



Royal Academy
of Engineering

Enterprise
Hub

Enterprise Fellowships

Additional Guidance
July 2023

General advice (all applicants)

These fellowships aim to educate those with little prior experience of commercialisation, and as such their plans are a work in progress. The aim of this programme is to identify those who have potential, and to support them on their entrepreneurial journey. The following tips cover common issues we have encountered over the years, and not all will apply in every case.

Ambition – think big. Do your research as to what a typical company in your sector achieves. £1 million sounds like a lot of money to aim for, but a pub can easily have a turnover of £1 million in a year – we’re looking for applicants with grander, long-term ambitions.

Business model – don’t just say ‘I’ll be the ARM of sector X’ or emulate another popular business or business model. You need to convince us that you understand why that’s a suitable business model for you and how you will achieve it.

Competition – you almost certainly have some, even if you don’t think they are any good and are following outdated processes. They are your competition, acknowledge them, understand them, learn from them.

Customers – your customer’s opinion on your product is more powerful than yours. 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? If you need data, e.g. to train an AI, be sure to state where you will get it from. How is your data better than your competitors.

NDA – applications are confidential, but not under a non-disclosure agreement (NDA). We cannot expect each sift panel member to sign a hundred NDAs, as this would incur unsustainable legal costs. We recommend including enough information that proves your solution works and is an engineering innovation/invention.

Price – if your product is much cheaper to make than the competition, and better at the task, you don’t have to sell it for less to secure customers. If it truly is better you could instead charge more. This is a business proposition, not a charity, profit margin is crucial - what is the typical margin for your sector?

Raising – don’t say you plan to raise investment unless you have a plan for how to use the money.

Social enterprises – being a charity ourselves naturally we are positive about enterprises that benefit society. However, even social enterprises need to make a profit to survive, as only then can you survive long enough to deliver the social benefit. A social enterprise that grows through healthy profit margins will deliver more societal benefit than one that struggles on tight margins and relies on charities and NGOs to fund it.

Teams – We do allow teams to apply, but you must have a lead applicant. A good team is essential to a startup, and many investors will not even consider solo founders. Note that we still allow solo founders, but you must expect to create a team, and we do allow team members to attend the training when the lead applicant cannot.

Guidance on use of AI (all applicants)

Taking Responsibility for Content: Applicants are fully responsible for all the content presented in their grant applications. The grant process does not penalise the use of generative AI tools, but it is imperative to ensure that the application reflects the applicant's own voice^[1] and ideas.

Rigorous Approach: Applicants should exercise caution when using generative AI tools to avoid the inclusion of 'hallucinated' references or factual errors. These often become more common when up to date content on a very specific topic is required, which is typical for most of our application areas. Such inaccuracies will be perceived as indications of a lack of rigor and will negatively impact the assessment of the application.

Partial Use of AI Tools: It is not acceptable to solely rely on generative AI tools to write the entire grant application from start to finish. While these tools may be used to assist in various aspects, the application must primarily represent the applicant's own work.

Plagiarism Considerations: Applicants should be aware that the output generated by some AI tools may utilize ideas from other human authors without proper referencing. As this is considered a form of plagiarism, it is essential to ensure that all sources are appropriately attributed.

Proper Acknowledgement of AI Usage: Applicants must provide clear acknowledgement if they have used generative AI tools in the process of writing their grant applications. This includes disclosing the name of the tool used and describing how it was utilized. The following style should be employed for referencing^[2]:

I acknowledge the use of [insert AI system(s), version number and link] to generate materials for background research, styling, proofreading, etc.

I acknowledge the use of [insert AI system(s), version number and link] to generate materials that were included within my final assessment in modified form.

Applicant declaration within GMS: These will standardly include explicit statements that the ideas presented are the applicant's own and not plagiarised or containing intellectual property they do not have rights to use, and that all contributions have been appropriately referenced or credited including the use of any machine intelligence tools used in developing the application. An inaccurate declaration will be grounds for immediate rejection of the application and potentially exclusion of the applicant and their organisation from future opportunities. (Please see paragraph 3, guidelines for Assessors.)

^[1] For applicants whose first language is not English, machine translation may be used, but care should still be taken to ensure the accuracy of this translation, especially for technical vocabulary.

^[2] If the applicant's home institution has an alternative preferred style, they should in general use the Academy's or seek permission in advance for variation.

General advice – Spinouts only

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 useful advice. They should be your first stop to get help – In the last 4 rounds of applications every single successful application has been in touch with their TTO for at least 3 months prior to submitting the application, indicating they took the time to seek out their advice and learn from them, rather than submitting last minute with relatively little input.

FEC – this grant does not follow full economic costs (FEC) model. We don’t fund the university estates and indirect costs, and the salary element may not be enough to cover the full costs of senior academics. As the university is a primary beneficiary of the grant (for spinout type applications) we expect the university to cover such costs as evidence of their commitment to the project. This is their ‘skin in the game.’

Feedback – We analysed the reasons why previous applications were rejected and grouped them into the below themes.

Reason for Rejection	%	What can you do?
Poor equity/FTE arrangements	48%	Prioritise rewarding future contribution. Generally, low FTE individuals should rarely have high stake.
Tech too Early / lacks detail	43%	Product development is fine, but not pure research. The team does the research, you develop the business.
No clear market need / customer engagement	39%	Talk to more customers, understanding their needs is crucial. Seek an ICURE grant.
Lacks commercial accumen	30%	Learn about commercialisation. Most applicants have minimal commercial experience, but the good ones have learnt the basics already.
IPR - lacking, situation unclear, unprotectable	30%	We need evidence that you know how to protect your idea from being copied.
Small Market / not investable / Social Enterprise	22%	It needs to be ambitious, scalable and profit focussed.
Poor business model	17%	Ensure you have some evidence for your chosen model.

Stage one application questions

Q3 - What is your big idea?

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

Q4 - What problem are you solving?

Who has this problem and how do they currently solve it. What is the scale of this problem (people,/instances/£) and how urgent is it that someone addresses it? What will be the impact on them and others of the problem being solved? This question asks 'why should I care' enough about this to give you money?

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 heavily on personal knowledge. There is nothing wrong with such businesses, they are just not what this programme is targeted at. We expect to see scalable business propositions – i.e. ones that can grow large.

Q5 - What is your solution to this problem?

Keep it simple. Avoid jargon and technical terms – explain it so someone outside of your technical area could understand you. What are the benefits and for whom?

Q6 - How is your solution better than current methods?

Why is your solution better than what's available already? Consider this from the end-user's perspective, not the purely technical perspective – so does your innovation improve an aspect the customer cares about. For example, a fast car is of little use if the speed limit is 5mph.

Does it have features that others do not? Is it faster, smaller, more reliable, more efficient? Why would someone buy your solution and not someone else's, or simply stick with what they have now – not everyone wants to learn how to use a new product? To be truly disruptive to a market it's generally said that you need to be 10 times 'better' than the existing solution. Are you better in a way that matters to the customer, and can you prove it?

Q7 – What is 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 £500 million then would an investor consider it worth pursuing? You will never corner 100% of the market, and most of it will be lost in costs and taxes. Which segment will you target first and why? Is the market fast moving or conservative? Who are your competitors? Everyone has competition, even if your competition is the status quo or a manual process. If you don't acknowledge the competition you will look naive.

Q8 - Q14 -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 application questions

Q4 - What is the broad subject area of the proposal?

Select the option from the drop-down list that most closely fits with your proposal. This is for admin purposes only, and is not a review criteria.

Q6 - Summary of the status of the business

This table gives the reviewer a snapshot of the current status of your project, and sets 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? This indicates to your exit plans, commitment, pace.

Has the business been incorporated?

Both Yes and No are fine, so we want to know if the company exists legally, or in name only. 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 TRL 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 from the Hub. If you are not at TRL four yet please continue with your research and consider applying at a later date. For more information on TRL see [here](#).

Grant funding raised to date

Confirmed funding only. This **excludes** grants for conducting basic research. Only include 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. You must have received less than £500K – if you have received more than this then congratulations, you don't need our support. Consider applying to our sister programme, the Shott Scale Up Accelerator.

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

This is a test of your understanding of how expensive it will be to get your product to market, and indicates as to whether you understand the complexities of starting a business. Many applicants underestimate this figure. Estimate the amount of investment 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.

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. There is little point in us teaching you skills right now if you will not be using them for many years, so if you are further off from market than three years your time would be better spent on more research. Many applicants underestimate this figure, seek advice and research other startups in your sector.

Q8 – Justification of Technology Readiness Level

Justify why you believe you are at the TRL stated and how you can demonstrate you've reached this level.

Q9 and Q10 – please see notes for Stage 1 application

Q11 - Pitch deck and technology diagram

Upload a short pitch deck giving an overview of your technology and company. There is an example [template available on our website](#), or you can upload your own. Use photos, images and diagrams where you can to illustrate how your product works, your route to market and 5 year plan etc. 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.

Additionally, include a slide illustrating the technology behind your innovation, or if your product is software, your value chain, so that the reviewing panel has a good indication of how it works and what is innovative about it. Please also see Q22 in the application for further details. You may want to include a business model canvas as a part of your 10 slides.

Do not include more than 11 slides – we will either remove unnecessary slides at our discretion or return it to you for editing.

Q12 - 'Elevator pitch' video

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 outside of their comfort zone, and this makes you do something you probably haven't done before, and so tests your commitment to making this award happen.

The video should last about two minutes, and be up to five minutes long. Overly long videos will be rejected; keep it short and snappy. Give an overview of your technology, business proposition, the value proposition, your background, and why you want the award. You can base it on your pitch deck provided in Q10 if you wish. 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 communication skills, which every entrepreneur needs. 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 explain it back to you in their own words then you need to make your explanation clearer. It's not the viewer's job to understand you, it's your job to make it clear.

The quality of the video itself is not being judged, just the content. Most people use a phone. Minimise visual and audio distractions so that the viewer focuses entirely on you and not on what is going on in the background.

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. Do not require the video to be downloaded.

DO	DO NOT
Be in the video, this application is about you.	Have someone else pitch on your behalf.
Be enthusiastic – tell us why you want the award.	Have background noise or music, it can be a distraction.
Give an overview of your business plan and explain why we should want to support it.	Just talk over your pitchdeck slides. We have the slides already in the application, give us new information.
Show the problem itself, and preferably the technology working to solve the problem.	Use a video created for another purpose. The video should be for this specific grant. You may draw on previous video footage.
Make it around 2 minutes long	Exceed 5 minutes.

Q13a – Progress since your previous application

If this is a re-application, clearly demonstrate what progress you have made since your previous application. Show that you acted upon the feedback we gave you last time.

Q13b – How has your plan changed so far?

A good entrepreneur will change their plans if feedback indicates they need to. If this is your first application, demonstrate your willingness to learn from others and adapt your plan accordingly – if you have needed to pivot to date, articulate when, for what reason and in what way.

Q14a - Participating institution details

Applicants who are researchers should provide details for at least two contact points at the host research institute or university, being the Head of Department, and someone from the commercialisation/enterprise/Tech Transfer office. Applicants who are recent graduates and are not spinning out of a parent organisation should provide their company or home address as appropriate.

Q16 - 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 is 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? If this is a career change for you – why do you want it?

Q17 – What motivates you to apply to the programme?

There are literally hundreds of accelerator programmes in the UK - why are you applying to this specific one. What do you think it provides that others don't. Who have you spoken to about it. Show you understand what we do.

Q18 – What role do you see yourself playing in regards to the company in three years time, and why?

What is your ambition? Do you have the ambition to drive the business in three years time?

Q19 - Collaborations

List any external organisations that 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.

Q20 - Team

Outline who will be involved in the business and how, including yourself 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? A good team will have a broad range of experience - if this process shows you lack certain skills be prepared to explain how you will resolve this if invited to interview. You can apply as a sole founder.

Q21 – CVs and bios

Upload your CV and bios for each co-founder and C-suite staff. Upload as a single PDF. Bios should emphasise experience that is most relevant to commercialisation and the technology concerned.

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. 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' as that can make it hard to read.

Q18 - Diversity and inclusion

Companies with diverse boards and staff have been shown to be more successful than those that 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. Answer to this question are typically quite generic, so this is a chance to stand out.

Q19 - 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 your suitability for 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.

Q20 - Mentoring

Let us know what you would like to gain from the mentoring component of the award, should you be successful.

What would your objectives on the personal and business level be? Would you like to work as a mentor with any Academy Fellow in particular? An incomplete list of Hub mentors is [here](#), but don't just consider them, you can also search through all Academy Fellows [here](#).

Q21 - External references – 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 startup, and their motivation, skills, experience, and 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 the above, which is fine. If so, you can submit two letters that combine to cover all areas. In this case you should still submit a single PDF.

Q22 - 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? How is this method traditionally described? 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 two top unique selling points?

- Identifying your USPs is one of the first activities an entrepreneur should do. Be sure to check that this is truly unique to your innovation – listing an incorrect USP will demonstrate you are not aware of your competition or don't understand what a USP is.
- What is distinct about your proposition vs the competition? Be specific, don't say 'we are faster' but say 'we are 5x faster' for example.
- Why should customers buy your product rather than someone else's?

Q23 - The engineering behind the innovation

This is the longest question in the application, and one of the most frequently criticised by reviewers.

Describe the engineering technology or innovation that will underpin the proposed business. You may wish to 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? What differentiates the technology from others? Are there any risks (in terms of the team and funding for example) behind the innovation? Be as clear and succinct as possible, help the reviewers understand what is innovative about your product. Provide a slide with a diagram explaining the technology as a part of your pitch deck (Q10). If your technology is software based, illustrate the value chain.

Q24 - Regulatory approval

For many 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), expensive (£ millions) and difficult process. How far into the process are you? Where will the funding come from and has this been secured? What professional advice have you sought? Are you sure it is correct – many previous medtech applicants seem to have received poor advice. Provide a detailed plan of how you are planning to become fully licenced. 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.

Q25 - 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, or market research reports you have commissioned or seen.
- What is your 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.

Q26 - Market validation/traction

What have you done to validate the market – i.e. how do you know this is truly wanted?

Talking to customers is arguably the most important activity any startup can undertake. Show that you have done this.

Cover any purchases, discussions, feedback, and surveys with potential customers. How many have you approached? Over what time period? Have you made any sales or obtained letters of intent? How many of those that you approached showed an interest in the product? How many people sought you out. How much time/effort have you put into advertising. 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. Showing you have received interest despite minimal marketing can be good evidence of market pull.

Q27 - 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 and 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? Show you have done some basic research into what is likely to work for this type of innovation, and that it will lead to a viable, profitable company.

Q28 - 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.

Q29 - 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.

Q30 - 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, 'prototype available' is not an effective milestone, as you could fulfil such a milestone by creating a poor prototype and so have not made significant 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 progressing the business generally, not just the technology specifically.

Q31 - Costs table + Q32 - Costs details (explain 32)

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 £75,000 in total. Of this, £60,000 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 £60,000 the remainder must be covered by other means, usually the host institution. 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 Graduate Enterprise Fellowships will be awarded £50,000 in total. Of this, £15,000 funding is allocated by the Academy as salary funding.

Graduate route (international final-year PhD students starting up in the UK) – recipients of these awards will receive £75,000 in total. Of this, £60,000 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 all fellowship types the £15,000 is to be used in pursuit of the project's 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 (up to £3k); accountancy costs; prototyping; product testing; marketing; advertising; trademarks; copyright; website; training; mentoring costs; attending conferences and seminars; and mentoring activities directly related to the Enterprise Fellowship
- if funds are to be spent on patents, detail of how/if this will affect the ownership of related IPR
- that 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 or pension of anyone other than the applicant and eligible co-applicants
- rent and utilities
- manufacturing costs, other than prototypes.

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

Q33 - Equity distribution – Graduate Enterprise Fellowships only

See 'stakeholder summary' section 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 intellectual property rights (IPR). This application type is very much for a startup company and not a spinout.

Q34 - What role do you see yourself playing in the company in three years and why?

We want to see what your ambitions are. To be eligible for the award you must be either a CEO or COO and we want to see how committed you are to leading the company in either of the roles beyond the duration of the award.

Academic applicants should note that since this programme began 80% of awards have ended up leaving the university's employment, either to work in the spinout itself, or to work in the entrepreneurship ecosystem generally. While this is not our preference, and it is perfectly fine to want to return to research post spinout, note that we do see this as a multi-year commitment rather than a 12 month Fellowship, and we expect applicants to understand that this project will require at least 3 years solid commitment from them, rather than do it for 12 months then hand over to someone else.

Q35 - Intellectual property rights – Graduate Enterprise Fellowships only

What IPR exists and what is the status of any applications for legal protection/transfer/licence/assignment? What are the plans for future protection? Include patents, copyright, 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 secrets/know how is also a valid protection method, if chosen please discuss.

Technology Transfer Office

Q36 - 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 understand how and why you are committed to this specific applicant and project.

Q37 - Past support the TTO has provided

What support has the TTO provided to the applicant and project to date? What is the nature of this support? Note that there is no 'right' answer here, and the answers will range from the applicant being a self-starter who hasn't needed your support, or you have been very much involved in planning and delivery from the outset.

Q38 - 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?

Q39 - Existing 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/licence? 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.

Q40 – Licencing and royalties

Provide details of all existing, proposed and most likely licensing and royalty arrangements of the relevant IP, and the impact this will have.

Q41 - Stakeholder summary

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 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/licencing 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.**

We understand the stakes may not be agreed at this time, but this is such an important factor in a company's success that we want to know at this stage roughly what the likely outcomes are.

If you want to indicate a range that the stakes may fall within, do so in the notes section.

The lead applicant must have the highest stake of any individuals involved.

The university may have a maximum of 50%, unless it can demonstrate it is providing additional private investment, e.g. through their own investment fund.

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 might be sensible, 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 **future** value they bring.

Q42 - 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? How much advice did you give the founding team on how they split it between them. 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 – give us confidence that the process will move quickly when the time is right.

Q43 - 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, for example £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 as it does not really tell us anything. What must they show the committee to get such approval? When does it meet? Who decides when it is submitted.

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 milestones must be met they are more likely to prioritise them.

Q44 - 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. Have you been working with them for many years, or only just heard about this? The application guidance does repeatedly advise them to contact you early.

Head of Department

Q45 - Comments in support of the applicant and project

Please consider the following:

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

Suggested further reading

The Founder's Dilemmas: Anticipating and Avoiding the Pitfalls That Can Sink a Startup

Noam Wasserman

The Four Steps to the Epiphany: Successful Strategies for Products That Win

Steve Blank

The Lean Startup: How Constant Innovation Creates Radically Successful Businesses

Eric Reis

The Business Model Navigator – 55 Models That Will Revolutionise Your Business

Oliver Gassmann, Karoli Frankenberger, Michaela Csik

Lean Analytics: Use Data to Build a Better Startup Faster

Alistair Croll and Benjamin Yoskovitz

The Mom Test: How to talk to customers & learn if your business is a good idea when everyone is lying to you

Rob Fitzpatrick

Getting to Yes: Negotiating an agreement without giving in

Roger Fisher and William Ury

Getting Past No: Negotiating With Difficult People

Lean startup	The lean startup blog Lean startup inspired blogs
Business models	Videos on understanding business models 50 example business models
Marketing data	Stats on many things List of nine free market research tools
Funding	Types of funding and what they mean Are you ready to raise article
Contents of a pitch deck	Advice on pitch decks The 10:20:30 rule