

TE 250: Week 11

Building Teams & Business Formation

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Technology Entrepreneur Center



New Course for Spring!

Taught by Dr. Keilin Jahnke and Dr. Joe Bradley, both *Teachers Ranked as Excellent*, this course will explore different career opportunities and how you can be an impactful innovator within your field. 1 credit hr.

Learn more: go.illinois.edu/498pi

International Student Entrepreneurship Workshop

Can I start a business in the U.S.?

I'm an entrepreneur and require immigration sponsorship. What are my options?

What about visa classifications?

Fri | Nov 11 | 12:30pm

ENTREPRENEURSHIP HUB
1050 SIEBEL CENTER FOR DESIGN

Come learn about policies and requirements for pursuing entrepreneurship and starting a business in the U.S. from attorney Matthew Meltzer.

RSVP: go.illinois.edu/isew



**INNOVATION
LEADERSHIP &
ENGINEERING
ENTREPRENEURSHIP**

“An engineer can change the world when technological and entrepreneurial skillsets are combined; this is what ILEE empowers its students to do.”

- HYEONG CHAN CHO, ISE & ILEE DOUBLE MAJOR

Apply by **November 15**
for Spring 2023 admission.
go.illinois.edu/ilee



GRAINGER ENGINEERING

Learn about these events and more at tec.illinois.edu

Agenda

- Review rest of semester
- Team formation
- Business formation
- Pitch presentation examples
- Petal diagram presentations

Calendar

- Class content for rest of semester
- Content:
 - ~~Market Segmentation/Sizing~~
 - Venture Formation
 - Funding
 - Intellectual Property
 - Financial Projections/Statements
 - Pitching
- Final Presentations (2): 11/30 & 12/7
- Attendance mandatory for both final presentation sessions
 - Failure to attend without excused absence results in loss of participation points

Assembling A Team

Honest and Critical
evaluation of
oneself is key to
wise team building

Diverse skills are
required for
diverse roles

Complementary
personalities

Character counts

It's a matter of
respect

Build relationships
slowly, and when
the time comes
act swiftly.

The background of the slide features a series of thin, curved lines in shades of gray, creating a sense of motion and depth. These lines are more prominent on the left side and fade towards the right.

Components of the Team

1. Founders, Co-Founders
2. First Employees, Key Managers
3. Service Providers
4. Board of Directors/Advisors
5. Mentors
6. Investors



1. Founders and Co-Founders

- Founder implies single person who launched the business
- Co-Founder implies multiple founders or individuals brought on as partners at the outset of the business
- Co-Founders typically have complementary skill sets



1. Founders/Co-Founders

- Responsible for vision
- Must articulate vision and get buy-in from others
- Founder/Co-Founder is your most important title



2. First Employees, Key Managers

- Working in a startup is not for everyone
- It takes a strong will and stronger stomach
- Buy-in to the vision is key, it's more than just another job
- Be forthright about risks
- Ultimately, it's not about the size of the slice, it's about the size of the pie.



2. Evaluating Employees/Managers

- Would Mother approve?
- Can this person become my best?
- The top prospect scenario:
 - Does it instill panic or relief?



2. Recruiting the Best

- Finding and signing the best is one of your earliest and most important sales calls
- Be willing to share the rewards and power to get the right people
- Be careful about becoming “top-heavy”
- Beware of people unwilling to share early risks.



2. Building Out the Team

- Add to the mix as needs arise and time & funds permit
- Consider creative use of outside champions, part-time help and compensation packages when getting started
- Utilize your network to find the right people.




3. Service Providers

- Outsourcing is NOT a dirty word
 - leave it to the experts!!!
- Ask about reduced rates or deferred payment options for start-ups
- Providers validate your concepts and provide a sense of confidence for potential investors
- Providers include:
 - Attorneys
 - Accountants
 - Consultants
 - Bankers.



3. Service Providers – Corporate Attorneys

- Early assistance in establishing legal form
- Later help with wide variety of business needs:
 - Contracts of all kinds
 - Alliances with other companies
 - Employment law.



3. Service Providers – IP Attorneys

- Early help in deciding what form of protection, if any, is appropriate
- Ongoing assistance obtaining and maintaining protection or negotiating licenses.



3. Service Providers – Accountants

- Help with initial business plan financials
- Ensure roll-outs are on target
- Act as or recommend CFO
- Introduce you to investors
- Produce audited statements.



3. Service Providers: Consultants/Agencies

- Market research
- Business plan preparation
- Technical assistance
- Product prototyping & development
- Business development
- Marketing plan development
- Sales implementation
- Recruiting

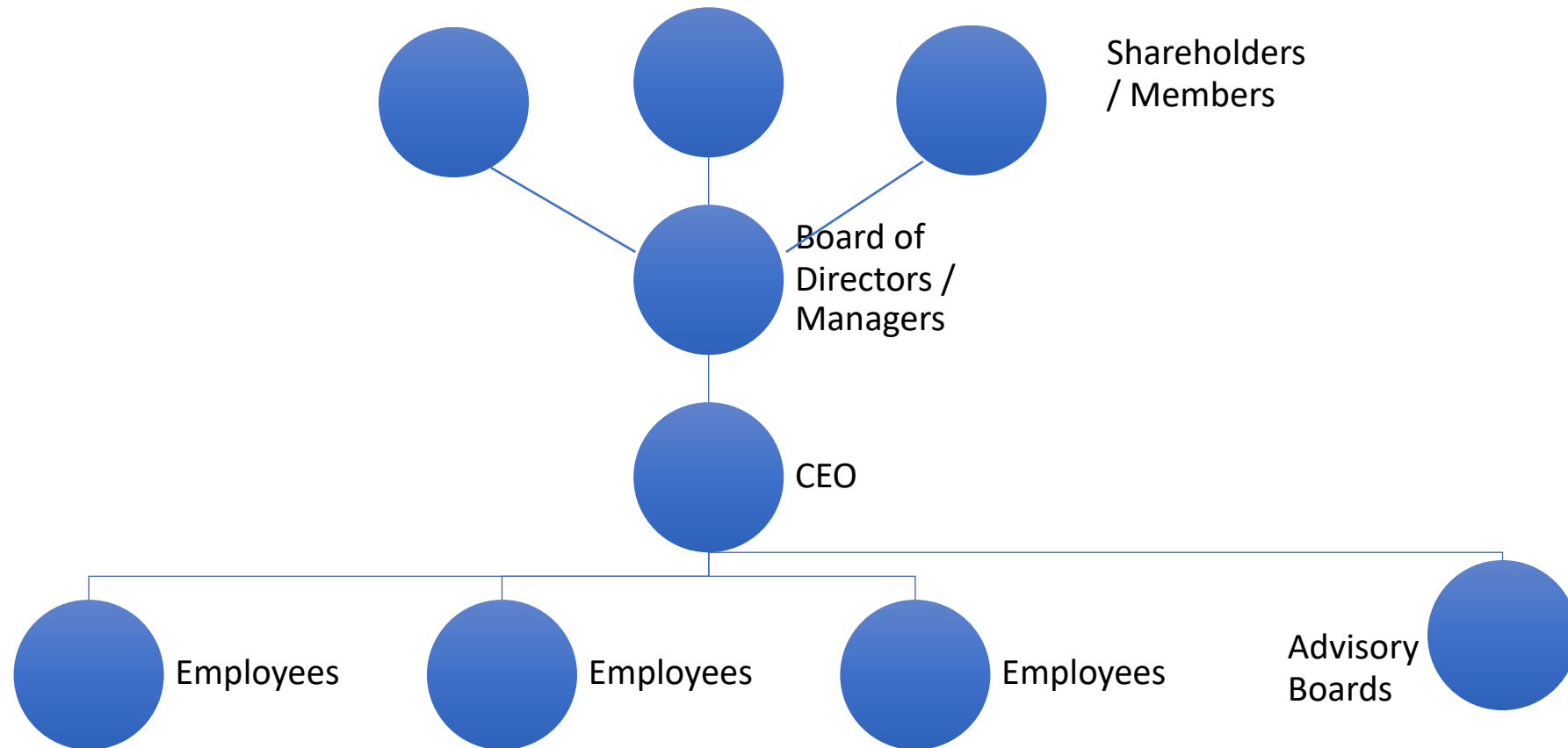
Provide value and leverage for founders.



4. Board of Directors / Advisors

- Concerned with the global view and direction of the company
 - Director is a fiduciary role and comes with certain legal obligations
 - Advisors provide expertise in a specific area, but have no legal role
 - Business Advisory Board
 - Scientific Advisory Board
 - Clinical Advisory Board
- Directors and Advisors are both part of building your brand
- Generally compensated in some way.

4. Board of Directors / Advisors





4. Filling Boards

- Investors will often require a seat on the Board of Directors
- Each member should bring specific expertise to the table
- Boards are part of building your brand ID
- Look for the ability and willingness to devote time
- Your Boards are more than just a formality – use them!



5. Mentors

- Mentors are the most loosely defined, but often most influential component of your team
- Finding the right mentor involves chance
- Mentors might be angel investors, successful entrepreneurs, faculty members... and not necessarily from your field
- Often motivated by passion or a sense of altruism, wanting to give back.



5. Mentors – defining the role

- Mentors act as a sounding board for all likes of issues and challenges
- There's a fine line between advising and running the show
 - Remember: it's still *your* company!




6. Investors

- Wide array of sources:
 - Friends, Family & Fools
 - Angels
 - Foundations, Specialty Funds
 - Government Initiatives (incl. non-dilutive)
 - Venture Capital
 - Strategics
 - Private Equity
- All money comes with strings attached
- Zero in on the “smart money.”



6. Investors: Smart Money

- Early round investors validate the concept and pave the way for later round investors
- Value can be found in the experience of early round investors
- Ability to support the company in future rounds
 - Syndicate
 - Contacts
- “Dumb” money that follows “smart” money is good



5. Investors: Points to Remember

- The earlier the investment, the greater the risk, therefore greater returns are expected
- \$\$\$ is the primary motivation
- Investors *always* look for the exit strategy.



Termination

- You should know about personality, style, values, etc. within the early weeks
- Reduce liabilities early

Pitch Presentation Examples

Example from previous semester

- https://mediaspace.illinois.edu/media/t/1_6q6xzykw
- 31:00 – 41:00
- 48:00 – 1:00:00

Team Petal Diagram presentations

Getting ready for Week 12

- Topics for next week: IP, Venture Financing
- In-person Guest Speaker: Landon Campbell, Drive Capital
- Team Assignment: Submit current customer interview tracker
- Complete your interviews
- Start thinking about your pitch deck