



ROYAL
ACADEMY OF
ENGINEERING

ENTERPRISE **HUB**

Enterprise Fellowships

Additional guidance
July 2020

General advice

These Fellowships aim to educate those with little prior experience of commercialisation. We understand you will likely not have ready answers to many of these topics, which is fine, we are assessing your future potential. The below tips are intended to highlight common issues and not all will apply in every case.

Academics - Talk to your university's technology transfer office (TTO) as early as possible. Their permission will be essential, and they will be able to provide feedback.

Teams - New to this year, we are explicitly allowing teams, but you must have a lead. A good team is essential to a startup, and many investors will not even consider solo founders. Note we still allow solo founders, but you must expect to create a team.

NDA - Applications are confidential, but not under a Non-Disclosure Agreement. We cannot expect each sift panel member to sign a hundred NDAs, as this would incur unsustainable legal costs, so include what you are comfortable including.

Ambition - Think big. Do your research as to what a typical company in your sector achieves. £1 million sounds like a lot of money, but a pub can have a turnover of £1 million in a year.

FEC - We don't fund the university estates and indirect costs, and typically don't cover the full salary costs of the Academic - we expect the university to have 'skin in the game'; the university must show that they want it to happen and be prepared to part fund it.

Customers - talk to as many as possible to get their feedback as early as possible. 'Customer' means anyone who would use or benefit from your product, not just the person who pays for it.

Data - Has value, will you be generating any as a side product, and if so can you monetise it.

Raising - Don't say you plan to raise unless you have considered what would you actually do with the money.

Price - If your product is much cheaper to make than the competition, and you are also better, you don't have to sell it for less, you could instead sell it for more. Profit margin is crucial.

Social enterprises - As a charity we are positive about social enterprises. However, you need to make sure it can support itself as a business first, i.e. that it is profitable, and only then can you deliver the social benefit. A social enterprise which grows through healthy profit margins will deliver more societal benefit than one that struggles on tight margins.

Business model - Don't just say 'I'll be the ARM of sector X.' You need to convince us that you understand why that's a suitable business model for you.

Competition - You almost certainly have some, even if you don't think they are any good and are following dated processes, they are your competition.

Stage one

3 - What is your big idea?

Provide a short one-liner about what your product is and what it does. Avoid technical words and jargon.

4 - What problem are you solving?

What is the problem you are aiming to solve with your innovation? What is the scale of this problem and how urgent is it that someone addresses it? Who is experiencing the problem and requires a solution? What will be the impact to them and others of the problem being solved?

Note we don't support 'consultancy' style businesses, which are often popular second jobs for academics. Such businesses are inherently difficult to grow, as they rely strongly on your personal knowledge. There is nothing wrong with such businesses, they are just not what this programme is targeted at.

5 - What is your solution to this problem?

Describe your innovation and how it effectively solves the problem. What are the benefits and for whom? Avoid jargon and technical terms – explain it so someone outside of your technical area could understand you.

6 - How is your solution better than current methods?

Why is your solution better than what's available already? Note 'better' requires knowledge of the context/end use, so being objectively better might be irrelevant from the customer's perspective. E.g. Gizmo 1 may be 100 times faster than Gizmo 2 at its task, but if the customer is not concerned about speed, Gizmo 1 is not actually better.

Does it have features that others do not, is it faster, more reliable, more efficient? Why would someone buy your solution and not someone else's, or simply stick with what they have now?

To be truly disruptive to a market its generally believed that you need to 10 times 'better' than the existing solution.

7 - Tell us about the market size and competition

What is your target market and how big is it? Think globally – we're looking for applicants with ambition. If the global market is under £100 million then is this idea really worth pursuing, as you will never corner 100% of the market? Which segment will you target first and why? Who are your competitors – everyone has competition, even if your competition is the status quo or a manual process.

8 - 14 -Traction/stage of your business

These questions are check boxes to tell us what stage you are currently at and what you have completed so far.

Stage two

4 - What is the broad subject area of the proposal?

Please choose the below option which most closely fits with your proposal. This helps us identify suitable reviewers. Note that applications in the biomedical field will also be asked an additional question on clinical trials and certification.

- Biomedical, biotechnology and wellbeing
- Energy and cleantech
- ICT
- Materials

5 - Summary of the status of the business

The aim of this table is to give the reviewer a snapshot of the current status of your project, and so set the scene for the rest of the information provided.

How long have you worked on the idea for?

This helps provide context, in terms of the scale of the project, your dedication to it, the complexity of the issues involved, and pace of advancement. There is no 'right' answer, as circumstances vary greatly.

How much longer do you intend to work on it?

What is your long-term ambition regarding the innovation and business?

Has the business been incorporated?

Select the appropriate option. Either answer is fine. If yes, provide the name of the company and the date of incorporation. If no, give the status of any plans and negotiations in this regard.

What is the current Technology Readiness Level of the product/service

Technology Readiness Level (TRL) refers to how well developed the innovation is, so how close it is to being a finished product that can be bought and sold. To be eligible for this scheme the proposed innovation must be at Technology Readiness Level four or above, as defined by the European Commission. This is because we believe that the innovation needs to be sufficiently advanced to enable the awardee to fully benefit from the support on offer by the Hub. If you are not at TRL 4 yet you may want to apply at a later date. For more information on TRL see [here](#).

Grant funding raised to date

This excludes grants for conducting basic research, and is aimed purely at grants aimed at bringing the technology to market.

Equity funding raised to date

How much funding have you received, in return for providing equity in the business.

How much funding do you estimate is required to get the product/service to market

Please provide the amount of investment you estimate is required for the business to become fully functional. If you do not think your business requires any investment you may enter £0. This is not how much funding you are requesting from the Academy, rather we are asking for your assessment of how much capital you realistically need and will be pitching to investors for to get the business going. This is indicative of your understanding of the sector and technology. Many applicants underestimate this figure, seek advice and research other startups in your sector.

Estimated time to market (when will you start selling it)

Estimate when you believe the product/service will be ready for the market. Applicants must intend to get the initial product/service to market within three years of starting the Fellowship. This is because we believe that the innovation needs to be sufficiently advanced to enable the awardee to fully benefit from the support on offer by the Hub. There is little point us teaching you skills which you will not be using for years, so if you are further off from market you may want to delay your application. Many applicants underestimate this figure, seek advice and research other start-ups in your sector. Early income will enable you to grow organically and avoid investment.

10 - Pitch deck

Upload a short pitch deck giving an overview of your technology and company. There is an example template from which you may choose five to ten slides, or you can upload your own. Use photos, images, diagrams where you can to illustrate. As a general rule, don't use a font size smaller than 20.

A pitch deck is akin to a TV advert, it quickly gives basic information to get you interested in finding out more, but it does not cover every little detail. Show it to people outside your expertise/sector – does it get them interested and do they understand it? If not, re-do it. Don't include more than 10 slides – we will either remove unnecessary slides or return it to you for editing.

11 - 'Elevator pitch' video

Please provide a link to your YouTube (or similar) 'Elevator Pitch' video produced in support of your application. Many people do not want to record a video – that is part of the point of this question, startup founders have to fulfil many roles, and this makes you do something you probably haven't done before, and tests your commitment to making this award happen.

The video should last about 90 seconds, and be up to 5 minutes long. Do not submit overly long videos or they will be rejected, it should be short and snappy. Give an overview of your business proposition, the value proposition, your background, and why you want the award. Remember video is a visual medium – show the problem and solution, don't just tell us about it. Showing a product in a crude but working state is more convincing than an ambitious but unproven plan.

The video is your best opportunity to demonstrate your enthusiasm and pitching skills, which are essential to gain additional support for any venture. Reviewers read a lot of applications - this is your opportunity to stand out from the crowd with a compelling pitch.

Try explaining your value proposition to someone who knows nothing about your area, preferably not an engineer. If they don't understand it, and can't repeat it back to you in their own words, you need to make your explanation clearer. It's not the viewers job to understand you, it's your job to make it clear.

Please ensure that the link starts with <http://www> and use the full address. Please format it as a hyperlink direct to the video, so it is easier for the reviewers to access. Do not make it a download as reviewers may not want to download files from unknown sources.

The quality of the recording itself is not being judged here, just the content. You may use any recording technology available to you, and most just use a phone.

You do not need to be visible in the video; you may choose to narrate a video composed of a set of video clips or images. If you are going to be in the video, try to have minimal visual and audible distractions in the background, as you want the reviewer to focus entirely on you, not what else is going on in your office.

If you wish to restrict viewing of your video, feel free to designate it as "Unlisted" in settings, however DO NOT designate it as "Private" as that will make it inaccessible to reviewers. Also in 'settings', check the box to allow the video to be embedded in an external site. Do not password protect it.

12 - What has changed since your previous application, OR, How has your plan changed so far?

If this is a re-application, demonstrate you have made progress since your previous application, and learnt from the feedback. If this is your first application, demonstrate your willingness to learn and adapt – what pivots have you made so far.

13 - Participating institution details

Applicants who are researchers should provide details for at least one contact point at the host research institute or university, preferably from the commercialisation/enterprise or technology transfer office or equivalent.

Applicants who are recent graduates and are not spinning out of a parent organisation should provide their company or home address as appropriate.

14 - Why do you want to become an entrepreneur?

Successfully establishing a business is hard - what have you done that demonstrates your determination and passion to succeed? How do you think your work-life will change when you become a full-time entrepreneur (it's very different from academic research)? What will be your role in the business in the long term? What knowledge, experience, skills and qualities do you possess that will help ensure you can create and lead a successful business? What relevant training have you received?

15 - Collaborations

List any external organisations who you will be collaborating with as part of the project. As well as demonstrating collaborative intentions this will help us avoid any conflicts of interest during the assessment process. Clearly indicate whether the collaboration is confirmed, or merely sought, and what role they will play or how they will be involved.

16 - Team

Please give an outline of the people who will be involved in the business and any others who will provide support. Establishing a business is a collaborative effort, who else will be involved, to what extent, why them, and in what capacity. What skills and experience do they bring? What leadership experience do you have to make this work?

17 – Diversity and Inclusion

Companies with diverse boards and staff have been shown to be more successful than those which lack diversity. What has been your approach to diversity to date, and what will you do in future. Consider both internal aspects such as your team and culture, as well as external aspects such as your brand, partners, marketing and customers.

18 - Commitment to region

Where you establish your business can hugely impact on your success. If you are committed to establishing your business in a particular place or region, then please explain your reasoning here. This will be used to determine the suitability of your being funded under any regional specific funding.

If appropriate, please describe how your business contributes to local innovation priorities or benefits from local capabilities, such as those described in *Science and innovation audits*. Where do you intend to establish your business, and why? Consider what resources are available in the area and the ways in which you and your business can contribute.

19 - CV

The format and content of your CV is left to your discretion, but please ensure it is readable when printed in black and white. Your CV should not exceed two pages, and should be submitted as a PDF. You do not need to include contact details as these are included earlier in the application. Note that the reviewers mostly print in black and white – don't give your CV a strong background colour 'to help it stand out.' It's a nice idea in theory but in practice it may just become unreadable.

20 - External reference – Graduate Enterprise Fellowships only

The letter of support should be written by an external reference who knows you, your business proposition, and the innovation well enough to provide suitable commentary.

The letter should:

Include an explanation of how they know the applicant

Confirm that they have no personal interest in the application or proposal

Mention why they believe the applicant is suitable to lead a start-up, motivation, skills, experience, determination

Comment on the innovation, its commercial potential, and expected benefits to the wider public

Comment on the credibility of the business plan/model.

This is effectively a traditional job reference. One person may not be able to comment on all of the above, which is fine. If so, you can submit two letters that combined can cover all areas. In this case you should still submit a single PDF.

21 - Summary of the offer

The aim of this table is to give the reviewer a crude snapshot of the type of business you are aiming to establish. It should help focus your (and so the reviewers') mind on your overall intentions. Note, we do not have a preference, and it is fine to not know the answer – we appreciate that most applicants are in the early stages of their startup.

Type of offer

- Select the broad nature of the business opportunity, so is it a type of product, the licensing of IP, or sale of software as a service. If you are unsure at this time you can choose this option.

Type of technology

- What is the broad field your technology fits into?

Sector for application

- What is the anticipated application of your technology? If you think your technology has many applications, you can select the one that is most likely to be your first market.

Who are your clients

- Who are you going to sell your product/services to? If you have multiple clients, pick the main one.
 - OEM (original equipment manufacturer) if you are manufacturing your own products.
 - B2B (business to business) if you will sell to other businesses.
 - B2C (business to consumer) if you will sell directly to the consumer.
 - B2B2C (business to business to consumer) this combines B2B and B2C.
 - B2G (business to government) if you are selling to governments or government agencies.

Are you offering services?

- Are you planning to sell any services? This could be standalone service or in addition to a product you will be selling.

What is your business model?

- How will you make money? Some examples of types of business models could be:
 - Direct sales, Subscription, Software as a Service, Rental/lease, Razorblade / printer cartridge, Freemium, Advertising,

What is your primary sales channel?

- How will you reach your customers? Will you sell via distributors, or through direct sales?

What are your top three Unique selling points?

- You do not have to list three if one or two will suffice
- What is distinct about your proposition vs the competition
- Why should customers buy your product rather than someone else's
- Be sure to check that this is truly unique to you – listing an incorrect USP will demonstrate you are not aware of your competition

22 - The engineering behind the innovation

Please describe the engineering technology or innovation that will underpin the proposed business. You may wish to succinctly state the value proposition; what problem are you solving and for whom, how is your way better than others? To what extent has the technology been developed to address a customer need and/or the problem it solves? What development is required for the current and future markets identified? Are there any risks (in terms of the team and funding for example) behind the innovation?

23 - Regulatory approval – bioengineering applications only

If you selected the 'biomedical and biotechnology' subject area at the start of the application form then this question will be shown. For such innovations it is often essential to obtain regulatory approval before the product/service can be used, and securing such approval can be a very long (years) and difficult process, costing millions, hence the specific question to address it.

How far into the process are you? Where will the funding come from and has this been secured? What professional advice have you sought? Cite a comparable technology that has been recently brought to market successfully - how long did that process take and how much did it cost? If applicable, state why you believe your product/service is exempt from certification requirements.

24 - The market

Describe the following:

- The markets/market segments for this technology and technology benefits for them.
- Any market data and trends, including market size, and addressable market.
- Customer validation – how do you know this is truly wanted? Cover any purchases, discussions, feedback and surveys with potential customers. How many have you approached? Talking to customers is one of, if not the most, important activity any startup can undertake.
- Route to market, customer acquisition strategy, necessary partners.
- Market readiness - technology push or market pull, any relevant legislation or government policy that will encourage uptake.
- Existing and/or competing technologies.
- The competitive advantage(s) of this technology – any unique selling point.
- Market risks – there are always some. Identifying significant ones shows your awareness of the market, and is not a negative.

25 - Market validation/traction

What have you done already to validate the market? Do you know that a market exists for your technology and, if so, how do you know this? Have you done any market research, such as using market reports or conducting interviews with industry stakeholders? Have you made any sales or obtained letters of intent? How many of those that you approached showed an interest in the product? Note, we don't expect you to have made sales already, and the vast majority of applicants have not – however if you can demonstrate traction be sure to do so as it is one of the most convincing arguments you can make.

26 - Business model

This question is an opportunity to expand further on your answers provided in the table 'summary of the offer'. Who will make the product, why? Who will pay whom, and why? Do they buy the product, rent it, or pay for a service? How will you acquire and retain customers? How will the business scale effectively? How much will each aspect cost?

When will revenue begin?

What is the profit margin?

27 - Business model canvas

The business model canvas is a working document, used to describe, design, challenge and pivot your business model. It is a strategic management tool. You can download a copy of the canvas from the [strategyzer website](#). There are many guides online about how to complete it. If you have not already done so, completing one will help you to answer the rest of this application form, and should be one of the first tasks you undertake.

28 - Financial model

Describe your financial model, including cashflow projections, profit margin and what investment/funding you will need.

Even companies with the most brilliant ideas fail when they run out of money, so cashflow and profit margin are absolutely crucial. Consider what you would need to do to make £1 million profit – is this practical, if not you likely need a new idea / business model.

29 -Confirmed additional funding

Provide details of any additional funding that has been confirmed and will be provided by other partners and external sources in support of the project, such as host university, investment, crowdfunding, relevant grants.

30 - Project plan

The aim of this table is to provide an overview of the activities and milestones you plan to undertake and achieve in the Fellowship year and the years beyond. What will you be focusing on during each quarter and how will this help you to progress? What are the key milestones by which your progress can be measured? The intention of the programme is that you will be ready to raise funding by the end of the 12-month Fellowship.

Effective milestones are ones that indicate progress towards an end goal, not merely completion of a task. For example, 'proto-type available' is not an effective milestone, as you could fulfil such a milestone by creating a poor prototype, and so have not made actual progress. Instead use quantitative and qualitative milestones, such as 'prototype created that is 50% smaller than competitor.'

Note, this is not a research grant, so while your milestones may include research and development, you should be focusing on moving the business forward as a whole.

31 – Costs table + 32 – Costs details (explain 31)

Funding is for 12 months of financial support to enable the Enterprise Fellow to develop their innovation.

Researcher route - Recipients of these Enterprise Fellowships will be awarded £60,000 in total. Of this, £45,000 will go towards the Enterprise Fellow's salary costs. This budget can be allocated between any number of co-applicants, but they must be in academic positions and working on the award. Support staff and tech transfer officers are not eligible. If the net salary costs exceed £45,000 the remainder must be covered by other means, usually the host institution. Full economic costs (FEC) are not payable under this scheme. Research costs, administration costs or running costs of the host institution are not allowable. These cost allocations also apply to those who are applying as international PhD students via the researcher route.

Graduate route (UK recent graduates) - Recipients of the Graduate Enterprise Fellowships will be awarded £50,000 in total. Of this, £25,000 funding will be awarded as a cash prize in recognition of the Awardee's activities in achieving innovation in engineering, and their potential to further develop their innovation.

Graduate route (international final-year PhD students starting up in the UK) - recipients of these awards will receive £60,000 in total. Of this, £35,000 will be allocated as a personal award to be used towards the awardee's living costs for the year.

The above cost elements do not require explanation in the costs details question as this is allocated automatically by the Academy.

For both Fellowship types the remaining £25,000 (graduate route) or £15,000 (researcher route) is to be used in pursuit of the projects aims. Please complete the table to indicate how this portion of the funding will be used.

Allowable costs must all relate to the costs of developing the applicant's innovation and the business, and include:

- Travel, equipment, consultancy, project specific consumables, legal costs, accountancy costs, prototyping, product testing, marketing, advertising, trademarks, copyright, website, training, mentoring costs, attending conferences, seminars and mentoring activities directly related to the Enterprise Fellowship
- If funds are to be spent on patents, detail how/if this will affect the ownership of related IPR
- Any individual piece of equipment must have a value of less than £10,000
- The Academy will meet the travel and accommodation costs associated with attending Academy-run training days, so you do not need to include such costs in your figures.

Ineligible costs include:

- Salary, pension or anyone other than the applicant and eligible co-applicants
- Rent and utilities
- Manufacturing costs, other than prototypes.

Note: the Academy will cover reasonable travel and accommodation costs incurred attending our compulsory training days, so you do not need to include such costs.

33 - Equity distribution – graduate Enterprise Fellowships only

See 'Stakeholder summary' below.

Note one exception - the university/TTO will normally have a 0% stake, as these awards are for graduates starting up without a larger organisation supporting them. However sometimes a university may have a small stake, perhaps in return for lab access, which is acceptable as long as it is not a controlling/influencing stake, and they do not own the IPR. i.e. the proposal is very much for a startup company, and not a spin-out.

34 – Intellectual property rights - graduate Enterprise Fellowships only

What IPR exists and what is the status of any applications for legal protection/transfer/assignment? What are the plans for future protection. Include patents, copywrite, licences and royalty arrangements. We want to know where the control lies, and what capacity you have to prevent competitors from replicating your idea. Trade secret / know how is also a valid protection method, if chosen please discuss.

Technology transfer officer

35 - Why the TTO supports the application

Why do you believe this applicant is suitable to lead a spin-out, in terms of skills, experience, personality, drive and expertise? Why pursue this project as a spin-out, rather than through a licensing model? Why are you seeking support from the Enterprise Hub? Comment on the business model, and how you came to this decision. Why does the application fit with your overall strategy?

Spinning out is a long and hard process, we want to see that you are committed to the applicant and project.

36 - Past support the TTO has provided

What support has been provided by the technology transfer office to the applicant and project to date? What is the nature of this support?

Note there is no 'right' answer here, and the answers will be between either the applicant is a self-starter and hasn't needed your support, or you have been very much involved in planning and delivery.

37 – Ongoing and future support the TTO will provide

The applicant will need support to make this project a success – what will your help consist of? What support will be provided to the applicant and project during the Fellowship period and beyond, through to the spin-out becoming a self-sustaining SME? What is the nature of this support? Who will provide it? What time and resources are you committing, what experience do you bring.

38 - Existing Intellectual Property Rights (IPR)

What patents have been filed (and when) or are pending? Who owns the patents currently, and who will own them in future? What are the terms for assignment? What professional advice has been sought? If you believe no IPR is required, state your reasoning and explain how the innovation will be protected. If no agreement is yet in place, detail any discussions that are underway, the expected outcome, and anticipated timeline.

39 - Licensing and royalties

Provide details of all existing and proposed licencing arrangements of the relevant IPR and the impact this will have, including when/if the licence will lapse. What royalties are paid, to whom, by whom? Comment on how this will affect the proposed spin-out?

40 - Confirmation of applicant's role

Please confirm the role the applicant will play in the company. The applicant must have a leading role within the company so that they are able to make decisions on its development. Training is more beneficial and effective when there is a clear opportunity to put it into practice in the immediate future, which can only be achieved if they are in a leading role.

41 - Stakeholder summary

Summarise the (anticipated) equity distribution, the level of working time to be contributed by each party, and the status of any contract negotiations. If it is not already the case, assume all necessary IPR has been transferred to the company, and so the equity will not be altered by a future assignment of IPR. The purpose of this table is to provide clarity regarding the positions of all parties with an interest in the innovation, including who they are, what proportion of their working week they will dedicate to the project, and what equity stake they will receive. We want to know how much influence each party will have as the company progresses, and stating that you will 'look into that part later' is not an acceptable answer. You may not have finalised the plan, but you should at the very least know the starting point for negotiations already, as this element is too influential on chances for success to leave until later. We do not want awardees to spend too great a proportion of their time debating equity stakes, as this is not a productive use of the Fellowship.

There are no strict pre-defined expectations as to the equity split or involvement of the any interested parties, however **we do expect the university and TTO combined to not have greater than 50% stake, unless they have contributed additional private investment (i.e. grants do not count).**

You are reminded that this is a competitive application process, both to receive the Academy's funding and to be successful in future investment rounds, if that is the route the company wishes to take. There are over 500 accelerators in the UK, and thousands of startups and scale-ups seeking funding, creating an extremely competitive landscape. Investors will want to ensure key personnel are appropriately rewarded and motivated, and will avoid businesses where this is not the case. In our experience, significant university/TTO equity stakes can be off-putting to investors and demotivating to founders if the stake is not matched by significant continuing input of resources. Our aim is to ensure that the allocations are conducive of a successful project and are commensurate with the role each party is expected to play in the future development of the business.

Consider how much time, money, expertise each party has already contributed and will contribute to the proposition in future. What value will their continued involvement bring, to them and to the business. What level of risk is each party incurring? What is the ultimate source of any funding. How will their equity stake change over time as (if) more investment is received? What level of equity will be necessary to keep essential personnel appropriately motivated?

Note, some awardees bootstrap, this is perfectly acceptable and we don't have a preference as to your growth strategy.

Equity stake

State what percentage each party will own of the business. The table is split into broad categories, there may be more than one person in a category, but an individual should only ever be counted in one category. If an individual could be in two or more categories, include their share in whichever of the categories that is nearest to the top of the table. The total equity value must add up to 100%. You may wish to list the individuals in the notes section. Should existing IPR be necessary for the business to function, the figures provided here must be those that are expected at the point of assignment of the IPR. Until a business has all the necessary rights it is essentially worthless as it cannot act, so equity stakes prior to this point are of little value to the assessment process.

Applicant – this is the lead applicant, the one who will be leading the proposal.

Other founders – anyone else, other than the applicant, who is considered to be a founder i.e. owner of the business, heavily involved and key to its success.

Inventors/academics – Other parties who were involved in the research/idea generation, but are not taking a significant role in the development of the company. They are likely not going to be employed by the spin-out, or dedicate much of their working week to it, and will mostly serve in an advisory or technical capacity.

University/TTO – the university/technical transfer office that will host the Fellowship. They cannot have more than a 50% equity stake, unless they are committed to providing additional equity investment (private funding, not grants). (See graduate Enterprise Fellowships exception).

Investors – those who have put money towards the proposition in return for equity.

Options – shares that remain unallocated, to be purchased at future funding rounds, often reserved for existing parties.

Full Time Equivalent (FTE)

This will assess how much of their working week each party is dedicating to the project. The answer should be given as a percentage, whereby one person working full time is 100% FTE, two people working full time is 200% FTE, and so on. The applicant is expected to be dedicating all of their working time on the proposition, although they may be working part-time and dedicating the remaining time to, for example, caring responsibilities. As with equity split, the results are cumulative, so three people each working at 10% FTE will produce an answer of 30%. Note, by definition an individual can never work more than 100%, no matter the hours they work.

Contract status

Provide details of the status of any contract negotiations regarding ownership of the business. Such deals can take many months to negotiate, and create a lot of uncertainty, so we want to know how far along the process you are.

Co-Founders

Many applicants default to splitting the equity share equally between co-founders. While this is often appropriate, do consider how much time, effort and resources each party is contributing, both past and present, and also the financial and occupational risk each individual is taking in working on the project. An individual who is taking the risk of putting their career on hold to pursue this project should be rewarded more favourably than an individual who is taking little risk by staying in their current role and contributing as and when they can. Investors will want to see a dedicated team, and that all of the team members are appropriately rewarded in relation to the continuing value they bring.

42 - How the TTO decided upon this equity distribution

What factors were taken into consideration when negotiating the equity? Is the (proposed) equity split the standard terms of the university? If agreement has not yet been reached, that is perfectly fine, just provide estimates and briefly state your reasoning for the estimates. You should also state when negotiations first began and the anticipated completion date. If negotiations have not yet begun, we recommend that you start before submitting the application as the equity split and level of commitment are important indicators to all parties of the likelihood of success. We do not want awardees to spend the Fellowship period negotiating as that is not an effective use of time.

43 - What milestones must be met for the company to spin out?

What progress does the applicant need to show to obtain approval to spin out?

This may well be generic, as all propositions and institutions are different, but you will likely have some broad pre-conditions to spinout, e.g. £X investment raised, £Y customer order, reach TRL Z, number of customers spoken to, type and size of grant received. Be as specific as possible - 'get approval from the Commercialisation Committee' is a common answer, but a poor one - it is not specific enough, what must they show the Committee to get such approval? When does it meet?

Applicants will face many tasks competing for their attention, and this knowledge helps them to focus on what is important to progress. If they understand what you see as their goals they are more likely to prioritise them and so achieve them.

44 - When did you first discuss the spinout with the applicant?

We want to understand how long you have been involved in the plans for this spinout.

Head of Department

45 - The applicant

Why do you support the applicant – cover their skills, experience, leadership, entrepreneurial potential etc. How will the Fellowship help them to spin out? How do you see them interacting with the department in future? What personnel benefits do you expect to accrue to the department as a result?

46 - The project

Why do you support this proposal to spin out? How does this fit with the departmental strategy? How do you see the spin-out interacting with the department in future? What wider benefits do you anticipate for the department?

47 - Past support the department has provided

What support has been provided by the department to the applicant and project to date? What is the nature of this support?

48 - Ongoing and future support the department will provide

What support will be provided to the applicant and project during the Fellowship period and beyond, through to the spin-out becoming a self-sustaining SME? What is the nature of this support?

Suggested further reading

<i>The Founder's Dilemmas: Anticipating and Avoiding the Pitfalls That Can Sink a Startup</i>	Noam Wasserman
<i>The Four Steps to the Epiphany: Successful Strategies for Products That Win</i>	Steve Blank
<i>The Lean Startup: How Constant Innovation Creates Radically Successful Businesses</i>	Eric Reis
<i>The Business Model Navigator - 55 Models That Will Revolutionise Your Business</i>	Oliver Gassmann, Karoli Frankenberger, Michaela Csik
<i>Lean Analytics: Use Data to Build a Better Startup Faster</i>	Alistair Croll and Benjamin Yoskovitz
<i>The Mom Test: How to talk to customers & learn if your business is a good idea when everyone is lying to you</i>	Rob Fitzpatrick
<i>Getting to Yes: Negotiating an agreement without giving in</i> <i>Getting Past No: Negotiating With Difficult People</i>	Roger Fisher and William Ury
Lean startup	https://leanstartup.co/ http://www.startuplessonslearned.com/
Business models	https://www.youtube.com/user/businessmodelstv
Marketing data	https://insights.uk.barclays/ https://www.statista.com/
Funding	https://www.entrepreneur.com/article/312935 https://www.seedrs.com/learn/blog/types-of-funding-rounds-and-what-they-mean
Contents of a pitch deck	https://www.marsdd.com/mars-library/how-to-create-a-pitch-deck-for-investors/ https://www.youtube.com/watch?v=-M13SObffog