits, and the risks of not doing so?

   b. What are LLCs and C Corps? Which might be best for me?

   c. What state should I incorporate in?

   d. What is the legal process?

   e. How do I find a lawyer who will help the company for little or no cost?

   f. Do I need a separate lawyer to represent me personally in company-related matters?

   g. Can I skip the lawyers for now and incorporate the company myself?

9. **How do I build a leadership and management team?**

   a. Who should be on the board of directors?

   b. What do I look for in a potential CEO or business partner?

   c. Where can I find one?

   d. Can my departing postdoc or graduating student be the CEO or have another role?

   e. Is the start-up CEO likely to be the CEO over the long term?

   f. How do you get rid of a bad CEO?

10. **What IP rights are there or will there be? How does the company get them?**

    a. How do patent rights protect the company?

    b. Are the patents on my inventions a good foundation for a company?

    c. How would the company get access to the UMass patent rights?

    d. What is an “option agreement”?
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e. How would the company negotiate a license?

f. What would the company owe UMA under the license?

g. What other obligations would the company have to UMass?

h. How do I find out if there are other patents that might block the company?

i. How would the company create and protect its own IP?

j. What is a sublicense, and why might the company grant one?

11. How would the company’s products get developed?

a. Where can I find money to do proof-of-concept experiments? Can I do them at UMA before I start the company?

b. I’ve never worked in industry; do I really know how to develop commercial products?

c. Can the company contract with my UMA lab to do research & development?

12. How much money will the company need, and where will it come from?

a. How much money do I need in the first 6 months?

b. Do I need to invest personal money?

c. What is an “angel investor,” and how do I find one?

d. What is the UMass Fund, and how do I apply?

e. What is the Small Business Innovative Research (SBIR) program, and how does it work?

f. What regulatory approvals will be needed for the products, and how does that affect financing?

g. What is “venture capital”? How do I find VCs? How do they decide whether to invest?
h. What is an “A round”, and how is it different from a “B round” or “C round”?

i. What is an IPO, what does the underwriter do, and how is the stock price set?

j. What is a “down round”?

k. What happens if the company runs out of money?

13. What is “equity,” and how is it used?

a. Who should own the new company’s equity at the outset?

b. How much equity should I keep for myself?

c. How much equity should I give the CEO or business partner? When should that equity be given or “vested”?

d. What are “options” and “warrants”?

e. What is an “option plan,” and why do I want the company to give me one?

f. What is “common stock,” and what is “preferred stock”?

g. What is “convertible debt”, and why is that used early on rather than a stock purchase?

h. What is a company’s “valuation,” and how is it determined?

i. What is a capitalization table?

j. What is “dilution,” and is it always a bad thing?

k. What is “off balance sheet financing”?

l. Investors want an “exit strategy”, what would be a good one for my company?
14. What are the odds of success? How will success or failure affect me?

a. Is it possible for a university start-up to make it big?

b. Do faculty ever get rich from a start-up?

c. Are there any successful UMass start-ups?

d. How will my personal role in the company change over time?

e. Is it possible for the company to succeed, but leave me out in the cold?

f. What happens if the company fails?

g. Is it a disgrace for your start-up to fail?

h. Would failure of my start-up affect my ability to get academic grant funds?