



# Business Plans, Pitches and Documents Related to Starting your Business

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# Outline

- First lecture

- Basics of Intellectual Property
- Intellectual Property rights at McMaster
- The Commercialization Process
- How MILO can help
- Entrepreneurship

- Second Lecture

- More Details on Patents and Patent Searching

- ➔ ■ Third Lecture

- More things to know if you want to license your technology or start a company



# Recap from Friday

- **Anatomy of a Patent**
  - Understand all the key information on patent cover page
- **Patent Searching**
  - Be able to do a basic search on your invention based on keywords, other inventors, companies and use classification codes
- **Body of Patent and Claims**
  - Should have a general understanding of how drawings should look and detailed description of the invention.
  - Be able to read claims and claim structure and compare with you invention



# Beyond the Capstone Project!

- You have created something that solves a real world problem!
- You have done some homework and think your solution is unique and there is a market!!
- What next?!?
  - Question we get most often is “How do I raise money to move my project forward?”



# Sources of Financing

- Types of investors:
  - Government Loan and Grant Programs
    - Success = company & job creation in Canada
  - Friends and Family
    - Success = your happiness
  - Angels
    - Success = mix of financial and personal ambitions
  - Venture Capital
    - Success = 10x return on investment
- Best source:
  - Customers



# How to Ask for Money

Main communication tools to raise money and start a business

- Elevator pitch
  - Concise (1 minute) overview of business to get investor interested in setting up a meeting
- Executive Summary
  - Short (1 page) document of company and product to leave with investor
- Investment Presentation ('Pitch Deck')
  - Highlight of customers' need, your solution and how you will make money to persuade investors to go through due diligence
- Business Plan
  - Detailed plan that expands on the Pitch about how the business will operate and make money to provide a guide in managing the company



# Executive Summary

[Company Logo]	<b>[Company Name]</b> url <i>Tag line</i>
<b>Company Overview</b>	<b>Elevator Pitch</b>
<b>Address:</b>	
<b>Contact:</b>	
<b>Funding:</b>	
Investment to date:	
Last FY Revenue:	
Current Investors:	
Seeking:	
<b>Use of Proceeds:</b>	<b>Problem</b>
1. xx	
2. xx	
3. xx	
<b>Year Established:</b>	<b>Solution</b>
<b>No. of Employees:</b>	<b>Market Opportunity</b>
<b>Management Team:</b>	<b>Competitive Advantage</b>
Jane Doe CEO	
CFO	
VP Sales	<b>Revenue Model</b>
	<b>Milestones</b>



# Why do you need a Pitch & Plan?

- To focus and get a clear picture of what you are doing
- To get interest from investors
- To better understand the opportunities and minimize risk of the company
- To organize and build the team

**Bottom Line: To increase your chance of success**





# Pitch vs Plan?

## Investment Pitch

- Framework / outline of the business
- No more than ~10 to 15 slides, 20 minutes
- Used to persuade the investor to want to see the business plan

## Business Plan

- Detailed expansion of the Investment Pitch
- No more than 20-35 pages
- Snapshot of what and where business is going, but is moving target



# Key Elements in a Pitch/Plan

- WHO you are
- WHAT is the customer's problem
- WHERE are the customers and the market opportunity
- HOW your solution addresses the problem and is unique from the competition
- WHEN and WHY you need investment



# Company Profile

- Who you are
- What you do
- What have you done



# Customer Pain

- What and why is there a customer pain?
- Who are the potential customers?
- What are there concerns, needs?



# Market Opportunity

- Size of the market
- Addressable market
- Realistic plan to capture the target market



# Unique Solution

- Your product or service and how it addresses the Problem
- Identify your value proposition
- Any special features and benefits of your product or service
- Describe the technology or magic behind your product or service
- Intellectual Property (IP) strategy
- Identify potential barriers to entry for competition



# Competitive Analysis

- Who are your competitors (direct, indirect)
- Why the market will accept your product over competitors
- Comparison of features/benefits with competitors

Features customers want	Your product	Competitor 1	Competitor 2
Low cost	Yes	No	Yes
High def images	Yes	No	No



# Business Model

- How will you make money?
- Go to market strategy – who you will target first, how you will get them to adopt
- Key partnerships – suppliers, distributors
- Pricing and positioning





# Management

- Describe the key players on your management team, board of directors or advisors
- Highlight relevant experiences
- Can have incomplete team – better to show you recognize the holes and are willing to fix them



# Financials

- Investment required and use of proceeds
- Make connection between investment and milestones
- Monthly cash flow
- When you expect to achieve break-even, profitability
- 3-5 year forecast containing revenues & expenses; as well as number of customers



# Example of Investment Pitch

- [YouPhonics](#)



# Tips for a Successful Pitch

- Develop as a team, but should be written by one person
- Keep non-technical
- Be realistic and factual; real world market data is best



# Selected Potential Sources of Funding for Young Entrepreneurs

- Ontario Centres of Excellence
- Investment Accelerator Fund (IAF)
- Canadian Youth Business Foundation
- Local Angel Networks
- FED DEV



# Templates / Further Information

- CYBF - <http://www.cybf.ca/resources/webinar-series/>
- MaRS 101 - <http://www.marsdd.com/entrepreneurs-toolkit/workbooks/financing-workbook-2-the-business-plan-and-executive-summary>
- BDC – [http://www.bdc.ca/en/advice\\_centre/tools/business\\_plan/Pages/default.aspx](http://www.bdc.ca/en/advice_centre/tools/business_plan/Pages/default.aspx)



# Non-Disclosure Agreements

- NDA's are typical when two parties are discussing a potential business relationship or collaboration
- Key Sections (Look at McMaster Example)
  - Scope and Purpose
  - One-Way or Two Way
  - Definition of Confidential Information
  - Term of agreement and obligations beyond



# Non-Disclosure Agreements

- Things to avoid
  - Very long periods of confidentiality
  - Language that talks about specific rights in any new intellectual property (should be a separate agreement)
  - Vague scope and poor definition of confidential information





# License Agreements

- A license agreement give one party the rights to use another party's intellectual property in exchange for some sort of consideration
- Grant of Rights:
  - Exclusive, Non-exclusive, or Field of Use, Sublicensing; retain research rights for University
- Consideration:
  - Upfront fees, Royalties, Milestone payments, patent costs etc.



# Research Contracts

- Most universities require these for work between companies and the university
- Key sections
  - Work Plan
  - Payment Schedule
  - Intellectual Property Rights
  - Restrictions on Publication
  - Dispute Resolution



# Other Agreements

- Employment Agreements
  - Look carefully at intellectual property sections, non compete and non-solicit clauses
- Consultant/Contract agreements
  - Ensure you have rights to what you are paying for!
- Shareholder's agreements
  - Typically need one once you get significant investment



# Questions?

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