FOR ASPIRING TECHNOLOGY
AND LIFE SCIENCE ENTREPRENEURS
# FastTrac® TechVenture™ FACILITATOR MANUAL

FOR ASPIRING TECHNOLOGY AND LIFE SCIENCE ENTREPRENEURS

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About Kauffman FastTrac®

Kauffman FastTrac, a not-for-profit educational organization, is the leading provider of learning curricula that equip aspiring and existing entrepreneurs with the business skills and insights, tools, resources, and networks to start and grow successful businesses. Kauffman FastTrac was created by the Ewing Marion Kauffman Foundation, the largest foundation in the United States devoted to entrepreneurship. For more information about Kauffman FastTrac, visit fasttrac.org or follow us on Twitter @fasttrac.
On a bitterly cold day in January 1993, Ewing Marion Kauffman scheduled to launch a new program for entrepreneurs called FastTrac®. Kauffman was legendary in Kansas City because his company, Marion Merrell Dow, provided more than 3,000 high-paying jobs, he was the owner of the Kansas City Royals baseball team, and through his foundation, he helped families in disadvantaged areas get an education – even paying for college for many.

On that same morning, however, nature decided to dump on Kansas City one of the worst snowstorms in its history. Kauffman’s staff debated whether to cancel the event, since people were being asked to stay off the roads, and Kauffman was extremely ill. He wanted to hold the event just in case someone did go to the trouble to get there. That day, 900 people showed up. Yes, some came because it was sponsored by “Mr. K” as he was affectionately called; but most came because they had a hunger to learn how to start and grow a business. They wanted to invest in themselves even if that meant braving the storm.

That Kansas City FastTrac® kickoff was one of the last public appearances for Kauffman, who passed away later that year at the age of 76. He was grateful for the opportunity to build a company and to share his abundance with others. He loved entrepreneurs and all they stood for – self-reliance, innovation, hard work, and providing good paying jobs and benefits. He was proud that his foundation was championing entrepreneurship.

The Ewing Marion Kauffman Foundation is proud to have played some small part in the decision-making process, skill development, and network building of hundreds of thousands of people engaged in the entrepreneurial process.
The Story of Ewing Marion Kauffman

The late entrepreneur and philanthropist Ewing Kauffman established the Ewing Marion Kauffman Foundation as the first foundation to focus on entrepreneurship as one of its primary areas of interest.

There is more to Ewing Kauffman’s beneficence than his fortune. He had an instinct for the future. He understood how to bring organizations to life to be productive and vital. Above all, he had a zest for life and a social awareness that was grounded in his belief in people. The Kauffman Foundation of Kansas City develops and advances innovative ideas that set the groundwork for institutional change, advance entrepreneurship, and improve the academic achievement of children and youth.

One of America’s most successful entrepreneurs, Kauffman was born on a farm in Garden City, Mo., in 1916. His family moved to Kansas City when he was a boy. He started his business in 1950 from modest beginnings. Working out of the basement of his Kansas City home, he built Marion Laboratories into a billion-dollar pharmaceutical giant. Kauffman set a high standard for his associates, inspiring them to work hard, and promising to share the rewards of the company’s success with those that produced.

Kauffman established the Kansas City Royals, bringing major league baseball back to Kansas City. He hired mavericks and encouraged them to bring new thinking to transform the hidebound culture of the baseball establishment. Following their owner’s unconventional path, the Royals built a model baseball franchise, developing talented young players into major league stars.

Ewing Kauffman’s Royals were perennial playoff contenders, winning six division championships, two American League pennants and a world championship.

With his business succeeding beyond his wildest dreams, Kauffman turned his vigor, intellect, and wealth to a new style of philanthropy. He lost patience with charity work that never seemed to attack the core problem it sought to remedy. He wanted to dig deep and get at the roots of issues rather than talk about addressing the symptoms. Undaunted by the size of the challenge or the lack of resources, Kauffman encouraged his staff to become immersed in research, consult with the best minds, and devise bold approaches to address complex social problems. He told friends he was having more fun giving money away than he had earning it. He told associates he expected his foundation to be exemplary.

An epitome of American entrepreneurship, Kauffman saw business enterprise as one of the most effective ways to unleash human potential and stir the economy to life. He viewed entrepreneurship as the most powerful strategy to help individuals gain economic independence and serve as a catalyst for creating jobs and wealth in society.

Today the Kauffman Foundation is devoted to advancing entrepreneurship as one of the fundamental aspects of life in the United States. Focusing on research, education, technical assistance, and policy, we work to increase the number and success rate of individuals engaged in the process of starting or growing their own business or idea. We work with partners to design programs based on the proven principles, techniques, and leadership tactics that make starting and growing a business a more common choice for Americans of all walks of life.

To that end, the Kauffman Foundation’s FastTrac programs are part of a wide range of learning resources developed by and with hundreds of successful entrepreneurs who have shared their knowledge, insights, and stories so that others might learn from them. It is hoped that all entrepreneurs will find them useful as they work to write their own entrepreneurial success stories.

For more information on FastTrac, the nation’s leading, award-winning business training program for entrepreneurs, go to fasttrac.org or call 800.689.1740. For more information about the Kauffman Foundation and entrepreneurship, go to entrepreneurship.org, kauffman.org, or call 800.489.4900.
Program Overview

FastTrac® TechVenture™, a program of the Kauffman Foundation of Kansas City, strives to connect entrepreneurs to the best resources available to help their business succeed. Through a series of educational experiences, products, and services, FastTrac® provides comprehensive training in all aspects of starting and growing a business.

FastTrac® TechVenture™ is a program designed specifically for entrepreneurs in the fields of technology or life sciences. It focuses on the specific needs of these entrepreneurs, whose business ideas are based on:

- Developing and marketing technology.
- Developing technology that enables creation or enhancement of a non-technology business.
- Developing biotechnology and life sciences products or services.

Primary Objective

The primary objective of this program is to guide entrepreneurs as they develop a business concept and learn to express it through an Elevator Pitch, a Business Plan, and an Investor Presentation. These varied expressions of their business concept share one goal: to allow entrepreneurs to acquire the funding necessary to launch or grow their business.
The FastTrac® TechVenture™ Entrepreneur

A typical participant in this program is a high-tech or life science entrepreneur seeking to start or grow a sustainable high-impact company. This program assists the following types of entrepreneurs and potential entrepreneurs:

- Innovators who need to assess the commercial feasibility of a technology or life-science product or service and want to learn how to turn a proprietary idea into a business.
- Entrepreneurs starting a company who need to define their concept and refine the markets for their business.
- Entrepreneurs with an existing business who need to create a business plan in order to secure funding from investors.
- Companies with large capital requirements who need to perfect their investor presentation in order to raise equity capital to fund the company’s growth.

The following are key attributes associated with typical participants in this program:

- Most have advanced degrees or multiple years of technical work experience.
- Many are from academic backgrounds and are used to lectures and advanced technical information, but have little experience in business.
- They want the most information they can get in the least amount of time. They want to learn quickly, read additional information, and then move on.
- Most entrepreneurs start companies based on market needs for existing products or services. However, technology and life sciences entrepreneurs often base their ventures on technology or science that causes dramatic change in a market.
- Their love of their technology is paramount. Many of them have difficulty understanding that technology is not a product or service, and that buyers won’t magically appear just because of the technology.
- They typically do not want to build a lifestyle company. Their motto is, “Build it, grow it, and sell it as quickly as possible.”
- The most difficult message to deliver to them is that the technology by itself doesn’t constitute a company. They must develop a strong team, acquire capital, understand the market, and attract customers to succeed.

Program Design

The program is comprised of ten modules, each one addressing the topic of the corresponding module in the Entrepreneur Manual. There is also an optional module that is not included in the Entrepreneur Manual.

The first four modules make up the Concept Analysis section of the program, and modules five through ten comprise the Business Planning section. By the time they complete the Concept Analysis modules, the entrepreneurs typically have made a go, no-go decision about their business concept.

The optional module provides an additional opportunity for entrepreneurs to refine and practice their Investor Presentation. It may also include a culminating event to celebrate the accomplishments the entrepreneurs have achieved throughout the FastTrac® TechVenture™ program.

There are many references and advice on better understanding customers through the generation of a business model canvas. This lean approach is beneficial and is an excellent way to visualize the firm’s value proposition. Entrepreneurs will also plan their business by through the use of traditional business planning methods. This dual
approach allows the entrepreneurs to be adequately prepared upon completion of the FastTrac® TechVenture™ course.

**Facilitator’s Role**

**Relative to the Entrepreneur**

Your primary roles as facilitator are to create and maintain a safe and challenging learning environment and to stimulate dialogue that enhances each entrepreneur's practical knowledge base and ability to succeed with their ventures.

During a typical session, you will use facilitation techniques to stimulate discussion of information about the module's topic, introduce the guest speaker (who is responsible for the primary content of the session), and participate as a coach for a subset of entrepreneurs in the program.

**Relative to the Coach**

You are responsible for providing the coaches with the materials they will need to be effective in their role. This includes making sure that each of them has:

- A copy of either the Facilitator Manual or the Coaching Session pages from each module.
- Access to the FastTrac® TechVenture™ Toolkit.

It is suggested that you meet with the coaches prior to the first program session. This gives you the opportunity to create a team, share materials for the program, tell them your expectations, discuss how to handle reviewing participants’ assignments, and answer any questions they have about the program. For those coaches that have not been through the program themselves, this is a good time to work through some of the tools together.

**Relative to the Guest Speaker**

You may be responsible for securing guest speakers throughout the program. If so, refer to the topic Securing Guest Speakers in this Program Overview for specifics.

During guest speakers’ presentations, you will be expected to monitor time very closely, promote questions from the entrepreneurs, suggest when to take conversations off line, and help initiate the guest speakers’ involvement in the networking breaks.

**Relative to the Guest Coaches**

You may also be responsible for securing guest coaches for the Workshop on Financials that takes place in conjunction with Module 8: Protecting the Business and Your Intellectual Property. Specifics on this are included in Module 8 in the Facilitator Manual.

**Business Coaching Sessions**

A significant portion of each session is devoted to business coaching sessions during which entrepreneurs meet in small groups with a business coach. Each group addresses issues specific to their business concept, marketplace, or personal or professional goals. Frequently this session functions as a workshop on the topics addressed in the current module.

Coaches act as mentors and as reviewers for participants’ work on Action Step assignments. They may also become part of the entrepreneurs’ network both during and after the program.

It is highly suggested that entrepreneurs practice their Elevator Pitch during each program session. If they have not done so with the full group, they should be encouraged to do so during the coaching session.
Guest Speakers’ Role

Guest speakers are experts in the topics they address. They have had experience in or with entrepreneurial businesses, so they can communicate with participants in a practical and realistic fashion. Their participation in the program also expands the participating entrepreneurs’ network in the local entrepreneurial community.

Entrepreneurs typically rate the guest speakers as a highly valuable feature of this program. For this reason, you may choose to bring in guest speakers for the Facilitated Discussion, as well as for the designated Guest Speaker period. Remember:

- All guest speakers should be encouraged to bring lists or copies of books, articles, and tools they think will help the entrepreneurs understand their particular topic.
- All guest speakers should be encouraged to bring their experiences and stories to the topic to make it their own. “Lessons learned” type talks are an excellent way to connect directly to the entrepreneurs.
- Speakers should hail from the local entrepreneurial community to help build the entrepreneurs’ network and to ensure that they deliver relevant advice for the market in which they are speaking.

FastTrac® TechVenture™ Toolkit

In support of the Entrepreneur Manual, FastTrac® TechVenture™ is rich with online tools and resources that participants can use and even customize for their situation. Each entrepreneur will have access to a website that contains an abundance of templates, assessments, action files, guidelines, and sample documents.

To access the toolkit:

- Log onto fasttrac.org/resources.
- Once there, choose the toolkit for FastTrac® TechVenture™.
- The toolkit is organized into tabs down the left side of the screen. Each category of tool is represented by a tab: Templates and Glossary, Assessments, Action Files, Guidelines and Sample Documents, and Case Study. Browse through to see the specific tools that entrepreneurs will use. Note: Appendix 3 in the Entrepreneur Manual lists all tools available in the program. They are categorized the same way as in the online toolkit, and each one is described, including a reference to the particular module to which each tool pertains or in which it is first introduced.
- Another tab in the toolkit is for the Facilitator Toolkit. Click this tab to access electronic copies of materials that will be helpful in performing your role as facilitator. These include Guest Speaker Confirmation Forms (specific to each module), the Worksheet for Securing a Guest Speaker, the Activity Log: Confirming, Coaching, and Thanking Guest Speakers, and the Session Debrief form. Hard copies of all these forms are included in this Facilitator Manual. Slides for each module are also provided in the toolkit.

Financial Templates

Two Financial Templates are provided, each of which will save hours of time in producing projected financial statements for a business plan. As the user answers questions and enters data, both templates automatically prepare financial statements. The templates are titled 3-Year FastTrac® TechVenture™ Financial Template and 6-Year FastTrac® TechVenture™ Financial Template.

One of your challenges as facilitator is to help your participants decide which template will serve them best. The templates differ in some fundamental ways, the first and most obvious
being the number of years projected. They each offer different advantages in the projecting process. After reading through the template information, it will be highly beneficial to spend some time playing with each template to familiarize yourself with how they work. What follows is a table comparing the two templates and a brief summary of what each contains.

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<td>Automatic average/principal and interest payments static</td>
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**3-Year FastTrac® TechVenture™ Financial Template**

In this template, most entries are made manually for each month over the three year forecast period. While this can be tedious, it also allows the user to forecast sales and costs according to any method that makes sense for that particular business. It also allows for detailed cash budgeting over the three years and is particularly useful for businesses with seasonal or industry revenue fluctuations.

In some ways, although it requires more entries, it is a simpler template. The instructions are embedded and many of the worksheets lead the business owner through a series of questions designed to minimize errors.

**Reports Generated**

- Annual Snapshot (to be included in body of Business Plan)
- Cash Flow Projections (monthly for 3 years, included in appendix)
- Income Statement Projections (monthly and annual, included in appendix)
- Balance Sheet Projections (annual, included in appendix)
- Ratio Analysis (annual, included in appendix)

**Worksheets** (data entry) (annual and year-end totals) (some may be included in appendix of Business Plan to show details):

- Set-up or Start-up
- Sales
- Headcount
- Inventory
- Operating Expenses
- Capital Budget
- Equity and Debt
- Amortization Schedule
6-Year FastTrac® TechVenture™ Financial Template
This template requires fewer manual entries and projects further out. This is an obvious advantage for the Technical Business that may not see profit for several years and wants to show future rounds of financing as the technology progresses.

In order to use this template, the user will forecast what percentage of the total market will be captured and the per unit direct costs for each product or service. Changing basic assumptions is easier with this template, as it does not require changing monthly entries for every year projected.

That said, this template will not produce as precise a cash flow projection as most items will be averaged over four quarters, not allowing for seasonal fluctuations. This will be of more or less importance depending on the industry and the amount of fluctuation expected – year-end results are not affected by this constraint.

This template produces more reports/worksheets than the 3-year template with data broken out in various ways.

Reports Generated
- Annual Snapshot (included in body of Business Plan)
  (remaining reports/worksheets can be included in appendix of Business Plan as needed)
- Quarterly Snapshot
- Cash Flow (quarterly and annual)
- Income Statement (quarterly and annual)
- Balance Sheet (quarterly and annual)
- Quick Summary (annual)
- Comparables (optional worksheet/report to compare company with competitors)
- Valuation (optional worksheet/report)

Expense Details (quarterly and annual)
- Admin/Sales/Marketing
- Research & Development
- Marketing
- Allocated Expenses

Worksheets/Reports (data entry) (quarterly and annual)
- Beginning Balance Sheet (existing businesses)
- Base Assumptions
- Total Available Market (revenue projections)
- Staffing Inputs
- Intellectual Property
- Capital Budget

Other Reports
- Direct costs
- Revenue

It is important to understand that the two templates will not project the same business in precisely the same way. The resulting financial statements/reports will vary by some degree but should be in the same ballpark. Some participants may find it helpful to start with the 3-year template and move to the 6-year template as they become more familiar with their numbers and the industry. Note: The 3-year template can be a way to ascertain some of the percentages needed for the 6-year template.
The Business Plan Template

The Business Plan Template is a tool that guides the entrepreneurs through the details of writing a clear and comprehensive plan for their business. This template helps entrepreneurs formulate and develop their business concept, and also helps them present their business to potential investors.

Throughout this program, entrepreneurs will work on each section of the business plan, although this work will not be done in the same order in which the sections appear in the template. Entrepreneurs will be directed to update and refine various sections at several points along the way.

One of the responsibilities of both the facilitator and the business coaches is to review the entrepreneurs’ drafts of their business plan. It’s important to encourage the entrepreneurs to spend the time and energy necessary to write a winning plan, especially if they hope to attract outside investors.

Prepare to Facilitate

Begin your preparation for the program by thoroughly reading both the Facilitator Manual and the Entrepreneur Manual. You may also find it useful to periodically review portions of the Facilitating the FastTrac® Programs materials. Those of particular importance to the design of this program are Questioning Skills, The Facilitation Team, and Presentation Skills.

You will also want to familiarize yourself with the online FastTrac® TechVenture™ Toolkit files, especially the Business Plan Template and the two Financial Templates (3-Year and 6-Year). The two Financial Templates were described in detail in the Program Overview section of this manual.

It is strongly suggested that the facilitator and business coaches be prepared to present their own Elevator Pitch as an example for the entrepreneurs. They should also gather extra stories to augment those already incorporated into the program.

Next, plan for how you will prepare for each session. Be sure to plan ahead. Each week before the session, re-read the module in the Facilitator Manual and the program content in the Entrepreneur Manual. Prepare your own notes and add any visuals you feel are necessary for the entrepreneurs.

Securing Guest Speakers

Guest speakers enhance the program, but their participation may take some organization on your part. Guest speakers can include entrepreneurs, investors, service providers, university officials, marketing experts, attorneys, and CPAs, as well as any other needed content experts. What’s most important is that each speaker be an expert in the topic being addressed.

Securing guest speakers for each session should be done as much as six weeks in advance. Suggestions for the type of guest speaker and topics for the speaker to address are included in each module of this Facilitator Manual. Remember too that some FastTrac® TechVenture™ facilitators invite guest speakers to lead the Facilitated Discussion portion of the session also.

During Module 8: Protecting the Business and Your Intellectual Property, the normal coaching session is replaced by a Workshop on Financials. You will need to secure a guest coach for every two to three entrepreneurs. These coaches are to be financial consultants, CPAs, or CFOs. Specifics on this can be found in Module 8 of this Facilitator Manual.
Develop a process for securing, confirming, coaching, and thanking your guest speakers and coaches. The following forms, available both in this manual and in the toolkit, may be helpful:

- Worksheet: Securing Guest Speakers
- Activity Log: Confirming, Coaching, and Thanking Guest Speakers

You will find confirmation forms for guest speakers in each module.

Topics you will want to discuss with each speaker include:

- **A make-up date** – Identify a date the speaker would be available in case the session has to be rescheduled.

- **Handouts** – Offer to help put handouts together if the speaker doesn’t already have them. Have sample handouts available to share if the speaker needs ideas. If the speaker already has handouts, find out whether copies need to be made.

- **Directions to the session** – Provide the speaker with directions to the session, information on parking and entry into the building, start time, and the name of the contact person if it is not you.

- **Room arrangements and equipment requirements** – Find out how the speaker would like to have the room arranged and whether audiovisual equipment is needed.

These and other key topics are included on the Guest Speaker Confirmation form in each module. Each form also specifies the topics for the guest speaker’s presentation. These forms are also available in the FastTrac® TechVenture™ Toolkit at fasttrac.org/resources.

### Business Coaches

Business Coaches are a key component of the FastTrac® TechVenture™ program. Business Coaches are entrepreneurs, venture capitalists, accountants, and other people who understand the entrepreneurial process for technology and life science ventures. As a facilitator, you may also act as a Business Coach.

Each coach is assigned a small group of entrepreneurs to work with throughout the program. Coaching sessions are built into each module. Coaches will be expected to be available for all sessions, to have time to review the entrepreneurs’ action items between sessions, and to be available for networking during and between sessions.

It is critical for the Business Coaches to be familiar with the online FastTrac® TechVenture™ Toolkit files, especially the Business Plan Template and the two Financial Templates (3-Year and 6-Year). The two Financial Templates were described in detail in the Program Overview section of this manual.

### Entrepreneurs

FastTrac® TechVenture™ entrepreneurs historically have the following concerns in common:

- They typically lack experience in starting or operating a business. Thus, the business coaching sessions are of paramount importance to this audience.

- These entrepreneurs often base their ventures on technology or science that causes dramatic change in a market, so market research is perhaps even more important to them than to entrepreneurs in other fields.

- The skills they most lack are the very ones taught in this program: business planning in general and its specific components.

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If possible, contact each entrepreneur that will participate in FastTrac® TechVenture™ prior to sessions beginning. This gives you the opportunity to make sure they have logged on to Fasttrac.org and processed the legal agreements.
Confidentiality
Confidentiality is a significant concern for these entrepreneurs. To alleviate any worry they might have about the proprietary nature of their ideas, that is, their intellectual property, be prepared to address the issue. It’s essential that entrepreneurs share their ideas with the facilitator, their business coach, and the other participants if they’re to get as much benefit as possible from this program. Assure the entrepreneurs that everyone involved with the program – whether facilitator, business coach, guest speaker, or participant – understands that confidentiality is a must. Each person connected with this program is expected to respect the proprietary nature of each participant’s ideas.

Time
Every session of FastTrac® TechVenture™ is packed with information and activities; therefore, time is at a premium, and you will need to carefully track the time as you and the entrepreneurs work through each module.

In the unlikely event that you have a few extra minutes during or at the end of a session, consider:

- Finishing any discussions that weren’t completed earlier.
- Addressing items on the Parking Lot list.
- Having entrepreneurs practice Elevator Pitches.
- Giving entrepreneurs extra time to network.
- Giving entrepreneurs time to ask individual questions of the facilitator or guest speaker.
- Helping entrepreneurs with their assignments for the next session.

The Parking Lot
It is very important for entrepreneurs to be allowed to ask questions, but sometimes questions can get the group off topic and behind schedule. Because you don’t have the luxury of getting too far off track, you must have a plan for capturing any questions that you can’t address immediately. A very effective tool for capturing these questions while also keeping the group on task and within the estimated time limit is the Parking Lot.

When questions come up, they generally fall into one of three categories:

1. Questions about the current topic.
2. Questions about a topic that will be covered later in the module.
3. Questions about a topic that will be covered in another module.

Questions in the first category should be answered immediately. Questions in the last two categories should be placed on the Parking Lot and addressed at the appropriate time.

The easiest and best format for the Parking Lot is a flip chart page placed at the front of the room where everyone can see it.
Action Steps

Entrepreneurs are asked to complete activities outside of the program sessions. Ideally, you and the coaches will review as much of their work as possible. In reviewing the work, take time to make constructive comments, to clarify misunderstood material, and to congratulate entrepreneurs on work well done. Helpful, positive feedback will greatly enhance their learning experience. If work is collected, be sure to return it to entrepreneurs in a timely manner. Ideally, work should be returned to the entrepreneurs at the next session.

The bulk of this work is completed outside of the sessions. The assigned Actions Steps (found at the beginning of each Entrepreneur Manual module) use information from each module, and many of them also use files from the online FastTrac® TechVenture™ Toolkit.

If time for reading entrepreneurs’ work is limited, focus on the work they do on their Elevator Pitch, Business Plan, and Investor Presentation. Monitoring entrepreneurs’ work on these three elements is most beneficial to the outcomes of this program. Be sure entrepreneurs are familiar with the instructions for creating these items and using the online tools.
Worksheet: Securing Guest Speakers

Module: ___________________________ Date: ___________________________
Location: __________________________ Time: ___________________________

Note: Refer to the Module Outcomes for each module and the Topic information on each module’s Guest Speaker Confirmation form when sharing with the potential guest speaker what expectations are to be met.

With each potential speaker, cover the following information:
• Introduce yourself.
• Introduce the program.
• Briefly share the expectations and time commitments.

<table>
<thead>
<tr>
<th>Potential Speaker</th>
<th>Phone Number</th>
<th>E-mail Address</th>
<th>Date Contacted</th>
<th>Notes</th>
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When a speaker has agreed to participate, you will need to collect the following additional information:
• Assistance with handouts needed? Y or N
• Type of assistance needed:

• Samples provided? Y or N
• Copies needed? Y or N
• Other (explain):
• Special equipment requirements:

• Requested room arrangements:

• Mailing address:
### Activity Log: Confirming, Coaching, and Thanking Guest Speakers

<table>
<thead>
<tr>
<th>Module</th>
<th>Speaker</th>
<th>Phone Number</th>
<th>E-mail Address</th>
<th>Mailing Address</th>
<th>Date Confirmed</th>
<th>Date Coached</th>
<th>Date Thanked</th>
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Exploring Entrepreneurship  Concept Analysis

Participant Outcomes

- Understand overall structure of FastTrac® TechVenture™ program.
- Compare their own characteristics to those of successful entrepreneurs.
- Consider issues specific to entrepreneurship in the technology and life sciences markets.
- Consider their criteria for successfully starting and operating a business.
- Identify the features, benefits, and uniqueness of their business concept.
- Learn how to quickly express the key things they want people to remember about their business.

Entrepreneur Manual Outline

What Is Entrepreneurship?
Characteristics of Entrepreneurs
Technology and Life Sciences Entrepreneurs
The Entrepreneur’s Personal Vision
  - Lifestyle Criteria
  - Professional Criteria
  - Financial Criteria
Business Concept Statement
  - The Team’s Vision
  - The Business Concept
Components of a Business Concept Statement
  - Positive Attributes of Technology and Life Sciences Business Concepts
  - Fatal Flaws of Technology and Life Sciences Business Concepts
The Elevator Pitch
Facilitator and Coaches:
- Review and customize the facilitation and coaching notes, as needed.
- Familiarize yourself with the tools referred to in this module.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session, especially examples of good elevator pitches.
- Prepare flip charts.
- Set up meeting room.

Actions Before This Session

- Facilitator and Coaches:
  - Review and customize the facilitation and coaching notes, as needed.
  - Familiarize yourself with the tools referred to in this module.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session, especially examples of good elevator pitches.
- Prepare flip charts.
- Set up meeting room.

Follow-Ups from This Session

- Facilitator:
  - Send a thank you note to the guest speaker(s).
  - Conduct Session Debrief with coaches and any other contributors.

Find online tools at fasttrac.org/resources.

Follow-Ups from This Session

- Find online tools at fasttrac.org/resources.

Business Planning

- 10 Managing Cash and Operating Your Business
- 9 Identifying Funding and Working with Investors
- 8 Protecting the Business and Your Intellectual Property
- 7 Building and Compensating Your Organizational Team
- 6 Planning for Financial Success
- 5 Entering and Capturing the Market
- 4 Testing Your Business Concept
- 3 Conducting Market Research and Analysis
- 2 Understanding Customer Development and the Business Model
- 1 Exploring Entrepreneurship

Concept Analysis
## Estimated Time | Topic | Materials and Equipment | EM Page
---|---|---|---
### Opening
- 10 minutes
  - Welcome and Introductions
  - Get Acquainted and Participant Expectations
    - Flip chart
    - Prepared pages
    - Index cards (optional)
    - Slide 1A
- 10 minutes
  - FastTrac® TechVenture™ Introduction
    - Flip chart
    - Prepared pages
    - Slides 1B – 1E

### Facilitated Discussion
- 10 minutes
  - Defining Entrepreneurship
  - Entrepreneurial Traits
    - Flip chart
    - Prepared pages
    - Entrepreneur Manual
    - Slide 1F
- 10 minutes
  - Personal Vision Statement
    - Flip chart
    - Prepared pages
    - Entrepreneur Manual
    - Slides 1G – 1I
- 10 minutes
  - Business Concept Statement
    - Slide 1J

### Guest Speaker
- 60 minutes
  - Becoming an Entrepreneur

### Networking Break
- 15 minutes
  - Introduction to Networking

### Coaching Session
- 45 minutes
  - Orientation to Coaching
    - Entrepreneur Manual
  - Business Concept Details
    - 13 – 15
  - The Elevator Pitch
  - Unstructured Work Time
    - 16

### Wrap Up and Action Steps
- 10 minutes
  - Summarize Key Concepts
  - Preview Action Steps
    - 1

3 hours total
Preparing to Lead this Session

The entrepreneurs typically arrive at each session with a desire for their specific questions to be answered. Because their attributes suggest that they want to get into the content quickly, they may not show the patience needed to cover some of the introductory materials that are necessary in this first session. But experience has shown that it is worth working through this material.

These are some questions typically on the minds of the participants coming into this session:
- How can I make sure my business concept will work?
- How do I know if I have the right stuff?
- What is a realistic expectation for making money?
- Do I need to invest in the company myself?
- What role should I play in the company and how will this change over time?

In this session, you lay the framework for the rest of the program by sharing your expectations, their needed commitment, and the first steps they will take to begin this entrepreneurial journey. To meet the needs of all participants, remember to:

**Encourage participation immediately** – Opportunities to actively participate will draw entrepreneurs into the learning process, maintain their interest, and facilitate retention and ownership of content.

**Present critical information** – Introduce resources, products, and electronic tools that will appear in upcoming modules. Presenting the big picture initially gives participants greater perspective and appreciation for the required work.

**Use various approaches** – Use different ways to present information such as videos, handouts, visuals, and auditory explanations. In this session, some participants may need to be encouraged not to skip the introspective steps of clarifying their personal goals and evaluating their concept against their goals. Others may need one-on-one assistance in identifying the benefits of their product or service.

**Ensure confidentiality** – Some in the group might think that others may steal an idea or might be concerned that an employer may find out they are taking the program. Be prepared to discuss confidentiality of information shared by participants throughout the program. Remind the group that all participants have agreed to the confidentiality agreement on FastTrac.org.

*FACILITATOR - It is YOUR responsibility to ensure this process is followed. Before the first class make sure all participants have agreed to the confidentiality agreement.

- Slides 1A–1J
- Prepared flip chart pages
- Entrepreneur Manual, pp. 5-16
- Examples of good elevator pitches
- Index cards (optional)
- Flip chart supplies (including paper, markers, and tape or pins)
- Refreshments (if desired)
- Pre-session music
Preparing to Lead this Session  continued

Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Welcome and Introductions
Names of facilitator, coaches, guest speakers, or other guests

Expectations
Participants’ expectations about the program, such as protecting intellectual property or learning how to raise money

Parking Lot
Any questions or issues brought up by participants that are important but not immediately addressable

Entrepreneur vs. Business Owner
Participants’ ideas about differences between entrepreneurs and business owners

How Other People Help You Succeed
Participants’ list of ways in which others help them, such as mentoring, advising on legal or financial matters, or helping them conduct market research

Traits of Entrepreneurs
Participants’ list of traits of successful entrepreneurs

Traits of Tech Entrepreneurs
Participants’ list of traits specific to tech entrepreneurs

Importance of Personal Vision
Participants’ ideas about how examining their personal vision can help them and their business

How to Know if Business Meets Your Needs
Participants’ ideas of how they will know whether their business is meeting their needs
Preparing to Lead this Session  continued

Tools introduced in this session include:

**Entrepreneurial Readiness Assessment** – This is an interactive diagnostic file that helps the entrepreneurs assess their team, technology, business model, and capital strategy. It will help determine the readiness to launch or to continue developing a high-growth company.

**Personal Vision Statement** – The Personal Vision Statement expresses the entrepreneur’s own criteria for successfully starting and operating a business. This statement includes personal, professional, and financial criteria. The guiding questions in this tool help the entrepreneur to discover the definition of success for the business and to develop the vision statement.

**Business Concept Statement** – Entrepreneurs need to be able to describe the precise nature of their business in a brief document of one to two pages. This includes a formal statement of what business they are in, what they sell, and who comprises their target market. This resource’s step-by-step approach helps to flesh out the idea and write a clear, succinct concept statement.

**Elevator Pitch** – An elevator pitch is the distillation of the most important points in the business concept and business plan. Not lasting any more than one or two minutes, or the length of an elevator ride, it should be compelling, well-conceived, and very well-rehearsed. This resource guides the entrepreneur through a series of questions to help develop the elevator pitch.

**Business Plan Template** – The Business Plan not only helps to formulate and develop the business concept, but it also helps to present the business to potential investors. As the entrepreneur answers the guiding questions in this template, all sections of the Business Plan will be completed.

**Sample Business Plan** – This resource shows a completed business plan based on the Business Plan Template.

**Financial Templates** – There are two Financial Templates, both of which will save hours of time in producing projected financial statements for a business plan. As the entrepreneur answers questions and enters data, both templates automatically prepare financial statements. *Note: There is a set of specialized instructions for using the 6-Year FastTrac® TechVenture™ Financial Template.*

**Investor Presentation** – This resource helps entrepreneurs prepare a clear, concise, 10-minute Investor Presentation for their business that addresses all the risks associated with it and highlights the investment opportunity the company represents. It also lists likely questions an investor will ask during the presentation session.

Guest speakers bridge the gap between the principles and practice of entrepreneurship. Ask one or two guest entrepreneurs, to talk about their entrepreneurial journey and the challenges of starting their business.

Send two things to the guest speaker: the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session. This will ensure that the speaker is prepared and discusses relevant points, providing maximum value to participants.

Be sure to invite them to stay for the networking break.
## Guest Speaker Confirmation Form

### Module 1: Exploring Entrepreneur

<table>
<thead>
<tr>
<th>Speaker</th>
<th>Today's Date</th>
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</table>

**Thank you for agreeing to share your entrepreneurial story with FastTrac® TechVenture™ participants.**

<table>
<thead>
<tr>
<th>Date of Presentation</th>
<th>Time</th>
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**Location**

<table>
<thead>
<tr>
<th>Directions to Location</th>
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<table>
<thead>
<tr>
<th>Directions to Room</th>
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</table>

<table>
<thead>
<tr>
<th>Presentation Time</th>
<th>Question and Answer Time</th>
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</thead>
</table>

### Topic – Becoming an Entrepreneur

Please include the following information in your presentation.

Rewards and hardships of the entrepreneurial reality from personal experiences:

- How you decided to start your business
- How you recognized the idea for your business
- How your technology reaches the end user and their experience with the development of the business model
- What led you to make a go or no-go decision
- A concise statement of your business concept to model an elevator pitch, including the importance of having an elevator pitch
- How you selected your market
- How you launched, funded, and grew your company
- Your experience with investors
- What personal characteristics contributed to your entrepreneurial success
- How your role has changed since you started your business
- The rewards of being an entrepreneur
- The risks and downside of being an entrepreneur
- The one best decision made and the one worst mistake made
- Advice or lessons you learned that would be helpful to someone starting a business, including family buy-in, financial analysis, and options

**Notes:**

- Stress that entrepreneurs will make mistakes.
- Highlight the need to create real value for the customer.
Guest Speaker Confirmation Form

Module 1: Exploring Entrepreneur continued

**Background** For this first session of the program, entrepreneurs are exploring entrepreneurship, their goals, and their business concept. During the program they will analyze their business concept and then begin the business planning process.

<table>
<thead>
<tr>
<th>Number of Participants in the Group</th>
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<td>Group Profile (Types of Businesses)</td>
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Audiovisual Equipment Needed

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<td>Handouts</td>
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<td>Facilitator's Name</td>
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<td>Organization</td>
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<th>Phone Numbers</th>
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Opening

10 minutes

Welcome and Introductions

- Have Slide 1A displayed as participants arrive.
- Introduce yourself and business coaches. Highlight qualifications and roles. 
  Use the prepared flip chart page.
- Introduce the guest speaker(s) (if already present).
- Introduce support staff and outline their role.

Get Acquainted and Participant Expectations

- Have participants introduce themselves, including their name and expectations for the program. Use the prepared flip chart page.
- As introductions proceed, foster a networking spirit by pointing out individuals who could help each other because they have similar business ideas, regional location, or common industries.
- When a participant identifies an expectation that will not be directly met by the program, explain how the participant can still have that need met during the program (for example, using outside advisers, contacts, or research). Be sure to highlight, collectively, all of the expectations that will be met throughout the program as well.
- Reinforce time management from the beginning. Step in and redirect entrepreneurs’ introductions if they go beyond the brevity requested.
- Explain the use of a Parking Lot flip chart for tracking questions that are important but not relative to the current session. Use the prepared flip chart page.
Opening continued

10 minutes

- **FastTrac® TechVenture™ Introduction**
  Preview what’s ahead for participants by highlighting the program’s key components. Emphasize the program’s peer-to-peer and networking relationships that will benefit participants.

Remind participants to:
- Ask questions as needed.
- Share their knowledge and experience with other participants.
- Put more into this program, so they will get more out of it.

**FastTrac® TechVenture™ Overview**
- Program developed by the Ewing Marion Kauffman Foundation, the largest foundation dedicated to entrepreneurship in the United States.
- Program provides a proven, hands-on approach that has helped start and grow thousands of successful businesses.

**Purpose of the Program**
- To build entrepreneurial skills:
  - Guide through each step of business concept development and the business planning process.
  - Checkpoints along the way to help analyze and test business concept and plan.
  - It's not unusual to modify and, in some cases, totally change the business concept or even decide that starting the business is not the right thing to do at this time.
- To develop an Elevator Pitch, a Business Plan, and an Investor Presentation.
- To develop and expand each participant’s network of people and resources that will help achieve success.

**Schedule, Format, and Sequence**
- **Schedule for the program** – Refer to your specific schedule.
- **Format for each session** – Facilitated Discussion, Guest Speaker, Networking Break, Coaching Session, and Wrap Up and Action Steps.
- **Program sequence** – Point out that the sessions follow the modules in the Entrepreneur Manual. Modules 1 through 4 focus on concept analysis; Modules 5 through 10 focus on the business planning process.
Opening continued

Resources for Learning

- **The Entrepreneur Manual** – Readings to complete for each session.
- **Action Steps**
  - Introduced in the coaching sessions.
  - Completed between sessions.
  - Guide participants through concept development and the business planning process.
- **The FastTrac® TechVenture™ Toolkit**
  - Explain how to access the toolkit:
    - Go to fasttrac.org/resources. Select the FastTrac® TechVenture™ Toolkit.
  - Features a Business Plan Template, two Financial Templates, and various assessments, sample documents, and the Action Files they will use to complete each module’s Action Steps.
  - Refer them to Appendix 3 in the Entrepreneur Manual for a complete list of tools, along with descriptions.
- **Facilitator and Coaches**
- **Guest Speakers**
- **Other participants in the program**

Participant Roles and Responsibilities

Before session:
- Read the Entrepreneur Manual module before the session to be prepared to participate in discussions and activities.
- Complete Action Steps between sessions using information accumulated.

During session:
- Take an active role in the business planning process to gain the most from the program.
- Make use of group discussions, networking, and coaching sessions.
- Learn from experiences of guest speakers.
Facilitated Discussion

Time
10 minutes

Purpose
In the Facilitated Discussion portion of each session, you will introduce information and provide an opportunity for participants to understand and discuss concepts. Capture the discussion on the flip chart pages you prepared.

There may not be enough time to fully explore each question. Use your judgment to determine where the time is best spent.

Facilitation
Focus
Lay the foundation for understanding entrepreneurship and entrepreneurial success.

Topics
- Defining Entrepreneurship
- Entrepreneurial Traits
- Personal Vision Statement
- Business Concept Statement

Defining Entrepreneurship
- Create a common understanding of entrepreneurship.
- If they did not receive the Entrepreneur Manual prior to this session, encourage them to read Module 1 before the next session.

Discussion Starters
✓ What makes an entrepreneur different from a business owner?

Entrepreneurs recognize opportunities (this ability is often referred to as the entrepreneurial mindset), marshal resources, and initiate and operate a business in the face of risk.

✓ What role do other people play in the success of an entrepreneur?

Successful entrepreneurs involve the right people in their business. They seek assistance from trusted advisers, mentors, and outside professionals.

Key Point
✓ In order to accomplish these activities, entrepreneurs must possess certain traits.
Facilitated Discussion continued

Entrepreneurial Traits

Discussion Starters
Ask participants to envision a very successful entrepreneur they know personally or one who is well known locally or nationally.

- What traits do these successful entrepreneurs possess?
- Do all of these entrepreneurs share the same characteristics and skills? No set or prescribed list of traits is mandatory for entrepreneurial success.
- What traits might be unique to tech entrepreneurs? They have to build on technical or scientific knowledge; must depend on and develop a technology team; may face higher-stake risks; and must plan their exit strategy from the beginning to help attract investors.
- Do you think entrepreneurs are born or made? While some character traits may be part of an entrepreneur's personality, persons can develop many of the skills, knowledge, and abilities to be successful.

Point out that participants will assess their own entrepreneurial readiness when they complete the first Action Step for this module, which is to complete the Entrepreneurial Readiness Assessment. This assessment is in the FastTrac® TechVenture™ Toolkit, under the Assessments tab.
Facilitated Discussion continued

10 minutes

- **Personal Vision Statement**

  **Key Points**
  - Participants have made one of their first entrepreneurial decisions – to learn more about starting a business. Now they need to clarify what they want for themselves from their business and the trade-offs it might require. Picking a business concept that is compatible with their personal criteria is critical to long-term satisfaction.
  - A Personal Vision Statement includes personal, professional, and financial goals.

  **Discussion Starters**
  With the following questions, stretch the entrepreneurs to think beyond the general answers found in the Entrepreneur Manual, Ch. 1. Have them begin to personalize their responses. Use the prepared flip chart pages.
  - How can having a Personal Vision help you and your business?
  - How will you know if your business is meeting your needs?
  - What might happen if your business does not meet your needs?

**Making Personal Choices**

Identify the personal choices participants may need to consider in developing their Personal Vision Statement.

  **Key Points**
  - If a business cannot sufficiently support the entrepreneur and his or her family financially, long-term satisfaction is questionable.
  - Personal financial resources and the ability to attract external investment have a significant impact on the type of business to start.
  - Participants must consider not only personal needs but those of family members as well.

**Making Professional Choices**

Describe the professional reasons many entrepreneurs start a business.

  **Discussion Starters**
  *Note: If there is time to ask these questions, do so. If not, pose the questions for the entrepreneurs’ personal consideration.*
  - What are the professional risks associated with becoming an entrepreneur?
  - What are the professional risks associated with NOT becoming an entrepreneur?

  **Key Points**
  - Entrepreneurs reduce risks by developing a plan in which they thoroughly research all aspects of the business. Successful entrepreneurs take calculated risks.
  - Developing a Personal Vision Statement of their business requires participants to know upfront the personal and professional choices they are making.
  - Entrepreneurs should consider their dreams, but they also need to be reasonable. Conflicting goals that demand a compromise or resolution will become apparent.
Facilitated Discussion  continued

10 minutes

Business Concept Statement

Discuss the importance of a clearly defined business concept for making business planning decisions and for communicating with others.

Point out the content of a business concept statement.

Discussion Starter

Why is it important to have a business concept statement?

Entrepreneurs must be able to communicate their business concept clearly and succinctly to attract investors, customers, vendors, and others. The business concept identifies the exact product or service to be offered and its purpose and unique features.

Key Points

- The concept statement provides a brief but comprehensive overview of the business.
- Successful entrepreneurs can clearly and succinctly describe the precise nature of their business.
- The concept will likely change as a result of learning about the market and the profitability of the business.
- The concept will be part of the Executive Summary in the Business Plan.

Transition to Guest Speaker

Since this is the first session, emphasize the value of having guest speakers who bring the content of each session to life through personal expertise and experience.

The guest speaker will share personal experiences and insight to illustrate the rewards and hardships of the entrepreneurial reality.
Guest Speaker

60 minutes

Introduce the guest speaker and provide information about the guest's business and its location, size, number of employees, length of time in business, products and services, and any other relevant information.

Tip

Guest entrepreneurs may forget to share pertinent information, so providing a brief background on the business will help frame the guest's comments.

Remind the guest how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session.

Tip

Arrange in advance to provide a 10-minute warning for the guest speaker. This pre-arrangement for all guest speakers minimizes the potential discomfort of stopping a speaker who is going overtime.

Be prepared to prompt the guest to discuss the following points included on the Guest Speaker Confirmation form:

- How you decided to start your business.
- How you recognized the idea for your business.
- How your technology reaches the end user and their experience with the development of the business model.
- What led you to make a go, no-go decision.
- A concise statement of your business concept to model an elevator pitch, including the importance of having an elevator pitch.
- How you selected your market.
- How you launched, funded, and grew your company.
- Your experience with investors.
- What personal characteristics contributed to your success.
- How your role has changed since you started your business.
- The rewards of being an entrepreneur.
- The risks and downside of being an entrepreneur.
- The one best decision made and the one worst mistake made.
- Advice or lessons you learned that would be helpful, including family buy-in, financial analysis, and options.
- Question and answer time.

Facilitator responsibilities:

- Monitor the time and signal the speaker when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guest entrepreneur during the Networking Break.
Networking Break

15 minutes

Introduction to Networking

Since this is the first session for networking, introduce the value of these networking breaks.

Key Points

- Networking is an often overlooked but critical skill of successful entrepreneurs. This program provides a safe environment to practice these skills.
- Part of an entrepreneur’s success is the team they build. These networking breaks provide an opportunity to meet people that may become valuable members of their team.

During this networking break, ask each person to meet five other people. Have them collect contact information (for example, e-mail address and phone numbers) and areas of interest and expertise.

Tip

Scan the room to be sure everyone is participating during this first Networking Break. If someone is seated, reading materials, or generally not engaged, encourage them to join in. This first session sets the stage for the quality of all subsequent Networking Breaks.

Announce what time they are to return for their coaching sessions.
Coaching Session

45 minutes

**Orientation to Coaching**

Since this is the first session of coaches and entrepreneurs working together, it may be helpful to begin the session with another round of introductions.

**Tip**

You may want to tell your group of entrepreneurs how to contact you between sessions, if that is something you want to encourage. Likewise, the entrepreneurs could share contact information with you and the rest of the coaching group.

Tell participants how the Coaching Sessions will typically run:

- **Beginning** in the next session, participants will get to practice their Elevator Pitch for the group at the start of the session.
- Also starting next time, the elevator pitches will be followed by a brief review of Action Step assignments from the previous module.
- Next, the coach will cover any content for the module that was not covered by the facilitator or guest speaker.
- Finally, the rest of the coaching time will be theirs to work on Action Steps for the next session and to ask questions and get help from you or others in the group.

**Business Concept Details**

One of the participants’ Action Steps for the next module is to write the first draft of their Business Concept Statement.

- Refer participants to the Entrepreneur Manual or to the Business Concept Statement online found under the Action files tab. Help them identify the features, benefits, and uniqueness of their business concept by pointing out:
  - The answer to the question, “What does the product or service do?” tells the features of the business concept.
  - The answer to the question, “Why will they buy it?” tells the benefits of the business concept.
  - The answer to the question, “How is it different from other products or services?” tells the uniqueness of the business concept.
- Remind them that these details must be considered and described from the customer’s viewpoint.
Coaching Session continued

- **The Elevator Pitch**
  One of the participants’ Action Steps for the next module is to write the first draft of their Elevator Pitch.
  - Refer participants to Ch. 1 of the entrepreneur Manual or to the Elevator Pitch online tool under the Action Files tab.
  - Point out the purpose of the elevator pitch: To tell people the key things you want them to remember about your business.
  - Review the elements of an elevator pitch:
    - Attention-grabbing first line.
    - Description of product or service and its market.
    - Description of the people behind the business.
    - Benefits of investing in the business.
    - Call to action.
    - The entrepreneur’s enthusiasm.

Model your own Elevator Pitch so participants have a point of reference. Explain that the group will have 15 minutes to complete their business concept statement after which they will work in groups to convert their business concept statement to an elevator pitch. End the coaching session with everyone giving their preliminary elevator pitch.

- **Unstructured Work Time**
  Give participants the rest of the Coaching Session time to work on the Action Steps they need to complete before the next module. Refer them to the first page of Module 1 in the Entrepreneur Manual, where the Action Steps are listed.

Your role during this time is to:
  - Answer questions and offer help.
  - Be available to whoever needs your input.
  - Check in and spend time with each participant at least once. Don’t allow any one participant to monopolize your time and attention.
  - Monitor the time and let them know when to transition to the Wrap Up for this module.
Wrap Up and Action Steps

10 minutes

☐ Summarize Key Concepts

In this module, participants have:
• Compared their own characteristics to those of successful entrepreneurs.
• Considered issues specific to entrepreneurship in the technology and life sciences markets.
• Considered their own criteria for successfully starting and operating a business.
• Identified the features, benefits, and uniqueness of their business concept.
• Learned how to quickly express the key things they want people to remember about their business.

Tip

A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

☐ Preview Action Steps

• Remind the participants of the following steps they need to take before the next session:
  • Complete the Entrepreneurial Readiness Assessment (Assessments tab).
  • Compose their Personal Vision Statement (Action Files tab).
  • Write the first draft of their Business Concept Statement (Action Files tab).
  • Write the first draft of their Elevator Pitch (Action Files tab).
  • Review the Business Plan Template, the Financial Templates, the instructions for the 6-Year Financial Template, and the FastTrac® Glossary (Templates and Glossary tab).
  • Review the Investor Presentation (Action Files tab).
  • Review the Sample Business Plan (Guidelines and Sample Documents tab).
  • Read Module 2: Understanding Customer Development and the Business Model.
  • Repeat the suggestion that participants also read Appendix 3 in the Entrepreneur Manual. It will give them a quick overview of all the tools available to them.
  • Encourage participants to think about these two questions before the next session:
    • Is your business concept going to meet your personal or professional needs?
    • Are the advantages of running your own business worth the trade-offs?

End by encouraging the participants to complete all of the action steps in order to maximize their learning.
### Understanding Customer Development and the Business Model

**Concept Analysis**

#### Participant Outcomes
- Understanding of the customer development framework and process.
- Understanding of the business model elements.
- A set of hypotheses depicting elements of the business model.
- A plan for testing hypotheses.

#### Entrepreneur Manual Outline

**The Business Model**
- Market and Target Customer(s)
- Segmenting Markets
- Value Proposition
- Solution of Technology
- Channels
- Revenue Streams

**Customer Development**

#### Actions Before This Session
- Find online tools at fasttrac.org/resources.

#### Facilitator and Coaches:
- Review and customize the facilitation and coaching notes, as needed.
- Familiarize yourself with the tools referred to in this module.

#### Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session, especially examples of good elevator pitches.
- Prepare flip charts.
- Set up meeting room.
Follow-Ups from This Session

Facilitator:
- Send a thank you note to the guest speaker(s).
- Conduct a Session Debrief with coaches and any other contributors.
<table>
<thead>
<tr>
<th>Estimated Time</th>
<th>Topic</th>
<th>Materials and Equipment</th>
<th>EM Page</th>
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<tr>
<td>15 minutes</td>
<td>Opening</td>
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<td>Welcome and Key Insights</td>
<td>Flip chart</td>
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<td>Parking Lot</td>
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<td>The Business Model</td>
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<td>Guest Speaker</td>
<td>Challenges of Understanding Customers</td>
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<td>Networking Break</td>
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<td>Action Step Review</td>
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<td>Summarize Key Concepts</td>
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Preparing to Lead this Session

The entrepreneurs are beginning to focus their thoughts on their customers. This may also be the first time they have started to understand the specific market they are competing in and how to define that market. They will have questions about how to find the information they need.

These are some questions typically on the minds of the participants coming into this session:
- Where do I find potential customers?
- How do I find out if I am right about the customer?

FACILITATOR: As a reminder, the concepts covered in this chapter reinforce the need for the entrepreneur to learn as much as possible about their customer using lean methodology. They are still asked to complete the related portions of their business plan, with the thought that fundamental business planning is still a core competency and will be used as the entrepreneurs seek funding.

Materials Needed
- Slides 2A–2H
- Prepared flip chart pages
- Entrepreneur Manual, pp. 17 – 24
- Flip chart supplies (including paper, markers, and tape or pins)
- Pre-session music

Flip Chart Pages to Prepare
Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Insights/Learning from Module 1
- Participants’ ideas about their most notable insight from the previous module

Parking Lot
- Any questions or issues brought up by participants that are important but not immediately addressable

Market Segmentation
- Participants’ list of ways to segment market and the value of these in helping to target markets

Challenge of Market Analysis
- Participants’ ideas about the challenges of finding a niche and holding that market

Sample Profiles (three separate pages)
- Participants’ list of criteria for profiles of the industry, customers, and competitors

Research Resources
- Participants’ lists of resources they have used and their experience with those
Preparing to Lead this Session continued

Tools to be used in this session include:

**Business Plan Template** – Three topics contained in the Marketing Plan section are introduced in this session:

- **Industry Profile** – Based on research and analysis, the entrepreneur includes information about the industry’s current size, growth potential, trends, other characteristics, and distribution channels.
- **Market Analysis** – Based on research and analysis, the entrepreneur includes a target market profile, customer profile, and information about potential future markets.
- **Value Proposition (Product/Service Plan section)** – A value proposition defines the benefits a company’s products and services offer to a customer.

Ask one or two guest entrepreneurs, preferably previous FastTrac® TechVenture™ participants who have started successful businesses, to talk about the entrepreneurial challenges of finding and talking with their customers. You could also invite an entrepreneur with vast experience in defining, quantifying, and entering new technology markets, or a market definition expert who has worked with start-ups.

Send two things to the guest speaker(s): the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session. Also, invite them to stay for the networking break.
Guest Speaker Confirmation Form

Module 2: Understanding Customer Development and the Business Model

<table>
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<tr>
<th>Speaker</th>
<th>Today's Date</th>
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Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

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<th>Time</th>
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<th>Presentation Time</th>
<th>Question and Answer Time</th>
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**Topic – The Challenges of Understanding Customer Development and the Business Model**

Please include the following information in your presentation:

- A brief introduction to your product and target market
- How you initially created profiles of your industry and customers, including the following:
  - Analyzing the market environment
  - Relevant industry trends
  - Other market participants (e.g., competitors, service providers, and manufacturers)
  - Distribution channels
  - Regulatory issues
  - Market influencers
  - The flow of money
- Creating a Customer Profile
  - Understanding the customer’s needs
  - Examining the customer’s role and authority in the company
  - Determining buying requirements
  - Understanding what influences lead to a buying decision
- How you define your value proposition relative to this profile
- How you determined to reach the customer through appropriate marketing and distribution channels
- Any surprises you encountered after your product entered the market
- Adjustments you have made to your market profile or your value proposition
- Advice you can give technology and life sciences entrepreneurs about defining their target markets
- Overall advice or lessons you learned that would be helpful to someone starting a business
- Question and answer time
Guest Speaker Confirmation Form

Module 2: Understanding Customer Development and the Business Model continued

**Background** For this second session of the program, participants have begun to explore entrepreneurship, their goals, and their business concept. During this session they will begin to analyze their market.

---

**Number of Participants in the Group**

---

**Group Profile (Types of Businesses)**

---

**Audiovisual Equipment Needed**

---

**Materials Needed**

---

**Handouts**

---

**Facilitator's Name**

---

**Organization**

---

**Phone Numbers**

---

**E-Mail Address**

---

**Include contact information for others that are needed:**

---
Understanding Customer Development and the Business Model

The Tech Entrepreneur: Concept Analysis

Opening

15 minutes

Welcome and Key Insights

- Have Slide 2A displayed as participants arrive.
- Welcome the participants to Module 2.
- Ask each to again introduce themselves and to tell the most notable insight or learning from the previous session.
  Use the prepared flip chart page.
- Show Slide 2B and explain what will be covered in the session.

Parking Lot

- Ask what new questions or expectations they have as a result of working on the action steps from Module 1.
- As you write these on the flip chart, it will be helpful to note in which module or coaching session each one can or will be addressed.
- Reminder: Point out the value of the networking breaks for addressing some of these questions.

Peer sharing – In dyads, have the participants share what from the previous session had the most impact on them during the intervening time. After about 5 minutes, ask for volunteers to share the impacts and insights they found most notable or inspiring. Capture the comments on a flip chart. Add items to the Parking Lot flip chart if it is a question or issue that will be addressed in a later session.

At the end of the previous session, you asked entrepreneurs to consider:

- Is your business concept going to meet your personal or professional needs?
- Are the advantages of running your business worth the trade-offs?

Point out that these questions cannot yet be answered. To truly know if the business concept will meet the entrepreneur’s needs and whether the trade-offs will be worthwhile, each entrepreneur will need to better understand the full business potential, whether they are working with a start-up concept or an established business.

This session will help them gain that understanding.
Facilitated Discussion

15 minutes

Focus
This discussion focuses on the identification and understanding of potential customers and the value proposition the entrepreneurs innovation proposes to the market.

Topics
The Business Model of which key elements are:
- Market and Target Customer(s): Understanding customers and problem identification
- Segmenting Markets
- Value Proposition
- Solution or Technology
- Channels
- Revenue Streams
- Cost Structure

Market and Target Customers

Key Point
- The real key to having a successful business is finding the customers to buy the product or service. Getting out and talking to potential customers is the first critical step.

Most entrepreneurs initially believe that simply having the right product or service will of its own accord attract buyers. This is seldom the case. Neither will the product or service alone attract investors. Instead, investors expect entrepreneurs to know everything about their target market.

It is not only critical to talk to customers, it is also imperative that entrepreneurs spend the time listening to what the customers have to say.
Facilitated Discussion continued

✓ **Understanding Customers.** Understanding your customers requires asking several questions. These include:
  - Where does the customer want to buy?
  - When does the customer want to buy?
  - Why does the customer want to buy?
  - Why does the customer buy?
  - How does the customer buy?

✓ **Segmenting Markets.** Most B2B business segment their markets based on categories. These categories may include:
  - Companies that use a certain service or product.
  - Companies of a certain size.
  - Companies that have a certain amount of revenue.

✓ **Value Proposition.** A value proposition defines the benefits your company’s products and services offer to the customer and expresses the essence of your business in a way that compels the customer to buy.

**Discussion Starters**
- In preparing for this session, what were some of the ways you thought of to reach out to your customers?
- What do you think might be most challenging for you in understanding your customers?
- What do you already know about your customers?

**Key Point**
- Getting out and talking to customers might be challenging but the information gathered will be invaluable to the entrepreneur.
- For each target customer it is critical to identify what problem is being solved by the product or innovation.
Facilitated Discussion continued

15 minutes

Customer Development
Customer Development is a malleable and customizable research methodology for testing the assumptions made about the business model, learning from customers, and iterating. The primary focus is on getting out and talking to customers rather than assuming you know what they need and want.

Discussion Starters
✓ One of the action steps for the next session is to get out and talk to 2 – 3 customers. What do you think might be some of the biggest challenges for you in making this happen?
✓ Are you “mentally” prepared for what you might hear?
✓ What things might you do in preparation for those conversations?
Guest Speaker

60 minutes

Introduce the guest speaker(s) and announce the topic, “Challenges of Understanding Customer Development and the Business Model.”

Remind the guest how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guest to discuss the following points included on the Guest Speaker Confirmation form:

- A brief introduction to your product and target market.
- How you initially created profiles of your industry and customers, including:
  - Analyzing the market environment:
    - Relevant industry trends.
    - Other market participants.
    - Distribution channels.
    - Regulatory issues.
    - Market influencers.
    - The flow of money.
  - Creating a Customer Profile:
    - Understanding the customer’s needs.
    - Examining the customer’s role and authority in the company.
    - Determining buying requirements.
    - Understanding what influences lead to a buying decision.
  - How you define your value proposition relative to this profile.
  - How you determined to reach the customer through the appropriate marketing and distribution channels.
  - Any surprises encountered after reaching the market.
  - Any adjustments made to your market profile or value proposition.
  - Advice for entrepreneurs relative to defining their target markets.
  - Overall advice or lessons you learned that would be helpful to someone starting a business.

Facilitator responsibilities:
- Monitor the time and signal the speaker when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guest entrepreneur during the Networking Break.
Networking Break

20 minutes

Remind the entrepreneurs of the value of this networking time.

Key Points
✓ Success is dependent on the team the entrepreneur builds.
✓ Networking provides an opportunity to meet people who may become valuable members of the team.
✓ This is their opportunity to talk with the guest speaker(s).
✓ Items that were noted on the Parking Lot as off-line conversation can be addressed.

Since this is only the second session and the entrepreneurs may not all know each other yet:
• Ask each person to meet new people.
• Have them collect contact information (for example, e-mail address and phone numbers) and areas of interest and expertise.

Announce what time they are to return for their coaching sessions.

Have the coaches help with monitoring and encouraging networking activities.

Help involve the guest speaker(s).
Coaching Session

45 minutes

During this and all subsequent sessions, monitor the time for each of the segments: elevator pitches, review of action steps from the previous module, introduction of any new content, and work time for the next module. Use your judgment as to how much time to allot for each segment.

These time allotments depend upon the number of entrepreneurs in the group, how many questions they seem to have from the previous module, how much (if any) new content you need to address, and how much work time you would like to allow them for starting the Action Steps for the current module.

Elevator Pitches

Have the group members take turns presenting their Elevator Pitch.

- Remind them of the purpose of the elevator pitch: To tell people the key things you want them to remember about your business.
- After each pitch, get quick feedback from the rest of the group on how the pitch might better address these elements:
  - Attention-grabbing first line.
  - Description of product or service and its market.
  - Description of the people behind the business.
  - Benefits of investing in the business.
  - Call to action.
  - The entrepreneur's enthusiasm.

Conclude by reminding them to continue to refine their pitch.

Action Step Review

- Answer any questions they have about the Action Steps from the previous module:
  - Complete the Entrepreneurial Readiness Assessment.
  - Compose their Personal Vision Statement.
  - Write the first draft of their Business Concept Statement.
  - Write the first draft of their Elevator Pitch.
  - Review the Business Plan Template, the Financial Templates and the instructions for the 6-Year Financial Template.
  - Review the Sample Business Plan.
Coaching Session continued

Marketing Plan
One of the Action Steps entrepreneurs are to complete is a draft of the Marketing Plan section of the Business Plan. Here are some questions they may want to consider as they work on that plan:

- What is the size of the market opportunity, and what is its growth rate?
- What does the market landscape look like? Describe all major participants.
- What major trends drive your market and keep it healthy and growing?
- What specific market opportunity do you intend to pursue? What is the customer’s problem, issue, or need that you are solving?
- How is the market share currently divided? What percent do you intend to get?
- Who are the customers, and how do they make decisions to purchase?
- Will the customer really pay for a solution? Will the customer have the monies budgeted?
- What is the required value proposition?
- Through what marketing and distribution channels is the customer reached?
- Who are the competitors, and what are your strengths and weaknesses relative to them?
- How are you going to verify your market analysis?

Your role during this time is to:

- Answer questions and offer help.
- Be available to whoever needs your input.
- Check in and spend time with each participant at least once. Don’t allow any one participant to monopolize your time and attention.
- Monitor the time and let them know when to transition to the Wrap Up for this module.
Wrap Up and Action Steps

10 minutes

- **Summarize Key Concepts**
  In this module, participants have learned to:
  - Understand the Customer Development framework and process
  - Understand the business model elements
  - Develop a set of hypotheses depicting the business model
  - Develop a plan for testing hypotheses

- **Tip**
  A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

- **Preview Action Steps**
  Remind participants of the following steps they need to take before the next session:
  - Refine their Personal Vision Statement, Business Concept Statement, and Elevator Pitch
  - Talk to 2 – 3 customers to assess feasibility/interest in their product/service
  - View the 20 minute Lean Canvas Challenge @ spark59.com/leancanvas/20-minutechallenge
  - Read Module 3: Conducting Market Research and Analysis

Encourage participants to continue to think about the two questions posed at the end of the previous session and to consider how these questions might be affected by the information learned today:

- Is your business concept going to meet your personal or professional needs?
- Are the advantages of running your own business worth the trade-offs?
Conducting Market Research and Analysis  Concept Analysis

Participant Outcomes

• Develop strategies and survey questions for primary research.
• Use primary and secondary research to test your business model assumptions.
• Leverage market research and analysis.
• Draft preliminary sales projections.
• Draft a value proposition to target customers’ needs and wants and to differentiate your business from your competitors.

Entrepreneur Manual Outline

Purposes of Market Research

Market Research Methods

Primary Research
Creating Customer Surveys
Focus Groups

Your Competitor’s Profile

Competitor Profile
Researching the Competition
SWOT Analysis

How to Leverage Market Research

Product Development
Estimating Share of Decisions

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Facilitator and Coaches:
- Review and customize the facilitation and coaching notes, as needed.
- Familiarize yourself with the tools referred to in this module.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session.
- Set up meeting room.
- Review Parking Lot to identify items to address in this session.

Follow-Ups from This Session
- Send a thank you note to the guest speaker(s).
- Conduct Session Debrief with coaches and any other contributors.
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<td>Facilitated Discussion</td>
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<td>Summarize Key Concepts</td>
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Preparing to Lead this Session

The entrepreneurs are ready to get into more detail on the market information they went through in the previous module. Their thoughts are focused on how to get the information they need, especially about the needs and wants of their targeted customers.

These are some questions typically on the minds of the participants coming into this session:
- Do I need to contract a market researcher or buy market studies?
- What research resources are available at no cost?
- Where do I start?
- How do I find someone who has done this kind of research?

Materials Needed

- Slides 3A–3I
- Index cards
- Prepared flip chart pages
- Entrepreneur Manual, pp. 25 – 34
- Flip chart supplies (including paper, markers, and tape or pins)
- Pre-session music
- Table toys

Flip Chart Pages to Prepare

Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Greatest Challenges
Participants’ list of the greatest challenge of the previous week’s assignments

Parking Lot
Any questions or issues brought up by participants that are important but not immediately addressable

Documenting Assumptions
Participants’ ideas about how to keep track of facts and sources behind assumptions they make

Product Benefit or Feature
Participants’ ideas about the difference between a benefit and a feature of a product or service
Preparing to Lead this Session  
continued

Tools to be used in this session include:

**Business Plan Template** – Two topics are introduced in this session:
- **Sales Projections (Financial Plan section)** – This section presents a sales forecast based on the estimated market share. It includes the facts and assumptions on which the projections are based.
- **Competitive Analysis** – The market research and SWOT Analysis help to provide the information needed about direct, indirect, and future competition. There is also space for a competitive analysis.

**Business Concept Feasibility Assessment** – This is a checklist that allows the entrepreneurs to assess aspects of their business concept in comparison to a model business. This checklist helps entrepreneurs to determine the commercial feasibility of their ventures.

**Technology Feasibility Assessment and Plan** – This assessment allows entrepreneurs to determine their progress in testing and securing their technology.

You have several options for guest speakers for this session. Invite one or more of the following:
- A start-up entrepreneur with the appropriate experience in researching a market.
- An early-stage member of an entrepreneurial team that was charged with market research.
- A market research expert who has worked with multiple young start-ups.
- Perhaps even an investor to discuss how important this topic is to them in reviewing a plan and evaluating an investment.

Send two things to the guest speaker(s): the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session. Also, invite them to stay for the networking break.
## Guest Speaker Confirmation Form

### Module 3: Conducting Market Research and Analysis

**Speaker**

**Today’s Date**

---

Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

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<thead>
<tr>
<th>Date of Presentation</th>
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<th>Directions to Room</th>
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<th>Presentation Time</th>
<th>Question and Answer Time</th>
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### Topic – How’s and Why’s of Market Research

Please include the following information in your presentation:

- Defining and analyzing target market (including customers and competitors) for:
  - Market development priorities
  - Potential capital requirements
  - Current and future competitive environment
  - Obstacles to generating enough revenue
  - Overall market feasibility

(Provide tips for conducting solid primary market research with potential companies and advice on how to contact and get answers from potential customers, including how many people the entrepreneurs should talk to and what types of people they should talk to in order to get direct customer feedback.)

- Leveraging market research, including its purpose and use for product positioning
- Product positioning, including knowing the difference between technology and product
- How investors investigate market research in due diligence process
- Question and answer time
Guest Speaker Confirmation Form

Module 3: Conducting Market Research and Analysis continued

Background This is the third session of the program. Participants have begun to explore entrepreneurship, their goals, and their business concept. In the previous session, they started to talk to potential customers. In this session, they’re focused on specifics of market research and how it contributes to the value proposition their business offers.

Number of Participants in the Group

Group Profile (Types of Businesses)

Audiovisual Equipment Needed

Materials Needed

Handouts

Facilitator’s Name

Organization

Phone Numbers E-Mail Address
Opening

15 minutes

Welcome and Greatest Challenges

• Have Slide 3A displayed as participants arrive.
• Welcome the participants to Module 3: Conducting Market Research and Analysis.

Discussion Starter

Use the prepared flip chart page.

What was the greatest challenge in the Action Step assignments from the last session?

• Assure them that they will be able to get assistance with these challenges either during the Coaching Session or from other resources that the facilitator and coaches will help identify.
• Explain what will be discussed during this session.
• Show Slide 3B.

Facilitation

Parking Lot

• Ask what new questions or expectations they have as a result of working on the action steps from Module 2.
• As you write these on the flip chart, it will be helpful to note in which module or coaching session each one can or will be addressed.
• Reminder: Point out the value of the networking breaks for addressing some of these questions.

Elevator Pitches

Ask for three to five volunteers to present their Elevator Pitch to the whole group.

• Hand out index cards to the group, one card for each presenter.
• Have them write the presenting entrepreneur’s name and a “+” on one side of a card. On this side they write what was excellent about the Elevator Pitch.
• On the reverse side, have them put a “∆” (the scientific symbol for change) and note what could be done to improve the pitch.

During the Networking Break, distribute these cards to those who presented.
Facilitated Discussion

45 minutes

Purpose of Market Research
In Module 2, entrepreneurs began to talk with customers.

Discussion Starters
Use the prepared flip chart page.
✓ What challenges might you face that primary market research and analysis could help you avoid?
✓ What method of primary research would be most helpful?

Confirming Concept Feasibility
Gathering data is just the start. To make the most of the data, entrepreneurs must incorporate it into their decision making.

Key Points
✓ Primary research should guide product development, to ensure a product that meets customers’ needs.
✓ Market share estimates based on primary research are generally more accurate and carry more validity.
✓ Primary research is harder to do, but when done well, it provides exactly the information the entrepreneur needs and investors will expect.

Problem Interview Script
The problem interview is all about validating your hypotheses around the “problem-customer segment” pair. In the Problem Interview you are specifically looking to tackle the following risks.

Product risk: What are you solving? (Problem)
How do customers rank the top three problems?

Market risk: Who is the competition? (Existing alternatives)
How do customers solve these problems today?

Customer risk: Who has the pain? (Customer Segments)
Is this a viable customer segment?

Discussion Starter
✓ What do you think your customers might tell you?
✓ What information do you hope to find?

Key Point
✓ Understand your customer’s worldview before formulating a solution. It is important to conduct an appropriate amount of research so you have a good understanding of your market.
✓ It is important to conduct an appropriate amount of research so you have a good understanding of your market.
3 Conducting Market Research and Analysis

Facilitated Discussion continued

- **Your Competitor’s Profile**
  
  It is critical to have a good understanding of the competition for your product/service in the marketplace. You will need to spend time researching the market.

  **Discussion Starter**
  
  ☑️ Who do you believe is your competition? Give some examples.

  **Key Point**
  
  ☑️ Many times “competitors” are not readily obvious. Think about competitors that might be present through non-traditional channels.

- **Researching the Competition**
  
  **Discussion Starter**
  
  ☑️ Have you considered how you might gather information about your competitors?
  
  ☑️ What methods have you considered?
  
  ☑️ Do you anticipate any problems? What might be some of your concern/challenges?

  **Key Point**
  
  ☑️ Understanding your market and competition is a critical success factor. Spend the appropriate time learning about your competition.
Facilitated Discussion continued

- **SWOT Analysis**
  SWOT analysis is one way to analyze your business and your competitors by identifying strengths, weaknesses, opportunities and threats.

  **Key Points**
  - Use SWOT analysis to focus on your strengths, minimize weaknesses, take the greatest possible advantage of opportunities, and threats.
  - Use SWOT analysis of your competitors to strengthen your own position by gaining greater insight into the market.

  **Optimal Demonstration**
  If time permits, use a flip chart to record a SWOT analysis. Ask the participants to name a company they are all familiar with. Then have them list items about that company in each of the four categories. Point out that this analysis is highly subjective. Research is required to make it more objective.

- **How to Leverage Market Research**
  **Product Development**

  **Discussion Starter**
  - Do you feel you have a good idea of your customer’s needs?
  - Does your product/service adequately answer customer needs?

  **Key Point**
  - If you can develop a product that offers great features at an affordable price it will show in your sales numbers.

- **Estimating Share of Decisions**
  The business concept is not feasible if it will not capture a large enough share of the market to generate the sales and revenue necessary to sustain and grow the business. A sales forecast based on the estimated share of decisions is critical to assessing whether to proceed with the business as planned. (“Share of Decisions” refers to decision to purchase your product/service over a competitor’s.)

  **Discussion Starter**
  - What ideas do you have for estimating your sales?

  **Key Point**
  - Remember to be clear about the benefits your company’s products and services offer.

  **Transition to Guest Speaker**
  The Guest Speaker for this session will share experiences of conducting and analyzing market research. Pay particular attention to the ways in which data becomes information that can be leveraged to garner funding and to position products.
Guest Speaker

60 minutes

Introduce the guest speaker(s) and announce the topic, “How’s and Why’s of Market Research.”

Remind the guest how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guest to discuss the following points included on the Guest Speaker Confirmation form:

- Defining and analyzing target market (including customers and competitors) for:
  - Market development priorities.
  - Potential capital requirements.
  - Current and future competitive environment.
  - Obstacles to generating enough revenue.
  - Overall market feasibility:
    - Provide tips for conducting solid primary market research with potential companies and advice on how to contact and get answers from potential customers, including how many people entrepreneurs should talk to and what types of people they should talk to in order to get direct customer feedback.
- Leveraging market research, including its purpose and use for product positioning.
- Product positioning, including knowing the difference between technology and product.
- How investors investigate market research in due diligence process.
- Question and answer time.

Facilitator responsibilities:
- Monitor the time and signal the speaker when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations offline.

Tell participants they will have the opportunity to talk with the guest during the Networking Break.
Networking Break

20 minutes

Remind the entrepreneurs of the value of this networking time.

Key Points

✓ Success is dependent on the team the entrepreneur builds.
✓ Networking provides an opportunity to meet people who may become valuable members of the team.
✓ This is their opportunity to talk with the guest speaker(s).
✓ Items that were noted on the Parking Lot as off-line conversation can be addressed.

• If the number of entrepreneurs is such that not everyone has had a chance to exchange contact information with each other, ask each person to meet any participants not yet met. Have them collect contact information (for example, e-mail address and phone numbers) and areas of interest and expertise.
• Announce what time they are to return for their coaching sessions.
• Have the coaches help with monitoring and encouraging networking activities.
• Help involve the guest speaker(s).
Coaching Session

30 minutes

Monitor the time for each of the segments. Use your judgment as to how much time to allot for each segment.

☐ Elevator Pitches
Have the group members take turns presenting their Elevator Pitch.
• Any who presented to the whole group may opt out if they wish.
• After each pitch, get quick feedback from the rest of the group on how the pitch might better address these elements:
  • Attention-grabbing first line.
  • Description of product or service and its market.
  • Description of the people behind the business.
  • Benefits of investing in the business.
  • Call to action.
  • The entrepreneur’s enthusiasm.

Conclude by reminding them to continue to refine their pitch.

☐ Action Step Review
• Answer any questions they have about the Action Steps from the previous module:
  • Write the first draft of the Marketing Plan section of the Business Plan.
  • Refine their Personal Vision Statement, Business Concept Statement, and Elevator Pitch.
Coaching Session continued

Primary Research

Primary research involves gathering information directly from the source and is critical for filling in the gaps left after secondary research is complete.

Strategies for Primary Research

Key Points

- Collect this information through various interviews, questionnaires, surveys, and conversations with industry experts, prospective customers, and competitors.
- Major issues should be clearly defined prior to conducting primary research. This helps avoid gathering too little information or superfluous information that does not assist in critical decision-making.
- Ask open-ended questions of how, why, what, when, and where that allow the interviewee to talk.
- After the first few interviews, reassess the questions and make changes where appropriate.

Encourage entrepreneurs to consider these questions as starting points as they plan their primary research:

- What methods are you planning to use to conduct your primary market research?
- What questions are you asking relative to the market?
- What customers can you contact for your survey?

Refer the entrepreneurs to the Entrepreneur Manual for more details on strategies for primary research.

Uses of Primary Research

Key Points

- Primary research is not for selling – it’s for collecting data the entrepreneur will need in order to be able to sell.
- Detailed information discovered through primary research strengthens the Marketing Plan by demonstrating an in-depth understanding of the business’s industry, market, customers, and competitors.

Encourage the entrepreneurs to use market research and analysis to continue to refine and expand the Marketing Plan they have drafted.
Wrap Up and Action Steps

10 minutes

- **Summarize Key Concepts**
  In this module, participants have learned about:
  - Developing strategies and survey questions for primary research.
  - Using primary research to describe their customers, competitors, and market in depth.
  - Leveraging market research and analysis.
  - Drafting preliminary sales projections.
  - Drafting a value proposition to target customers’ needs and wants and to differentiate their business from their competitors.

- **Tip**
  A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

- **Preview Action Steps**
  Ensure that entrepreneurs understand the following action steps for the next session:
  - Write the first draft of the following sections of your Business Plan:
    - Sales Projections (Financial Plan section)
    - Value Proposition (Product/Service Plan section)
  - As necessary, modify your Marketing Plan in light of ongoing market research.
  - Continue to refine your Personal Vision Statement, Business Concept Statement, and Elevator Pitch.
  - Read Module 4: Testing Your Business Concept.
  - Complete the Business Concept Feasibility Assessment and Technology Feasibility Assessment and Plan (Assessments tab).

End by encouraging the participants to complete all of the action steps in order to maximize their learning.
Testing Your Business Concept

Concept Analysis

Testing Your Business Concept

Participant Outcomes

- Test your business concept against a model business through:
  - Product or service feasibility.
  - Market feasibility.
  - Financial feasibility.
  - Technology feasibility.
- Decide the next step for your business concept.
- Learn about the topics contained in an Executive Summary.

Entrepreneur Manual Outline

The Model Business

Testing the Concept Using the Model Business

Product or Service Feasibility
Market Feasibility
Financial Feasibility
Technology Feasibility

Deciding the Next Step

Executive Summary
Facilitator and Coaches:
- If participants would like, review the materials from Module 2 that were turned in during Module 3, including:
  - SWOT Analysis of at least one competitor
  - First draft of Marketing Plan
  - Refined Personal Vision Statement
  - Refined Business Concept Statement
- Review and customize the facilitation and coaching notes, as needed.
- Familiarize yourself with the tools referred to in this module.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session.
- Prepare flip charts.
- Set up meeting room.
- Review Parking Lot to identify items to address in this session.

Follow-Ups from This Session
- Send a thank you note to the guest speaker(s).
- Conduct Session Debrief with coaches and any other contributors.
<table>
<thead>
<tr>
<th>Estimated Time</th>
<th>Topic</th>
<th>Materials and Equipment</th>
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<tbody>
<tr>
<td>10 minutes</td>
<td>Opening</td>
<td>Flip chart Prepared pages Index cards Slides 4A – 4B</td>
</tr>
<tr>
<td>35 minutes</td>
<td>Facilitated Discussion</td>
<td>Flip chart Prepared pages Slides 4C – 4H</td>
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<tr>
<td>60 minutes</td>
<td>Guest Speaker</td>
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<td>20 minutes</td>
<td>Networking Break</td>
<td>Index cards with feedback</td>
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<td>45 minutes</td>
<td>Coaching Session</td>
<td>Elevator Pitches Action Step Review</td>
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<td>Deciding the Next Step</td>
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<td>The Executive Summary</td>
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<td>Unstructured Work Time</td>
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<tr>
<td>10 minutes</td>
<td>Wrap Up and Action Steps</td>
<td>Summarize Key Concepts</td>
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<td>Preview Action Steps</td>
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</table>
Preparing to Lead this Session

The entrepreneurs are approaching the go, no-go decision. As they continue to research their business concept and assess its potential for success, some of them may be feeling the need to adjust their business concept in order to have a greater market potential. A few may be realizing that their concept should be abandoned. You will need to be sensitive to each entrepreneur’s needs as they face what could be an intellectually and emotionally difficult decision.

These are some questions typically on the minds of the participants coming into this session:

- How do I test business feasibility?
- How sure do I have to be about my technology?
- Who can help me make the right judgments about my business concept?

Materials Needed

- Slides 4A – 4H
- Prepared flip chart pages
- Entrepreneur Manual, pp. 35 – 44
- Flip chart supplies (including paper, markers, and tape or pins)
- Index cards
- Pre-session music
- Table toys

Flip Chart Pages to Prepare

Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Parking Lot

Any questions or issues brought up by participants that are important but not immediately addressable

Model Business Characteristics

Participants’ list of which characteristics were the most difficult to objectify and why

Feasibility Shortfall

Participants’ ideas about handling a shortfall from the feasibility test
Preparing to Lead this Session  continued

Tools to be used in this session include:

**Executive Summary** – This is the first section of the Business Plan. It contains the highlights and a summary of each section of the plan. The final version can’t be written until the rest of the plan is completed. However, entrepreneurs can begin now to capture ideas that they will revisit and refine throughout the rest of the program.

Ask one or two guest entrepreneurs, who have started successful businesses, to talk about their entrepreneurial experiences with feasibility testing of their product or service, market, and financials.

Send two things to the guest speaker: the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session. Also, invite them to stay for the networking break.
Guest Speaker Confirmation Form

Module 4: Testing Your Business Concept

Speaker          Today’s Date

Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

Date of Presentation          Time

Location

Directions to Location

Directions to Room

Presentation Time          Question and Answer Time

Topic – Feasibility Testing

Please include the following information in your presentation:

- How did you test the feasibility of your Business Plan prior to launching your business?
  - Include testing the feasibility of the following items:
    - Product or Service
    - Market
    - Financial
- How did you test the feasibility of the technology that is the foundation of your product or service?
- What challenges did you face in conducting these feasibility assessments?
- What resources did you use?
- How did the feasibility testing pay off?
- In retrospect, what do you wish you had tested but did not?
- What advice would you give other entrepreneurs?
- Question and answer time.
Background  This is the fourth session of the program. Participants have been exploring entrepreneurship, their goals, and their business concept. They have also identified and analyzed target markets and have been conducting market research to help them decide whether their concept can be successful as is or whether it needs to be revised. This session sets the stage for feasibility testing. During sessions to come, entrepreneurs who decide to proceed with their business concept will move from the analysis phase into developing their business plans.

Number of Participants in the Group

Group Profile (Types of Businesses)

Audiovisual Equipment Needed

Materials Needed

Handouts

Facilitator's Name

Organization

Phone Numbers  E-Mail Address
Opening

10 minutes

Open the Session

- Welcome and Customer Survey Reports
  - Have Slide 4A displayed as participants arrive.
  - Welcome the participants to Module 4: Testing Your Business Concept.

Discussion Starters
Use the prepared flip chart page.
- What did you learn from your market research?
- How can these realizations help you with your business?

Parking Lot
- Ask what new questions or expectations they have as a result of working on the action steps from Module 3.
- As you write these on the flip chart, it will be helpful to note in which module or coaching session each one can or will be addressed.
- Reminder: Point out the value of the networking breaks for addressing some of these questions.

Elevator Pitches
Ask for three to five volunteers to present their Elevator Pitch to the whole group. Ideally, these should not be entrepreneurs who presented to the group at the last session.
- Hand out index cards to the group, one card for each presenter.
- Have them write the presenting entrepreneur’s name and a “+” on one side of a card. On this side they write what was excellent about the Elevator Pitch.
- On the reverse side, have them put a “∆” (the scientific symbol for change) and note what could be done to improve the pitch.

During the Networking Break, distribute these cards to those who presented.
Facilitated Discussion

35 minutes

The Model Business
Participants completed two feasibility assessments in preparation for this session.
- Each assessment tested the participant’s business concept against criteria for a model business.
- Four areas of feasibility were assessed:
  - Product or service feasibility
  - Market feasibility
  - Financial feasibility
  - Technology feasibility.

Discussion Starters
Use the prepared flip chart page.
- As you completed the assessments, which of the model business criteria were the most difficult for you to objectively assess and why?
- How can you achieve more objectivity?

Key Point
- A true model business would score 100 percent on these assessments—but that almost never happens.

The Next Step
Based on their business’s score on the assessments, entrepreneurs now need to decide how to proceed.

Discussion Starter
Use the prepared flip chart page.
- What will you do (or are you doing) if the feasibility test score fell short of your expectations?
  Possible responses: Go back to the drawing board; Modify the concept.

Acknowledge any responses that call for sympathy or laughter.

Remind them of the four pragmatic responses.

Transition to Guest Speaker
The guest speaker will share personal challenges and experiences that were dealt with during feasibility testing.
Guest Speaker

60 minutes

Introduce the guest speaker(s) and announce the topic, “Feasibility Testing.”

Remind the guest how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guest to discuss the following points included on the Guest Speaker Confirmation form:

- How did you test the feasibility of your Business Plan prior to launching your business?
  Include testing the feasibility of the following items:
  - Product or Service.
  - Market.
  - Financial.
- How did you test the feasibility of the technology that is the foundation of your product or service?
- What challenges did you face in conducting these feasibility assessments?
- What resources did you use?
- How did the feasibility testing pay off?
- In retrospect, what do you wish you had tested but did not?
- What advice would you give other entrepreneurs?
- Question and answer time.

Facilitator responsibilities:
- Monitor the time and signal the speaker when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guest during the Networking Break.
Networking Break

20 minutes

Remind the entrepreneurs of the value of this networking time.

Key Points
✓ Success is dependent on the team the entrepreneur builds.
✓ Networking provides an opportunity to meet people who may become valuable members of the team.
✓ This is their opportunity to talk with the guest speaker(s).
✓ Items that were noted on the Parking Lot as off-line conversation can be addressed.

• Announce what time they are to return for their coaching sessions.
• Have the coaches help with monitoring and encouraging networking activities.
• Help involve the guest speaker(s).

Index Cards
During this break, distribute the index cards containing feedback on elevator pitches to those entrepreneurs who presented.
Coaching Session

45 minutes

Monitor the time for each of the segments. Use your judgment as to how much time to allot for each segment.

- **Elevator Pitches**

  Have the group members take turns presenting their Elevator Pitch.
  - Any who presented to the whole group may opt out if they wish.
  - After each pitch, get quick feedback from the rest of the group on how the pitch might better address these elements:
    - Attention-grabbing first line.
    - Description of product or service and its market.
    - Description of the people behind the business.
    - Benefits of investing in the business.
    - Call to action.
    - The entrepreneur’s enthusiasm.

  Conclude by reminding them to continue to refine their pitch.

- **Action Step Review**

  - Answer any questions they have about the Action Steps from the previous module:
    - Write the first draft of the following sections of your Business Plan:
      - Sales Projections (Financial Plan section)
      - Value Proposition (Product/Service Plan section)
    - As necessary, modify your Marketing Plan in light of ongoing market research.
    - Continue to refine your Personal Vision Statement, Business Concept Statement, and Elevator Pitch.
    - Complete the Business Concept Feasibility Assessment and Technology Feasibility Assessment and Plan (Assessments tab).
Coaching Session continued

- **Deciding the Next Step**
  During the concept analysis modules, the participants have done a great deal of research both on their business concept and its likelihood of success and on their own readiness to continue as entrepreneurs.

  **Discussion Starters**
  - What is the most significant thing you’ve learned from the work you’ve done so far?
  - How well does your business concept match your personal vision?
  - Do you really have a business concept that is feasible? Is it a reachable market opportunity, saleable product or service, and likely to be financially successful?
  - Can your product or service be effectively brought to market?
  - Which of the four possible next steps have you decided to pursue?

  Acknowledge each participant’s responses, and allow as much group discussion as seems appropriate. When the group seems ready, transition to the next topic.

- **The Executive Summary**
  This is the first section of the Business Plan. It contains the highlights and a summary of each section of the plan.

  **Key Points**
  - The final version can’t be written until the rest of the plan is completed.
  - Entrepreneurs can begin now to capture ideas that they will revisit and refine throughout the rest of the program.

  Refer them to the Entrepreneur Manual, as well as to the Business Plan Template, for details on writing the Executive Summary.

- **Unstructured Work Time**
  Give participants the rest of the Coaching Session time to work on the Action Steps they need to complete before the next module. Refer them to the beginning of Module 4 in the Entrepreneur Manual, where the Action Steps are listed.

  Your role during this time is to:
  - Answer questions and offer help.
  - Be available to whoever needs your input.
  - Check in and spend time with each participant at least once. Don’t allow any one participant to monopolize your time and attention.
  - Monitor the time and let them know when it’s time to transition to the Wrap Up for this module.
Wrap Up and Action Steps

10 minutes

- **Summarize Key Concepts**
  In this module, participants have:
  - Tested their business concept against a model business through:
    - Product or service feasibility.
    - Market feasibility.
    - Financial feasibility.
    - Technology feasibility.
  - Decided the next step for their business concept.
  - Learned about the topics contained in an Executive Summary.

**Tip**
A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

This concludes the concept analysis portion of the FastTrac® TechVenture™ program. With Module 5, work begins on business planning.

- **Preview Action Steps**
  Ensure that entrepreneurs understand the following action steps for the next session:
  - Decide the next step for their business concept, and plan the actions necessary to implement that decision.
  - Continue to conduct market research with more potential customers, clarifying the market opportunity both quantitatively (money and size) and qualitatively (value proposition).
  - Draft the Executive Summary section of the Business Plan.
  - Complete the Marketing Plan section of the Business Plan.
  - Continue to refine their Elevator Pitch.
  - Read Module 5: Entering and Capturing the Market.

End by encouraging the participants to complete all of the action steps in order to maximize their learning.
Participan
Outcomes

• Identify customers on a product or service adoption curve.
• Consider the image you want for your business.
• Formulate a market penetration plan with associated financial assumptions.
• Select appropriate sales channels and marketing methods.
• Evaluate pricing strategies for your products or services.

Market Penetration
The Market Penetration and Sales Plan
The Product Adoption Curve
Creating an Image

Sales Channels
Distributors
Internal or External Sales Team

Your Sales Process

Marketing Methods
Social Media
Plan Your Web Presence
A Word of Caution
Traditional Print and Media Advertising

Pricing
The Right Price
Break-Even Analysis
Pricing Products
Pricing Services
Procedure for Pricing
Facilitator and Coaches:
- Review and customize these facilitator and coaching notes, as needed.
- Familiarize yourself with the tools referred to in this module.
- Review any materials from Module 3 that were turned in during Module 4. These include:
  - First draft of the following sections of the Business Plan:
  - Sales Projections (Financial Plan section).
  - Value Proposition (Product/Service Plan section).
  - Modified Marketing Plan.
  - Refined Personal Vision Statement and Business Concept Statement.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session.
- Prepare flip charts.
- Set up meeting room.
- Review Parking Lot to identify items to address in this session.

Follow-Ups from This Session

Facilitator:
- Send a thank you note to the guest speaker(s).
- Conduct Session Debrief with coaches and any other contributors.
<table>
<thead>
<tr>
<th>Estimated Time</th>
<th>Topic</th>
<th>Materials and Equipment</th>
<th>EM Page</th>
</tr>
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<tbody>
<tr>
<td>Opening</td>
<td>Welcome and Business Insights, Parking Lot, $100K Elevator Pitches</td>
<td>Flip chart, Prepared pages, Index cards, Slides 5A – 5B</td>
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<tr>
<td>Facilitated Discussion</td>
<td>The Product Adoption Curve, Creating an Image</td>
<td>Flip chart, Prepared pages, Slides 5C - 5D</td>
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<td>Sales Channels and Marketing Methods</td>
<td>Flip chart, Prepared pages, Slide 5E</td>
<td>48 - 52</td>
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<td>Social Media</td>
<td>Slides 5F - 5L</td>
<td>52 - 55</td>
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<td>Guest Speaker</td>
<td>Market Penetration Challenges</td>
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<tr>
<td>Networking Break</td>
<td>$100K Results</td>
<td>Flip chart, Feedback cards</td>
<td></td>
</tr>
<tr>
<td>Wrap Up and Action Steps</td>
<td>Summarize Key Concepts, Preview Action Steps</td>
<td></td>
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3 hours total
Preparing to Lead this Session

Most of the participants have had little face-to-face experience with the customer. They feel that it is painful to take on the role of salesperson, but that role is one of the most critical they will play. They must be able to sell not only to customers, but also to investors.

Along with the pain of becoming a salesperson, the participants may also be shrinking from continuing to make customer survey calls and soliciting feedback on their business. You may need to encourage them to continue these efforts.

These are some questions typically on the minds of the participants coming into this session:
- What is affordable for my market?
- How do I prioritize my sales pipeline?
- How do I figure out how many salespeople I need?
- What are typical financial terms for an indirect distribution channel?

Materials Needed
- Slides 5A–5L
- Prepared flip chart pages
- Entrepreneur Manual, pp. 45 – 62
- Flip chart supplies (including paper, markers, and tape or pins)
- Index cards
- Pre-session music
- Table toys

Flip Chart Pages to Prepare
Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Things Learned about Business
  Participants’ list of new things they’ve learned about their business and how they learned these things

Parking Lot
  Any questions or issues brought up by participants that are important but not immediately addressable

Business Image
  Participants’ ideas about images of various businesses

Sales Channels and Marketing Methods
  Participants’ list of sales channels and marketing methods that convince them to make purchases
Preparing to Lead this Session  continued

Tools to be used in this session include:

**Market Penetration and Sales Plan** – This is a section of the Business Plan. It contains information about company image, customer service, business location, marketing, pricing, and the market analysis.

**Pricing** – This is a subsection of the Market Penetration and Sales Plan. It contains information about pricing strategy, a price list, pricing policies, and a break-even analysis.

Ask one or two sales experts or guest entrepreneurs, who have started successful businesses, to talk about market penetration challenges they have faced, such as understanding customers on a product or service adoption curve, strategies for making sales channels work, effective communications vehicles, and managing and supporting sales efforts through marketing.

Send two things to the guest speaker: the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session. Also, invite them to stay for the networking break.
Guest Speaker Confirmation Form

Module 5: Entering and Capturing the Market

Speaker

Today’s Date

Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

Date of Presentation

Time

Location

Directions to Location

Directions to Room

Presentation Time

Question and Answer Time

Topic – Market Penetration Challenges

Please include the following information in your presentation:

- Identifying customers on a product or service adoption curve.
- Sales channels and strategies for making them work.
- Marketing communications vehicles.
- How a young company can enter a market and capture mind share with few to no resources.
- Pricing strategies for technology and life science products and services.
- Managing sales process efforts and supporting them through marketing. Include the concept of a sales funnel. Provide tips and guidance on setting up, nurturing, and closing a sale. Detail what information is in a “sales presentation” and how it differs from an investor presentation.
- Question and answer time.

Background

This is the fifth session of the program. Participants have explored entrepreneurship, their goals, and their business concept. They have also started to conduct market research and to identify and analyze target markets. The previous session focused on feasibility testing. This and following sessions focus on developing various sections of their business plan.

Number of Participants in the Group

Group Profile (Types of Businesses)

Audiovisual Equipment Needed

Materials Needed

Handouts

Facilitator’s Name

Organization

Phone Numbers

E-Mail Address
### Opening

10 minutes

**Open the Session**

- **Welcome and Business Insights**
  - Have Slide 5A displayed as participants arrive.
  - Welcome the participants to Module 5: Entering and Capturing the Market.

**Discussion Starters**

*Use the prepared flip chart page.*

- What have you learned about your business since the last session?
- How did you learn it?
- How can this information be helpful?

**Parking Lot**

- Ask what new questions or expectations they have as a result of working on the action steps from Module 4.
- As you write these on the flip chart, it will be helpful to note in which module or coaching session each one can or will be addressed.
- **Reminder:** Point out the value of the networking breaks for addressing some of these questions.

### $100K Elevator Pitches

Ask five entrepreneurs who have not yet presented their Elevator Pitch for the whole group to volunteer. Hand out index cards, but announce that this time the feedback will be different. Give these instructions:

- Write each presenting entrepreneur’s name on a card.
- Pretend that you have $100K to invest in these entrepreneurs’ businesses.
- After hearing all five pitches, write on each card how much of the $100K you would invest in that person’s business – all of it, none of it, or something in between. Also, briefly explain what it was about the pitch that caused you to decide on that amount.
- You may not invest more than $100K total in all the businesses combined.
- The facilitator will collect the cards and total the investments in each business.
- During the Networking Break, the investments will be totaled. The totals will be posted, and the cards distributed to the entrepreneurs who presented.

The last session concluded the concept analysis portion of the FastTrac® TechVenture™ program. This session begins the journey into business planning.

The participants have begun to understand the realities of their markets. In this module, they will focus on what it takes to communicate with and capture the market.
Facilitated Discussion

15 minutes

The Product Adoption Curve

Before a business can penetrate a market, it has to get the market’s attention. The first step is to identify where the customers fall along the product adoption curve.

Key Points
- It’s a three-phase curve. First, customers have to know about your product; second, they have to like it; and third, they have to buy it.
- Many marketing methods will move customers through the three phases.

Creating a Business Image

One factor that affects whether customers like a business is the image the business projects.

Discussion Starters

Use the prepared flip chart page.
- What image do you associate with…? Name a variety of businesses, such as Dell, Apple, Motel 6, Ritz-Carlton, National Enquirer, The Wall Street Journal, Hyundai, or Lexus.
- What contributes to that business image?

Key Points
- Image is more than what is projected through advertising.
- Image is expressed through every contact the market has with the business, from logos and business cards to salespeople’s attire to how the business phone is answered.
- All aspects of the business must be aligned with the image a business wants to convey to the market.
Facilitated Discussion continued

10 minutes

Sales Channels and Marketing Methods

Sales channels and marketing methods are the means by which a business communicates with potential buyers and convinces them to buy.

Discussion Starters

Use the prepared flip chart page.

☐ Think about purchases you make for your business. How do you find out about the products and services you buy?

☐ What sells you on any particular purchase?

Key Points

✔ Choose the sales channels and marketing methods that will most effectively and affordably reach potential buyers.

✔ Refer to the Entrepreneur Manual for more information. Also see the list of More Info Resources included in the FastTrac® TechVenture™ Toolkit.
Facilitated Discussion continued

20 minutes

Social Media

One of the most interesting and effective ways to build buzz your business is through a strategic use of social media. There a numerous opportunities to build a virtual presence for your business but like anything else, the choices must be strategic and in keeping with your brand.

Discussion Starters

✓ What social media do you currently use? What do you think might be most effective for your business?
✓ Have you considered a social media strategy?
✓ Where are you most likely to find your customers? (What sites will be most effective in reaching your customers?)
✓ What are some of the pros and cons with using social media?
✓ What do you think are some important considerations?

Key Point

✓ While there are tremendous pros and cons with using social media it is an expectation in today's world that your business has a virtual presence. Be mindful when crafting your brand – It is important to provide a consistent message.
Guest Speaker

60 minutes

Introduce the guest speaker(s) and announce the topic, “Market Penetration Challenges.”

Remind the guest how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guest to discuss the following points included on the Guest Speaker Confirmation form:

- Identifying customers on a product or service adoption curve.
- Sales channels and strategies for making them work.
- Marketing communications vehicles.
- How a young company can enter a market and capture mind share with few to no resources.
- Pricing strategies for technology and life science products and services.
- Managing sales process efforts and supporting them through marketing. Include the concept of a sales funnel, and provide tips and guidance on setting up, nurturing, and closing a sale. Detail what information is in a “sales presentation” and how it differs from an investor presentation.

Facilitator responsibilities:
- Monitor the time and signal the speaker when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guest during the Networking Break.
Networking Break

15 minutes

Remind the entrepreneurs of the value of this networking time.

Key Points

✓ Success is dependent on the team the entrepreneur builds.
✓ Networking provides an opportunity to meet people who may become valuable members of the team.
✓ This is their opportunity to talk with the guest speaker(s).
✓ Items that were noted on the Parking Lot as off-line conversation can be addressed.

• Announce what time they are to return for their coaching sessions.
• Have the coaches help with monitoring and encouraging networking activities.
• Help involve the guest speaker(s).

☐ $100K Results

• Distribute the feedback cards to the entrepreneurs who presented their Elevator Pitches.
• Post a flip chart page showing the amount of investment each of the five garnered.
• Announce that this activity will be repeated, and encourage the participants to practice for their chance at the “investment.”
Coaching Session

40 minutes

Monitor the time for each of the segments. Use your judgment as to how much time to allot for each segment.

- Elevator Pitches
  Have the group members take turns presenting their Elevator Pitch.
  - Any who presented to the whole group may opt out if they wish.
  - After each pitch, get quick feedback from the rest of the group on how the pitch might better address these elements:
    - Attention-grabbing first line.
    - Description of product or service and its market.
    - Description of the people behind the business.
    - Benefits of investing in the business.
    - Call to action.
    - The entrepreneur’s enthusiasm.
  Conclude by reminding them to continue to refine their pitch.

- Action Step Review
  - Answer any questions they have about the Action Steps from the previous module:
    - Decide the next step for their business concept, and plan the actions necessary to implement that decision.
    - Continue to conduct market research with more potential customers, clarifying the market opportunity both quantitatively (money and size) and qualitatively (value proposition).
    - Draft the Executive Summary section of the Business Plan.
    - Complete the Marketing Plan section of the Business Plan.
  - Collect any work they want you to review.
Coaching Session continued

Pricing Strategies
Pricing is a complex issue that affects the business’s marketing and financials. The business must find the right price, that is, the price that customers are willing to pay. But, the price must be enough that the business can make a satisfactory profit.

- Refer participants to the Entrepreneur Manual for a detailed discussion of pricing strategies.
- Focus their attention on the following key points:
  - Profits = Revenues – Costs
  - Break-even analysis determines how much product or service must be sold at a certain price to meet all costs.
  - Use a four-step procedure for setting prices.
  - One step in setting prices is to select a pricing strategy, either price skimming or penetration pricing.

The Pricing section of a company’s business plan presents details of the company’s pricing strategies. Pricing is a subsection of the Market Penetration and Sales Plan.

Market Penetration and Sales Plan
As one of their action steps for the next session, participants will draft the Market Penetration and Sales Plan section of the Business Plan.

Offer some or all of the following questions for the participants to consider as they draft the Market Penetration and Sales Plan:
- What is the affordable marketing and sales strategy for your business?
- How will you make your customer aware of your product or service?
- What is the best way to make them aware?
- What are the steps in your sales cycle, and how long does each step take?
- What is your value proposition?
- What will your brand image be?
- How do you position your company against competitors?
- How will you get your contact information?
- What are your assumptions for sales productivity?
- What is your sales pipeline currently like? How will it evolve?
- How will you manage your sales pipeline?
- How will you qualify customer prospects?
- What approach will you use to make your first sales call?
- What sales channel is needed to execute the sales process?
- What are your pricing assumptions?
- What are your sales objectives for the first year?
- What resources will be needed to drive the sales plan?
- How will you compensate sales people?
Coaching Session continued

Unstructured Work Time
Give participants the rest of the Coaching Session time to work on the Action Steps they need to complete before the next module. Refer them to the first page of Module 5 in the Entrepreneur Manual, where the Action Steps are listed.

Your role during this time is to:
• Answer questions and offer help.
• Be available to whoever needs your input.
• Check in and spend time with each participant at least once. Don’t allow any one participant to monopolize your time and attention.
• Monitor the time and let them know when it’s time to transition to the Wrap Up for this module.
Wrap Up and Action Steps

10 minutes

 setShow Inline

- Summarize Key Concepts

In this module, participants have learned about:
  - Identifying customers on a product or service adoption curve.
  - Considering the image they want for their business.
  - Formulating a market penetration plan with associated financial assumptions.
  - Selecting appropriate sales channels and marketing methods.
  - Evaluating pricing strategies for their products or services.

- Tip

A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

- Preview Action Steps

Ensure that entrepreneurs understand the following action steps for the next session:
  - Draft the Market Penetration and Sales Plan section of the Business Plan, with particular focus on the Pricing section.
  - Refine the Executive Summary section of the Business Plan as they draft other sections.
  - Continue to conduct market research with more potential customers, clarifying the market opportunity both quantitatively (money and size) and qualitatively (value proposition).
  - Continue to refine their Elevator Pitch.
  - Read Module 6: Planning for Financial Success.

End by encouraging the participants to complete all of the action steps in order to maximize their learning.
Planning for Financial Success

Business Planning

Participant Outcomes

- Identify components of the Financial Templates.
- Project the financial condition of your business.
- Analyze and interpret financial statements.
- Use ratios to determine the relative financial status of your business.
- Prepare and use various financial statements, forecasts, and ratios to communicate with various audiences.

Entrepreneur Manual Outline

The Financial Templates

Financial Projections
- Researching and Collecting Financial Information
- Entering Data in the Financial Templates

Financial Statements
- The Accounting System
- The Accounting Equation
- The Big Three Financial Statements

Financial Ratios
- Profitability Ratios
- Liquidity Ratios
- Risk Ratios
- Efficiency Ratios
- Ratio Analysis
Facilitator and Coaches:
- Review and customize these facilitator and coaching notes, as needed.
- Review the materials from Module 4 that were turned in during Module 5. These include:
  - Draft of the Executive Summary section of the Business Plan.
  - Completed Marketing Plan section of the Business Plan.
  - Familiarize yourself with the tools referred to in this module.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session.
- Set up meeting room.
- Review Parking Lot to identify items to address in this session.

Facilitator:
- Send a thank you note to the guest speaker(s).
- Conduct Session Debrief with coaches and any other contributors.

Follow-Ups from This Session

Actions Before This Session

Find online tools at fasttrac.org/resources.
### Planning for Financial Success

<table>
<thead>
<tr>
<th>Estimated Time</th>
<th>Topic</th>
<th>Materials and Equipment</th>
<th>EM Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening</strong></td>
<td>10 minutes</td>
<td>Welcome, Parking Lot, $100K Elevator Pitches</td>
<td>Flip chart, Prepared pages, Index cards, Slides 6A – 6B</td>
</tr>
<tr>
<td><strong>Facilitated Discussion</strong></td>
<td>30 minutes</td>
<td>Financial Statements</td>
<td>Slides 6C – 6K</td>
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<tr>
<td><strong>Guest Speaker</strong></td>
<td>75 minutes</td>
<td>Planning for Financial Success</td>
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<tr>
<td><strong>Networking Break</strong></td>
<td>20 minutes</td>
<td>$100K Results</td>
<td>Flip chart, Feedback cards</td>
</tr>
<tr>
<td><strong>Wrap Up and Action Steps</strong></td>
<td>10 minutes</td>
<td>Summarize Key Concepts, Preview Action Steps</td>
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</tr>
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<td><strong>Total</strong></td>
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Preparing to Lead this Session

The entrepreneurs arrive at this session with many questions about the financial aspects of their business concept or existing business. Many of them will have difficulty with putting numbers into a financial plan, either because they are not certain about the validity of the numbers or they just don’t know any numbers yet. They will need encouragement to start putting numbers in, even if they are estimates.

These are some questions typically on the minds of the participants coming into this session:

- How do I reflect my sales strategies in the financial plan?
- What kind of return will investors require?
- How do I keep cash outlays as low as possible?
- Should I lease or buy equipment?

Because multiple guest speakers will be covering the content of this session, the facilitator’s role focuses primarily on ensuring that guest speakers stay focused on the content they have been asked to address and on monitoring the time for the speakers.

Materials Needed

- Slides 6A – 6K
- Flip chart supplies (including paper, markers, and tape or pins)
- Index cards
- Pre-session music
- Table toys

Flip Chart Pages to Prepare

Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Parking Lot

Any questions or issues brought up by participants that are important but not immediately addressable
Preparing to Lead this Session  continued

Tools to be used in this session include:

Financial Templates – These two tools were first introduced in Module 1, but it is in Module 6 that the entrepreneurs really begin to use these tools. The facilitator and coaches should reacquaint themselves with the two templates and also with the specific set of instructions for the 6-Year Financial Template. Review the detailed comparison of the two templates that is contained in the Program Overview section of this Facilitator Manual.

Sample Financial Statements and Ratios – This resource contains one year’s worth of sample financial statements – Balance Sheet, Income Statement, and Cash Flow Report – from the 3-Year Financial Template. It also contains samples of the four types of financial ratios.

Guest speakers should include entrepreneurial CFOs and accountants who can address the preparation and use of financial statements and ratios to plan for financial success. They will provide guidance on the following topics:

• Projecting the financial condition of a business.
• Analyzing and interpreting financial statements.
• Using ratios to determine the relative financial status of a business.
• Preparing and using various financial statements, forecasts, and ratios to communicate with various audiences.

Send two things to the guest speakers: the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session.

Be sure to invite them to stay for the networking break. Participants are sure to have questions for them.
## Guest Speaker Confirmation Form

**Module 6: Planning for Financial Success**

<table>
<thead>
<tr>
<th>Speaker</th>
<th>Today's Date</th>
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Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

<table>
<thead>
<tr>
<th>Date of Presentation</th>
<th>Time</th>
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<th>Directions to Location</th>
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<th>Directions to Room</th>
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<table>
<thead>
<tr>
<th>Presentation Time</th>
<th>Question and Answer Time</th>
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</table>

### Topic – Planning for Financial Success

Please include the following information in your presentation:

- Projecting the financial condition of a business.
- Analyzing and interpreting financial statements.
- Using ratios to determine the relative financial status of a business.
- Preparing and using various financial statements, forecasts, and ratios to communicate with various audiences.
- Question and answer time
Guest Speaker Confirmation Form

Module 6: Planning for Financial Success continued

**Background** This is the sixth session of the program. Participants have explored entrepreneurship, their goals, and their business concept. They have also started to conduct market research and to identify and analyze target markets. The previous session focused on feasibility testing. This and following sessions focus on developing various sections of their business plan.

<table>
<thead>
<tr>
<th>Number of Participants in the Group</th>
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<table>
<thead>
<tr>
<th>Group Profile (Types of Businesses)</th>
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<th>E-Mail Address</th>
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</table>
Opening

10 minutes

Open the Session

Welcome
- Have Slide 6A displayed as participants arrive.
- Welcome the participants to Module 6: Planning for Financial Success.

Parking Lot
- Ask what new questions or expectations they have.
- Note these on a Parking Lot flip chart and continue to note in which module or coaching session each expectation can or will be addressed.
- Point out which items on the Parking Lot have been addressed in previous sessions.
- Show Slide 6B and explain the session information.

Facilitation

$100K Elevator Pitches
Ask five entrepreneurs who have not yet presented their Elevator Pitch for the whole group to volunteer. Hand out index cards and give these instructions:
- Write each presenting entrepreneur’s name on a card.
- Pretend that you have $100K to invest in these entrepreneurs’ businesses.
- After hearing all five pitches, write on each card how much of the $100K you would invest in that person’s business – all of it, none of it, or something in between. Also, briefly explain what it was about the pitch that caused you to decide on that amount.
- You may not invest more than $100K total in all the businesses combined.
- The facilitator will collect the cards and total the investments in each business.
- During the Networking Break, the investments will be totaled. The totals will be posted, and the cards distributed to the entrepreneurs who presented.

Transition to Guest Speakers
In this session, the Facilitated Discussion is replaced by extra time for multiple guest speakers who will cover the content. They will provide an understanding of financial statements and of how to use data from financials to plan for profitability.
Facilitated Discussion

Time
30 minutes

Facilitation

Financial Statements
Planning for financial success is a key responsibility for you as an entrepreneur. While you may not feel confident in your understanding of numbers, relax. You will become more confident as you learn about the three key financial statements:

• Income Statement
• Balance Sheet
• Cash Flow Statement

Discussion Starters
× When you hear that a business is “financially successful” what comes to mind? Financial success encompasses several key concepts – profits, cash, personal income.
× What elements will you assess to determine what potential your business has for financial success?
× How important is financial success to you? What does it mean to you?

What are you willing to risk?

Key Points
✓ Understanding financial concepts and assessing financial information is critical to evaluating feasibility because your business is only a success if it helps you reach your personal, professional, and financial goals. Some time and effort will be required to understand and assess financial aspects of a business.
Guest Speaker

Time

75 minutes

Facilitation

Introduce the guest speakers and announce the topic, “Planning for Financial Success.”

Remind the guests how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guests to discuss the following points included on the Guest Speaker Confirmation form:

- Projecting the financial condition of a business.
- Analyzing and interpreting financial statements.
- Using ratios to determine the relative financial status of a business.
- Preparing and using various financial statements, forecasts, and ratios to communicate with various audiences.

Facilitator responsibilities:

- Monitor the time and signal the speakers when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guests during the Networking Break.
Networking Break

20 minutes

Remind the entrepreneurs of the value of this networking time.

**Key Points**

- Success is dependent on the team the entrepreneur builds.
- Networking provides an opportunity to meet people who may become valuable members of the team.
- This is their opportunity to talk with the guest speaker(s).
- Items that were noted on the Parking Lot as off-line conversation can be addressed.

• Announce what time they are to return for their coaching sessions.
• Have the coaches help with monitoring and encouraging networking activities.
• Help involve the guest speakers.

**$100K Results**

- Distribute the feedback cards to the entrepreneurs who presented their Elevator Pitches.
- Post a flip chart page showing the amount of investment each of the five garnered.
- Announce that this activity will be repeated at coming sessions, and encourage the participants to practice for their chance at the “investment.”
Coaching Session

35 minutes

Monitor the time for each of the segments. Use your judgment as to how much time to allot for each segment.

- Elevator Pitches
  Have the group members take turns presenting their Elevator Pitch.
  - Any who presented to the whole group may opt out if they wish.
  - After each pitch, get quick feedback from the rest of the group on how the pitch has been or might be improved.

Conclude by reminding them to continue to refine their pitch.

- Action Step Review
  - Answer any questions they have about the Action Steps from the previous module:
    - Draft the Market Penetration and Sales Plan section of the Business Plan, with particular focus on the Pricing section.
    - Refine the Executive Summary section of the Business Plan as they draft other sections.
    - Continue to conduct market research with more potential customers, clarifying the market opportunity both quantitatively (money and size) and qualitatively (value proposition).
  - Collect any work they want you to review.

- Choosing a Financial Template
  Help the participants decide which of the financial templates is appropriate for their business at its current stage.
  - Refer them to p. 64 in the Entrepreneur Manual, where they will find a brief description of the two templates, and to pp. 65 – 72 for guidance on using various worksheets in the two templates.
  - Emphasize that it’s critical to read the specific instructions for the 6-year template. These instructions are available from the Templates and Glossary tab of the online toolkit.
  - Point out that some participants may find it helpful to start with the 3-year template and move to the 6-year template as they become more familiar with their numbers and the industry. Note: The 3-year template can be a way to ascertain some of the percentages needed for the 6-year template.
  - Also mention that the 6-year template requires fewer manual entries and projects further out, an obvious advantage for the technical business that may not see profit for several years and wants to show future rounds of financing as the technology progresses.
Coaching Session continued

- **The Financial Plan**
  As one of their action steps for the next session, participants will draft the Financial Plan section of the Business Plan.

  Remind them to:
  - Include the projected Annual Snapshot from the Financial Template as part of the Financial Plan.
  - Include additional financial statement projections and relevant worksheets in the appendix of the Business Plan.

  Offer some or all of the following questions for the participants to consider as they draft the Financial Plan:
  - Do you have an achievable revenue model?
  - What are your elements of costs and how do they scale with sales?
  - Have you accounted for all operating expenses?
  - What compensation assumptions have you made? *(Note: Some assumptions may have been made even though this topic will not be covered until the next session.)*
  - What capital purchases will you need to make?
  - How will inventory be managed?
  - Will you require a line of credit or other forms of debt?
  - When are you profitable?
  - When are you cash-flow positive?
  - What is your burn rate?
  - How much money will you need to start the business while maintaining a reasonable positive cash position?
  - What are your sources of funding?
  - What will the return to investors be in five years?

- **Unstructured Work Time**
  Give participants the rest of the Coaching Session time to work on the Action Steps they need to complete before the next module. Refer them to the first page of Module 6 in the Entrepreneur Manual, where the Action Steps are listed.

  Your role during this time is to:
  - Answer questions and offer help.
  - Be available to whoever needs your input.
  - Check in and spend time with each participant at least once. Don’t allow any one participant to monopolize your time and attention.
  - Monitor the time and let them know when it’s time to transition to the Wrap Up for this module.
Wrap Up and Action Steps

10 minutes

☐ Summarize Key Concepts
In this module, participants have learned about:
- Components of the Financial Templates.
- Projecting the financial condition of their business.
- Analyzing and interpreting financial statements.
- Using ratios to determine the relative financial status of their business.
- Preparing and using various financial statements, forecasts, and ratios to communicate with various audiences.

☐ Tip
A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

☐ Preview Action Steps
Remind the participants of the following steps they need to take before the next session:
- Decide which of the two Financial Templates (Templates and Glossary tab) is appropriate for the current stage of their business and begin entering data into the template they select. Complete as many of the worksheets as possible with the data they have at present.
- Review the Sample Financial Statements and Ratios (Guidelines and Sample Documents tab).
- Determine how much funding is needed to launch or grow their business at the desired rate.
- Draft the Financial Plan section of the Business Plan.
- Refine the Executive Summary section of the Business Plan as they draft other sections.
- Continue to refine their Elevator Pitch.
- Read Module 7: Building and Compensating Your Organizational Team.

End by encouraging the participants to complete all of the action steps in order to maximize their learning.
Building and Compensating Your Organizational Team

Evaluate the founding team’s ability to fulfill various management roles and responsibilities.

- Plan to build a management team that can meet the business's needs at all stages.
- Create a basic equity compensation plan that will help recruit and retain top management employees.
- Determine ways to recruit and hire motivated employees.
- Identify ways to create a positive working environment.

The Management Team
Organizational Structure and Organizational Charts

Board of Directors and Advisory Boards
  - Board of Directors
  - Advisory Boards
  - Selecting Board Members

Management Transition Roles
Management Team Compensation
Recruitment and Selection of Employees
  - Recruitment
  - Hiring

Independent Contractors

A Positive Work Environment
  - Communicating Your Values
  - Creating Clarity in the Organization
  - Providing Appropriate Reward Systems
  - Creating a Learning Environment
  - Celebrating Victories

Outsourcing
  - Legal Professionals
  - Financial Professionals
  - Business Consultants
  - Marketing Consultants
  - Business Development Consultants
  - Others

Entrepreneur Manual Outline

Participant Outcomes

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Actions Before This Session

Facilitator and Coaches:
- Review and customize these facilitator and coaching notes, as needed.
- Familiarize yourself with the tools referred to in this module.
- Review the materials from Module 5 that were turned in during Module 6. These include:
  - Draft of the Market Penetration and Sales Plan section of the Business Plan, with particular focus on the Pricing section.
  - Refined Executive Summary section of the Business Plan.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session.
- Prepare flip charts.
- Set up meeting room.
- Review Parking Lot to identify items to address in this session.

Follow-Ups from This Session

Facilitator:
- Send a thank you note to the guest speaker(s).
- Conduct Session Debrief with coaches and any other contributors.

Actions Before This Session

Find online tools at fasttrac.org/resources.
<table>
<thead>
<tr>
<th>Estimated Time</th>
<th>Topic</th>
<th>Materials and Equipment</th>
<th>EM Page</th>
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<tbody>
<tr>
<td>15 minutes</td>
<td>Opening</td>
<td>Flip chart Prepared pages Slides 7A – 7B</td>
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<tr>
<td></td>
<td>Welcome and Sharing Challenges</td>
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<td>Parking Lot</td>
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<td>$100K Elevator Pitches</td>
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<tr>
<td>15 minutes</td>
<td>Facilitated Discussion</td>
<td>Flip chart Prepared pages Slides 7C – 7G</td>
<td>82 – 85</td>
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<tr>
<td></td>
<td>Management Roles and Responsibilities</td>
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<td></td>
<td>Management Transition Roles</td>
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<td>86 – 87</td>
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<tr>
<td>15 minutes</td>
<td>Creating a Positive Work Environment</td>
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<td>96 – 98</td>
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<tr>
<td>75 minutes</td>
<td>Guest Speaker</td>
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<td>Recruitment and Equity Compensation</td>
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<td>20 minutes</td>
<td>Networking Break</td>
<td>Flip chart Feedback cards</td>
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<td>$100K Results</td>
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<td>Action Step Review</td>
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<td>The Organizational Team</td>
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<td>Unstructured Work Time</td>
<td>Entrepreneur Manual</td>
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<tr>
<td>10 minutes</td>
<td>Wrap Up and Action Steps</td>
<td>Summarize Key Concepts</td>
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<td>Preview Action Steps</td>
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Preparing to Lead this Session

Entrepreneur’s View

Coming into this session, the entrepreneurs are focusing on how to find the right people and compensate them. They will also want to talk about stock option payments as part of the compensation package.

These are some questions typically on the minds of the participants coming into this session:

• How exactly do I find the right people and where?
• How do I compensate members of my team? Where can I find compensation data?
• What if I need to offer stock options? How much should I offer and under what terms?
• What is the next hire I need to make?
• How do I determine if the new hire is right for the job?
• Who could I contact for administrative support?
• How do I structure a compensation plan that puts the right incentives in place?
• Should I have employment contracts for my key people?
• What should I, and what can I, tell my employees about the status of the company?

Facilitator’s Role

It is important to remember that there is no “perfect” answer to the questions focused on finding the right people and compensating them. Encourage the entrepreneurs to articulate what they need in each position. The more they can define the job and its critical success factors, the easier it will be for them to find the right person.

Also, reinforce that the entrepreneurs play a personal and critical role in attracting people to their businesses to join their team. This goes back to their role as salespeople because, in many instances, hiring people is a two-way street. The entrepreneur is trying to sell prospective team members on joining the team, while those persons are trying to sell the entrepreneur on hiring them.

Materials Needed

- Slides 7A – 7G
- Prepared flip chart pages
- Entrepreneur Manual, pp. 81 – 102
- Flip chart supplies (including paper, markers, and tape or pins)
- Index cards
- Pre-session music
- Table toys
Preparing to Lead this Session  continued

Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Challenges and Advice
Participants’ list of challenges and successes since the previous session, and advice for tackling the challenges

Parking Lot
Any questions or issues brought up by participants that are important but not immediately addressable

Management Roles
Participants’ list of key management roles to fill for their organizational teams

Positive Work Environment
Participants’ ideas of what makes a work environment positive

Tools to be used in this session include:

Management and Organization Plan – This is a section of the Business Plan. It contains information about the all members of the organization, recruitment and selection of employees, compensation (including reward and incentive plans), communication, and infrastructure advisers.

Interview Forms – This resource features lists of key questions to ask and to avoid in an interview, a form for taking notes during the interviews, and a matrix to help objectively compare candidates. These forms are samples only. Actual forms should be developed with assistance from the entrepreneur’s attorney.

Application for Employment – This is a sample job application that can be downloaded. It should be used only as a starting point for discussions with the entrepreneur’s attorney to develop an application to use in the entrepreneur’s business.

Capital Structure for Entrepreneurs – This resource presents a discussion of how ownership can be distributed in a company. It focuses first on allocating equity when starting a company, and then presents a series of examples and formulas for determining the amount and effect of dilution that might be caused by accepting varying amounts of outside financing.

Option Plan Guidelines – This resource provides a detailed overview of option pool management from the entrepreneur’s perspective. It features practical advice on actual scenarios the entrepreneur may face. It does not constitute legal advice, which can come only from a licensed professional.

This session will feature one or more entrepreneurial founders or early-stage CEOs who have launched multiple companies. The focus of the presentation is how to recruit the top management employees you need and how to package an equity compensation plan to retain them.

Send two things to the guest speaker(s): the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session.

Be sure to invite them to stay for the networking break. Participants are sure to have questions for them.
Guest Speaker Confirmation Form

Module 7: Building and Compensating Your Organizational Team

<table>
<thead>
<tr>
<th>Speaker</th>
<th>Today's Date</th>
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Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

<table>
<thead>
<tr>
<th>Date of Presentation</th>
<th>Time</th>
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<th>Directions to Room</th>
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<table>
<thead>
<tr>
<th>Presentation Time</th>
<th>Question and Answer Time</th>
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</table>

**Topic – Recruitment and Equity Compensation**

Please include the following information in your presentation:

- Practical tips on how to find, recruit, and retain the best talent for a company.
- How to create a basic equity compensation plan.
- The importance of enacting strategies for managing growth from option planning to human resources policies to employment agreements.
- What investors want to see in a team, including why they value this above all other elements of the company.
- What one thing you would change in assembling your team and growing the company.
- Question and answer time.

**Background**  This is the seventh session of the program. Participants have explored entrepreneurship, their goals, and their business concept. They have identified and analyzed target markets. They have also started to write their business plan, including their financial plan and marketing plan. They have had questions and thoughts about hiring and retaining their teams, but have not yet dealt with these challenges. This session focuses on this aspect of being a successful entrepreneur.

<table>
<thead>
<tr>
<th>Number of Participants in the Group</th>
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<th>Organization</th>
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<th>Phone Numbers</th>
<th>E-Mail Address</th>
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</table>
Opening

15 minutes

Open the Session

- **Welcome and Sharing Challenges**
  - Have Slide 7A displayed as participants arrive.
  - Welcome the participants to Module 7: Building and Compensating Your Organizational Team.
  - Show Slide 7B.

**Discussion Starter**

*Use the prepared flip chart page.*

- What challenges and successes have you encountered since the last session?
- What advice can anyone offer for tackling the challenges?

- **Parking Lot**
  - Ask what new questions or expectations they have.
  - Note these on a Parking Lot flip chart and continue to note in which module or coaching session each expectation can or will be addressed.

- **$100K Elevator Pitches**
  - Ask five entrepreneurs who have not yet presented their Elevator Pitch for the whole group to volunteer. Hand out index cards and quickly repeat the instructions:
    - Write each presenting entrepreneur’s name on a card.
    - Pretend that you have $100K to invest in these entrepreneurs’ businesses.
    - After hearing all five pitches, write on each card how much of the $100K you would invest in that person’s business – all of it, none of it, or something in between. Also, briefly explain what it was about the pitch that caused you to decide on that amount.
    - You may not invest more than $100K total in all the businesses combined.
    - The facilitator will collect the cards and total the investments in each business.
    - During the Networking Break, the investments will be totaled. The totals will be posted, and the cards distributed to the entrepreneurs who presented.
Facilitated Discussion

Management Roles and Responsibilities
One critical success factor that investors take into consideration is a company’s organizational team. Entrepreneurs must recognize the numerous roles to be filled in their organization.
- Show Slide 7C.

Discussion Starters
Use the prepared flip chart page.
- What are some key management roles you need to fill for your organizational team?
- On a scale of one to five, how well can your founding team fill each of those roles?
- What are you basing your assessment on?

Key Points
- The more clearly you articulate what you need for each management role, the easier it will be to find the right person to fill that role.
- One way of showing investors that all the key roles are filled is an organizational chart. Many software products make it easy to construct organizational charts and insert them into documents.
- Your founding team may not be able to fill the same roles at different stages in the company’s development.

Management Transition Roles
As companies launch and grow, their management needs may change. Additionally, it is critical to consider engaging a group of advisors.
- Show Slides 7D – 7G.

Discussion Starters
- Imagine your business three or five or 10 years from now. Will your role be the same at each of those points as it is now?
- What changes do you envision in the management team?
- What will drive those changes?
- What talent do you need in your advisors?

Key Points
- As a company grows, management roles have to evolve to meet the company’s changing needs.
Facilitated Discussion continued

15 minutes

Creating a Positive Work Environment
Getting the right people in the right roles is just the first step. The next challenge is to keep those people in a highly competitive market.
- Compensation is critical, and the guest speaker(s) will address that concern.
- Another important factor is the work environment.

Discussion Starters
Use the prepared flip chart page.
- In your opinion, what are some factors that make a work environment positive?
- What can you do to foster a positive environment in your company as it develops?
  Possible responses: Hire positive people; build in appropriate reward systems; let people know their efforts are appreciated.
- In your review of Noam Wasserman’s The Founders Dilemmas, where there any areas that sounded like issues you may face?

Key Points
- A positive work environment helps you create a team that is committed to the company’s goals and objectives.
- Build in the positive from the beginning to encourage the people you need to stick around for the ride.

Transition to Guest Speaker
The guest speaker(s) for this session will share experiences with recruitment and equity compensation – the nitty-gritty that participants are eager to learn about. Also, any stories about founding team issues, would be helpful.
Guest Speaker

75 minutes

Introduce the guest speaker(s) and announce the topic, “Recruitment, Equity Compensation, and Founding Team issues.”

Remind the guest how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guest to discuss the following points included on the Guest Speaker Confirmation form:

- Practical tips on how to find, recruit, and retain the best talent for a company.
- How to create a basic equity compensation plan.
- The importance of enacting strategies for managing growth from option planning to human resources policies to employment agreements.
- What investors want to see in a team, including why they value this above all other elements of the company.
- What one thing you would change in assembling your team and growing the company.

Facilitator responsibilities:

- Monitor the time and signal the speakers when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guests during the Networking Break.
Networking Break

20 minutes

Building a Team
Suggest to the participants that this may be a good opportunity to ask for help finding the people you need for your team. If you already have profiles in mind for what you need, ask the other entrepreneurs if they can help you locate possible team players.
- Announce what time they are to return for their coaching sessions.
- Have the coaches help with monitoring and encouraging networking activities.
- Help involve the guest speakers.

$100K Results
- Distribute the feedback cards to the entrepreneurs who presented their Elevator Pitches.
- Post a flip chart page showing the amount of investment each of the five garnered.
- Announce that this activity will be repeated at coming sessions, and encourage the participants to practice for their chance at the “investment.”
Coaching Session

**Time**

30 minutes

Monitor the time for each of the segments. Use your judgment as to how much time to allot for each segment.

**Elevator Pitches**

Have the group members take turns presenting their Elevator Pitch.
- Any who presented to the whole group may opt out if they wish.
- After each pitch, get quick feedback from the rest of the group on how the pitch has been or might be improved.

Conclude by reminding them to continue to refine their pitch.

**Action Step Review**

- Answer any questions they have about the Action Steps from the previous module:
  - Complete as many of the Financial Template worksheets as possible with the data they have at present.
  - Review the Sample Financial Statements and Ratios (Guidelines and Sample Documents tab).
  - Determine how much funding is needed to launch or grow their business at the desired rate.
  - Draft the Financial Plan section of the Business Plan.
  - Refine the Executive Summary section of the Business Plan as they draft other sections.

**The Organizational Team**

Help participants understand the information presented by the guest speaker(s) so they can draw from it as they complete the Action Steps for this module.

Refer the participants to the following sources for more information:
- The FastTrac® TechVenture™ Toolkit:
  - More Info Resources tab
  - Interview Forms (Action Files tab)
  - Application for Employment (Guidelines and Sample Documents tab)
  - Capital Structure for Entrepreneurs (Guidelines and Sample Documents tab)
  - Option Plan Guidelines (Guidelines and Sample Documents tab)
- Websites (such as salary.com) that give “market” rates for salaries for different jobs
- Job distribution lists (such as the Yahoo®-driven kitlist) that give salary ranges for many jobs
Coaching Session continued

Suggest that the participants consider the following questions as they work on the Action Steps for this module:

- What are your company’s specific objectives in the near term that will influence the building of your team?
- What are your personal skills and abilities that can help meet those objectives? Where are the gaps?
- What skills and abilities are currently needed to meet these objectives? How will that change as the company grows?
- Are you realistic about your current and future role in the company?
- What is the organizational structure of your company?
- With the criteria developed, are you selecting only the best people to help you with your business?
- What is the compensation plan for your people? Are you appropriately compensating your management team?
- Who are your business advisers? How will you use them as part of your team?
- Do you have a plan for acquiring the services of an attorney, accountant, and HR specialist?
- Do you have a company vision, mission, and values statement prepared and communicated to employees?
- Do you have an employee performance evaluation process in place?
- Do you have offer letters, confidentiality agreements, non-disclosure agreements (NDAs), and personnel records in place?

Unstructured Work Time

Give participants the rest of the Coaching Session time to work on the Action Steps they need to complete before the next module. Refer them to the first page of Module 7 in the Entrepreneur Manual, where the Action Steps are listed.

Your role during this time is to:

- Answer questions and offer help.
- Be available to whoever needs your input.
- Check in and spend time with each participant at least once. Don’t allow any one participant to monopolize your time and attention.
- Monitor the time and let them know when it’s time to transition to the Wrap Up for this module.
Wrap Up and Action Steps

10 minutes

☐ Summarize Key Concepts
In this module, participants have learned how to:
• Evaluate the founding team’s ability to fulfill various management roles and responsibilities.
• Plan and gather a strong group of advisors.
• Plan to build a management team that can meet the business’s needs at all stages.
• Create a basic equity compensation plan that will help recruit and retain top management employees.
• Determine ways to recruit and hire motivated employees.
• Identify ways to create a positive working environment.

Tip
A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

☐ Preview Action Steps
• Remind the participants of the following steps they need to take before the next session:
  • Draft the Management and Organization Plan section of the Business Plan.
  • Outline a compensation and stock option plan and an organizational chart.
  • Refine the financial assumptions in their Financial Template and update the Financial Plan section of the Business Plan.
  • Bring their financials as-is to the next session for review by professional financial advisers.
  • Refine the Executive Summary section of their Business Plan as they draft other sections.
  • Continue to refine their Elevator Pitch.
  • Read Module 8: Protecting the Business and Your Intellectual Property.
• Also mention the three optional tools they may want to review:
  • Action Files tab:
    • Interview Forms
  • Guidelines and Sample Documents tab:
    • Application for Employment
    • Capital Structure for Entrepreneurs
    • Option Plan Guidelines
End by thanking them for their efforts so far and encouraging them to continue to complete the Action Steps for each module.
Protecting the Business
and Your Intellectual Property

Business Planning

Participant Outcomes

• Compare different business entities.
• Find out how and why you should protect your intellectual property.
• Consider the possible need for licenses, patents, trademarks, and copyrights.
• Identify governmental regulations that affect your business.
• Review your current financials with guest experts.

Entrepreneur Manual Outline

Introduction to Business Entities
Characteristics of Various Legal Entities
  Sole Proprietorship
  Partnership
  Corporations: C Corporation and S Corporation
  Limited Liability Company (LLC)

Intellectual Property
  Confidential Information
  Know-How
  Trade Secrets
  Patents
  Patent Quality
  The America Invents Act
  Trademarks and Service Marks
  Copyrights
  Proprietary Materials
  Licensing Technology
  Materials Transfer
  University Partnerships
  Barriers to Entry
  Legal Counsel

Protecting Your Intellectual Property from Within
  Employee Agreements
  Limiting Access to Proprietary Information

Governmental Regulations
  Federal Government
  State Governments
  Local Governments
Facilitator and coaches:
- Review and customize the facilitation and coaching notes, as needed.
- Familiarize yourself with the tools referred to in this module.
- Review the materials from Module 6 that may have been turned in during Module 7. These include:
  - Financial Template – As many worksheets as possible with the data the participants have at present.
  - Draft of the Financial Plan section of the Business Plan.
  - Refined Executive Summary.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session.
- Prepare flip charts.
- Set up meeting room.
- Review Parking Lot from previous sessions to identify what needs to be addressed in this session.

Facilitator:
- Send a thank you note to the guest speaker(s).
- Conduct Session Debrief with coaches and any other contributors.

Note: The Coaching Session for Module 8: Protecting the Business and Your Intellectual Property is replaced with a Workshop on Financials. If you are a financial consultant, CPA, or CFO, you may be involved as a coach in this session. If you decide to use the coaching time for financials you may need to make some changes to the session timing. Intellectual property discussions/questions can become lengthy. Plan accordingly.
<table>
<thead>
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<th>Estimated Time</th>
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<th>EM Page</th>
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<td>15 minutes</td>
<td>Welcome</td>
<td>Flip chart</td>
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<td>Parking Lot</td>
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<td>Elevator Pitches</td>
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<td><strong>Facilitated Discussion</strong></td>
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<td>30 minutes</td>
<td>Governmental Regulations</td>
<td>Slides 8C – 8D</td>
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<td>Intellectual Property</td>
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<td><strong>Guest Speaker</strong></td>
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<td>90 minutes</td>
<td>Protecting Intellectual Property</td>
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<td><strong>Networking Break</strong></td>
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<td>15 minutes</td>
<td>Intellectual Property Dialogue</td>
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<td><strong>Coaching Session</strong></td>
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<td>20 minutes</td>
<td>Workshop on Financials</td>
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<td><strong>Wrap Up and Action Steps</strong></td>
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<tr>
<td>10 minutes</td>
<td>Summarize Key Concepts</td>
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<td>103 – 104</td>
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<td></td>
<td>Preview Action Steps</td>
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Preparing to Lead this Session

Most entrepreneurs have been asking questions about the topic of this module, intellectual property (IP), since the first session of the program. One of their greatest concerns is how to protect this asset.

These are some questions typically on the minds of the participants coming into this session:

- Are patents important, and do they really protect company assets?
- When should I file for a trademark?
- What constitutes confidentiality protection?
- Do I really need legal contracts when I am getting started?

Materials Needed

- Slides 8A – 8Q
- Prepared flip chart pages
- Entrepreneur Manual, pp. 103 – 130
- Flip chart supplies (including paper, markers, and tape or pins)
- Pre-session music
- Table toys

Flip Chart Pages to Prepare

Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following is a flip chart page that you might want to use. The italicized text gives examples of the content you might capture.

Parking Lot

Any questions or issues brought up by participants that are important but not immediately addressable

Information about Tools to Be Used

Tools to be used in this session include:

The Company – This is a section of the Business Plan. It describes details such as the company’s legal form of business and company history.

Product/Service Plan – This is a section of the Business Plan. Subsections of this plan detail issues related to intellectual property, disclosure, barriers to re-engineering, and governmental approvals.

Commercializing a University Technology – This detailed explanation tells entrepreneurs what they need to know when approaching a university’s Tech Transfer Office and meeting with their attorney.
Preparing to Lead this Session continued

Employee Agreement – This document is a sample of a Proprietary Information, Inventions, Non-Competition, and Non-Solicitation Agreement and can be used as a starting point for discussions between entrepreneurs and their attorney.

License Between Individual and Company – This sample license allows a company to use data, discoveries, inventions, technical information, or know-how created by an individual. This form is a sample only. Actual licenses should be developed with assistance from an attorney.

Non-disclosure Agreements – When confidential information is shared with persons or entities outside of the company in order to advance business or financing transactions, the information shared can be made subject to a contract that protects the confidentiality of the information. Confidentiality agreements can be crafted as a single (only one party discloses to the other) or mutual (both parties receive and disclose information).

Sample Patent – A U.S. patent for an invention is the grant of a property right to the inventor(s). To get a U.S. patent, the entrepreneur must file an application in the U.S. Patent and Trademark Office. This sample shows the detailed text and diagrams included in a patent.

Guest Speaker
The guest speaker should be an IP attorney to discuss IP issues related to start-up companies.

Send two things to the guest speaker: the Guest Speaker Confirmation form and a copy of the pages from the Entrepreneur Manual that will be addressed during the session.

Guest Coaches
CFOs of early-stage companies, CPAs, and financial consultants should be invited to serve as guest coaches during a workshop on financials.

The guests will coach the entrepreneurs on their financials and answer related questions. They will work one-on-one with the entrepreneurs. The goal is to invite one financial consultant, CFO, or CPA for every two entrepreneurs. They will meet with the entrepreneurs individually as an outside evaluator of the business. They will offer guidance on the financial statements (if the entrepreneur brings them) or just answer basic questions that the entrepreneur may have about financials and running a business.

Note: Select guest coaches that have experience with start-up companies and with the issues unique to start-ups.

Send each of the guest coaches a copy of the Guest Coach Confirmation form.

Be sure to invite all of the guests to stay for the networking break.
Guest Speaker Confirmation Form

Module 8: Protecting the Business and Your Intellectual Property

Speaker Today's Date

Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

Date of Presentation Time

Location

Directions to Location

Directions to Room

Presentation Time Question and Answer Time

Topic – Protecting Intellectual Property

Please include the following information in your presentation:

☑ IP issues related to start-up companies:
  • Why it is important to protect IP
  • How to protect IP
  • Specific vehicles, such as licenses, patents, trademarks, and copyrights.

☑ Other legal issues facing most start-ups, including comparison of different business entities.

☑ Question and answer time.

Background This is the eighth session of 10. The participants have conducted market research, tested their business concept, started to write their Business Plan, and explored their organizational needs. They have also begun their financial planning, including financial projections, analysis and interpretation of financial statements, and the use of business ratios. Most recently, they began planning how to build and compensate their team.

Number of Participants in the Group

Group Profile (Types of Businesses)

Audiovisual Equipment Needed

Materials Needed

Handouts

Facilitator's Name

Organization

Phone Numbers E-Mail Address
Guest Coach Confirmation Form

Module 8: Protecting the Business and Your Intellectual Property

Speaker: ____________________________
Today’s Date: _______________________

Thank you for agreeing to share your expertise with FastTrac® TechVenture™ participants.

Date of Workshop: ____________________
Time: ________________________________

Location: ____________________________

Directions to Location: __________________

Directions to Room: ____________________

Workshop Duration: ____________________
Networking Time: ______________________

**Topic – Workshop on Financials**

Please be prepared to help in the following ways:

- Work individually with entrepreneurs:
  - Offer guidance on preparing financial statements.
  - Serve as an outside evaluator of their financials.
  - Help them analyze and interpret their financials.
  - Suggest improvements in how they record, monitor, and make decisions based on their financials.
  - Help them understand how to manage cash flow.
  - Answer general questions.

- Arrive 30 minutes before the workshop begins and participate in networking time with the entire group.

**Background** This is the eighth session of 10. The participants have conducted market research, tested their business concept, started to write their Business Plan, and explored their organizational needs. They have also begun their financial planning, including financial projections, analysis and interpretation of financial statements, and the use of business ratios. Most recently, they began planning how to build and compensate their team.

Number of Participants in the Group: ____________________

Group Profile (Types of Businesses): ________________________________________

Audiovisual Equipment Needed: ____________________________________________

Materials Needed: _________________________________________________________

Handouts: ____________________________

Facilitator’s Name: ____________________________

Organization: ____________________________

Phone Numbers: ____________________________ E-Mail Address: ____________________
Opening

15 minutes

Open the Session

- Welcome
  - Have Slide 8A displayed as the participants arrive.
  - Welcome the participants to Module 8: Protecting the Business and Your Intellectual Property.
  - Use the slide to point out how much progress the participants have made so far through the program.
  - Show Slide 8B and discuss tonight’s topic.

- Parking Lot
  - Point out which items on the Parking Lot have been addressed in previous sessions and any that will be addressed in this session.
  - Ask what new questions or expectations they have.
  - Note these on the Parking Lot flip chart, and continue to note in which module or coaching session each expectation can or will be addressed.

Facilitation

- Elevator Pitches
  - Ask for three or four volunteers to practice their Elevator Pitch for the entire group.
  - Encourage entrepreneurs to seek and offer feedback during the Networking Break.
  - Assure them that the $100K activity will be back during another session.

Varied Session Structure

This session is structured differently than previous sessions to allow time for both the guest speaker and the workshop.

- There is no structured time with the usual business coaches in this session.
- Entrepreneurs will have opportunities to connect with their coach to follow up on questions from previous modules.
- They should also be sure to give the coach any work they want the coach to review from Module 7, including:
  - Draft of the Management and Organization Plan.
  - Compensation and stock option plan and an organizational chart.
  - Refined Financial Template
  - Updated Financial Plan section of the Business Plan.
  - Refined Executive Summary.
Facilitated Discussion

30 minutes

Governmental Regulations
One way that entrepreneurs can protect their business is to ensure that it is in compliance with any and all pertinent governmental regulations.

- Show Slides 8C – 8D.

Discussion Starters
✓ What are some governmental regulations your business has already had to deal with, whether federal, state, or local?
✓ What effect did this experience have on your business?
✓ How are you doing business differently since this experience?
✓ Why is it important to carefully consider your legal structure?

Even entrepreneurs who own 100 percent of their business have to be accountable to someone else – the government! The wise entrepreneur makes sure to be in compliance before any infractions can occur.

Key Points
✓ It is essential to comply with all federal, state, and local regulations and to obtain all required governmental licenses or permits of any kind before beginning operations.
✓ You can find out more about the federal guidelines that pertain to your business from the Small Business Administration or a Small Business Development Center.
✓ Another good source of help in complying with governmental regulations is your attorney or your accountant.

Legal Structure: Key Factors
- Control
- Taxes
- Liability
- Transferability of ownership
- Legality of the business
- Raising capital

Legal Forms of Organization
- Sole proprietorship
- Partnership: general and limited
- Corporation
- S corporation
- Limited liability company
- Nonprofit corporation
Facilitated Discussion continued

Intellectual Property

The creativity and innovation found in the typical technology-based company generally lead to the creation of highly valuable property, both tangible and intangible. It is important to understand the different types of intellectual property and learn the appropriate legal means to protect these valuable assets.

- Show Slides 8E – 8Q.

Discussion Starters

× What types of intellectual property do you see in your business?
× How do you plan to protect your intellectual property?
× How does your intellectual property give you a competitive advantage?

Key Points

✓ Understanding intellectual property and all the implications is a critical success factor for entrepreneurs. They need to be current on IP law and engage regularly with an Intellectual Property professional as their business grows.

Slide 8E

Slide 8F

Slide 8G

Slide 8H

Slide 8I

Slide 8J

Slide 8K

Slide 8L

Slide 8M

Slide 8N

Slide 8O

Slide 8P

Slide 8Q
Guest Speaker

90 minutes

Introduce the guest speaker and announce the topic, “Protecting Intellectual Property.”

Remind the guest how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guest to discuss the following points included on the Guest Speaker Confirmation form:

• IP issues related to start-up companies:
  • Why it is important to protect IP
  • How to protect IP
  • Specific vehicles, such as licenses, patents, trademarks, and copyrights.
• Other legal issues facing most start-ups, including comparison of different business entities.

Facilitator responsibilities:

• Monitor the time and signal the speakers when there are 10 minutes left for questions and answers.
• Prompt questions from the participants.
• Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guest during the Networking Break.
Networking Break

15 minutes

- **Intellectual Property Dialogue**

  This session’s networking break may be focused on continuing an informal dialogue about intellectual property, especially if the guest IP attorney stays for the networking.

  Also, remind participants to seek and offer feedback on the Elevator Pitches presented earlier.

  Announce what time they are to return for the Workshop on Financials. The guest coaches for the workshop may arrive in time to take part in the networking. If so, introduce yourself and the usual coaches and ensure that the guests begin to meet participants.
Coaching Session

20 minutes

Workshop on Financials

Introduce the experts who have agreed to be guest coaches.

- Explain that the guests will work individually with entrepreneurs to:
  - Offer guidance on preparing financial statements
  - Serve as an outside evaluator of their financials
  - Help them analyze and interpret their financials
  - Suggest improvements in how they record, monitor, and make decisions based on their financials
  - Help them understand how to manage cash flow
  - Answer general questions.
- Ask the guest coaches to seat themselves at various points around the room. Then have the entrepreneurs divide themselves as equally as possible among the guest coaches.
- Remind the group that the number one rule is confidentiality. Therefore, the entrepreneurs will have to take turns with the coach. While waiting their turn, they need to remove themselves enough to allow privacy. This would be a good time to work on Action Steps or begin reading the next module.
- Finally, tell the group that you will monitor the time and signal when each round of entrepreneurs should conclude their discussion with the guest coach and the next round can begin.
- When the workshop time nears an end, give a five-minute warning so the group can transition to the Wrap Up for this session.
- Conclude by thanking the guest coaches for the invaluable expertise and consultative support they provided.
Wrap Up and Action Steps

10 minutes

- **Summarize Key Concepts**
  In this module, participants have:
  - Compared different business entities.
  - Found out how and why they should protect their intellectual property.
  - Considered the possible need for licenses, patents, trademarks, and copyrights.
  - Identified governmental regulations that affect their business.
  - Reviewed their current financials with guest experts.

**Tip**
A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

- **Preview Action Steps**
  - Remind the participants of the following steps they need to take before the next session:
    - Draft the section of the Business Plan titled The Company.
    - Refine the Executive Summary section of the Business Plan as they draft other sections.
    - Continue to update and refine the data in the Financial Template.
    - Continue to refine their Elevator Pitch.
    - Read Module 9: Identifying Funding and Working with Investors.
  - Also mention the following optional tools they may want to review. All of these tools are in the Guidelines and Sample Documents tab:
    - Commercializing a University Technology
    - Employee Agreement
    - License Between Individual and Company
    - Non-disclosure Agreements (Single and Mutual)
    - Sample Patent

End by thanking them for their efforts so far and encouraging them to continue to complete the Action Steps for each module.
Identifying Funding and Working with Investors

**Participant Outcomes**

- Identify sources of non-equity funding.
- Learn about equity funding sources, how to raise money from equity sources, and how they determine the value of your business.
- Recognize pitfalls to avoid in raising money.
- Examine specifics of presenting to potential investors.

**Entrepreneur Manual Outline**

- Non-Equity Funding Sources
  - Bootstrapping
  - Government Grants
  - Debt Financing

- Equity Capital
  - Equity Capital Sources for Entrepreneurs
  - Devising a Capital Strategy for Growth
  - Understanding Friends and Family Investors
  - Understanding Angel Investors
  - Understanding Venture Capitalists
  - The Process of Raising Money from Equity Investors

- Presenting Your Business Plan
  - Presenting to Angel Investors and Venture Capitalists
  - Presenting at Venture Forums
  - Presenting through Consultants
Facilitator and Coaches:

- Review and customize these facilitator and coaching notes, as needed.
  - **Facilitator** should work through the activity on giving up equity to ensure understanding of the calculation and concept being demonstrated and to prepare another example to use if necessary.
- Review the materials from Module 7 that may have been turned in during Module 8. These include:
  - Draft of the Management and Organization Plan.
  - Compensation and stock option plan and an organizational chart.
  - Refined Financial Template.
  - Updated Financial Plan section of the Business Plan.
  - Refined Executive Summary.
- Familiarize yourself with the tools referred to in this module.
- **Coaches** should be prepared to help participants understand the concept of dilution and use the two dilution calculators.

Facilitator:

- Confirm guest speaker(s).
- Gather all Materials Needed for this session.
- Prepare flip charts.
- Set up meeting room.
- Review Parking Lot from previous sessions to identify what needs to be addressed in this session.

Facilitator:

- Send a thank you note to the guest speaker(s).
- Conduct Session Debrief with coaches and any other contributors.

Actions Before This Session

Find online tools at fasttrac.org/resources.

Follow-Ups from This Session

- 10 Managing Cash and Operating Your Business
- 9 Identifying Funding and Working with Investors
- 8 Protecting the Business and Your Intellectual Property
- 7 Building and Compensating Your Organizational Team
- 6 Planning for Financial Success
- 5 Entering and Capturing the Market
- 4 Testing Your Business Concept
- 3 Conducting Market Research and Analysis
- 2 Understanding Customer Development and the Business Model
- 1 Exploring Entrepreneurship
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<th>Topic</th>
<th>Materials and Equipment</th>
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<tr>
<td>5 minutes</td>
<td>Opening</td>
<td>Welcome and Parking Lot</td>
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<td>Slides 9A – 9B</td>
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<tr>
<td>5 minutes</td>
<td>Facilitated Discussion</td>
<td>Non-Equity Funding</td>
<td>132 – 140</td>
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<tr>
<td>10 minutes</td>
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<td>Giving Up Equity</td>
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<td>Flip chart</td>
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<td>Prepared pages</td>
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<tr>
<td>75 minutes</td>
<td>Guest Speaker</td>
<td>Raising Capital to Fund Growth</td>
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<td>30 minutes</td>
<td>Networking Break</td>
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<td>45 minutes</td>
<td>Coaching Session</td>
<td>Elevator Pitches</td>
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<td>Action Step Review</td>
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<td>Focus on Raising Capital</td>
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<td>Unstructured Work Time</td>
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<td>Entrepreneur Manual</td>
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<tr>
<td>10 minutes</td>
<td>Wrap Up and Action Steps</td>
<td>Summarize Key Concepts</td>
<td>131 – 132</td>
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<td>Preview Action Steps</td>
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<td>3 hours total</td>
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Preparing to Lead this Session

Most technology entrepreneurs know that they will have to find outside funding for their business. This often means having to give up some ownership and control of the business, which many resist doing. They come to this session needing help finding outside financing and encouragement to relinquish a certain amount of ownership in exchange for a higher value on the part of the company they still own.

These are some questions typically on the minds of the participants coming into this session:

- Where do I start to look for money?
- What makes a potential investor want to invest?
- How much equity should I give to investors?
- Why should anyone else make that much money off my idea?
- How do I value my company?
- How do I find the right investor for my business?
- How do I determine how much of the company to sell?
- What are the elements of an investor presentation?
- What are the questions I will be asked by investors?
- What roles do my attorney and accountant play in this process?

Materials Needed

- Slides 9A – 9E
- Prepared flip chart pages
- Entrepreneur Manual, pp. 131 – 152
- Flip chart supplies (including paper, markers, and tape or pins)
- Calculator
- Pre-session music
- Table toys

Flip Chart Pages to Prepare

Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Parking Lot

Any questions or issues brought up by participants that are important but not immediately addressable

Giving Up Equity

Percentages of equity participants would give up for a certain amount of investment
Preparing to Lead this Session continued

Tools to be used in this session include:

**Dilution Calculators** – Two dilution calculators are available. They are both designed to help the user understand the basics of dilution, or how the percentage of ownership is usually reduced for each class of stockholders upon each new round of financing.

- **Dilution Calculator – Simple** – This calculator does not include the impacts on dilution of other equity instruments, such as the stock option pool or warrants issued in debt financing. The layout is simple and requires few entries. It is recommended that users start with this calculator and move to the Advanced calculator as they become more familiar with the concept of dilution.

- **Dilution Calculator – Advanced** – This calculator shows the impact of equity set aside for management in the form of stock options. It does not cover all possible equity instruments, such as warrants issued in debt financing, and it does not distinguish between common and preferred stock.

**Investor Highlights** – This is a section of the Business Plan. It presents a quick summary of reasons why the investor should invest and describes the terms of the investment.

**Investor Presentation** – This resource helps the entrepreneur to prepare a clear, concise, 10-minute Investor Presentation that addresses the risks associated with the business and highlights the investment opportunity the company represents. It also lists likely questions an investor will ask during the presentation session.

* Stress the importance of remaining flexible with the Investors Presentation. While it’s good to have detailed information prepared, often investors want and appreciate a shorter, to the point, pitch.

**Investor’s Due Diligence Questions** – This resource provides a detailed listing of questions investors might ask about any business plan they read and presentation they view.

**The Partnering Proposition** – This tool will help entrepreneurs and their attorney outline the key elements of the mutual value proposition as well as anticipate and address questions that will likely be posed by prospective partners. This form is a sample only. Actual offers should be developed with assistance from an attorney.

**Capital Structure for Entrepreneurs** – This resource presents a discussion of how ownership can be distributed in a company. It focuses first on allocating equity when starting a company, and then presents a series of examples and formulas for determining the amount and effect of dilution that might be caused by accepting varying amounts of outside financing.

**Sample Stock Offering Memorandum** – This sample shows the level of detail that can be contained in a stock offering memorandum. This document is presented as a sample only. An actual offering memorandum should be developed with assistance from an attorney.
Preparing to Lead this Session continued

**Terms Sheets from the Entrepreneur’s Perspective** – This resource provides detailed explanations of terms proposed in venture capitalist term sheets. It discusses the effects of these terms on the entrepreneur.

- **Term Sheet – Series A** – This sample term sheet for a Series A round of financing details the major points of a hypothetical investment deal for a first-round “Series A Convertible Preferred Stock” financing by a venture capital investment firm.

- **Term Sheet – Series B** – Subsequent rounds of preferred stock issued to investors are called Series B, Series C, and so on. This is a sample term sheet for a Series B round of financing.

**Case Study 1–4** – This case study features an overview and three developments in the life cycle of a fictitious high-growth company, BioMatrix. As the company grows, the CEO and counsel of BioMatrix will negotiate a term sheet with a venture capitalist, a partnership agreement with a strategic partner, and an acquisition offer with an acquirer.

Ask an angel investor, a venture capitalist, and a transaction attorney to be the guest speakers for this session. You could also invite an entrepreneur with vast experience in raising equity capital and running a venture-backed company.

Send two things to the guest speakers: the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session.

Be sure to invite them to stay for the networking break. Participants are sure to have questions for them.
Guest Speaker Confirmation Form

Module 9: Identifying Funding and Working with Investors

Speaker ___________________________ Today’s Date ___________________________

Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

Date of Presentation ___________________________ Time ___________________________

Location ________________________________________________________________

Directions to Location _______________________________________________________

Directions to Room _________________________________________________________

Presentation Time ___________________________ Question and Answer Time __________

Topic – Raising Capital to Fund Growth

Please include the following information in your presentation:

Angel investor and venture capitalist discuss:
- How venture funds and angel groups are structured.
- How they operate.
- Their mindset when evaluating a potential deal.
- The outline of needed return (ROI) requirements.
- How valuation is determined and what it means for the founders.
- How to calculate ownership.
- Their investment criteria and due diligence process.
- How to know if a company is “venture-backable” and if the entrepreneur should seek venture funds.

Transaction attorney discusses:
- Term sheets.
- Debt documents.
- Financing agreements.
- Partnership agreements.
- Delaware C corporation.

Entrepreneur with equity partners discusses:
- The pitfalls to avoid in raising money.
- Control issues associated with taking outside investors into a business – what it means for the founders.
Guest Speaker Confirmation Form

Module 9: Identifying Funding and Working with Investors continued

**Background**  This is the next-to-last session of the program. The entrepreneurs have assessed their readiness to be entrepreneurs. They have drafted most of their Business Plan, including Marketing, Product/Service, Market Penetration and Sales, Management and Organization, and Financial sections. This session is critical, as it will help them understand how to find funding and work with the investors who provide the money.

<table>
<thead>
<tr>
<th>Number of Participants in the Group</th>
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Opening

Time 5 minutes

Open the Session

Welcome and Parking Lot

- Have Slide 9A displayed as participants arrive.
- Welcome the participants to Module 9: Identifying Funding and Working with Investors.
- Ask if there is anything they want to add to the Parking Lot.
- Show Slide 9B.

Elevator Pitches

In this session, instead of practicing elevator pitches with the group, the participants will get the chance to practice with investors during the networking time.

This will be a good opportunity to:
- Get fresh feedback on the elevator pitch.
- Establish a relationship that could develop into a funding opportunity.

Announce that the $100K competition will return at the next session – and every participant will get to compete.
Facilitated Discussion

5 minutes

- **Non-Equity Funding**
  
  Non-equity funding is capital received from sources of cash that can be obtained without giving up ownership shares of the company. This is the type of funding that a new business generally begins with.

- **Key Points**

  - **Bootstrapping** is the primary source of non-equity capital for technology start-up ventures – entrepreneurs spending their own money to launch their business.

  - **Grants** are an excellent source of non-equity capital for early-stage technology companies. Many programs reserve funds for small, innovative or high-risk companies.

  - **Debt financing** is another source, but shouldn’t be entered into lightly. Bank debt is normally not available to new ventures unless the founder has collateral outside the company that can be provided to the bank to assure repayment to the lender.
Facilitated Discussion

Time
Facilitation

10 minutes

Giving Up Equity

Entrepreneurs are often reluctant to give up a big enough share of equity in their company to investors. It’s important for them to recognize why this is necessary if they are going to attract outside financing.

Discussion Starter

✓ You’ve worked hard to develop your original business idea and launch a successful venture. Why now should you consider giving up some of your equity in the business to an outsider?
   
To get the funding necessary to grow the business so that it becomes more valuable.

Activity

*Use the prepared flip chart page.*

To demonstrate that entrepreneurs must be willing to give up a reasonable amount of equity to attract investors, do the following:

1. Ask each participant to write down what percentage of their total business they would be willing to give up for an equity investment of $500,000 (or some meaningful sum for this group of entrepreneurs).

2. Ask for three volunteers from the group to share the percentage they wrote down. Write these on a flip chart. If they are slow to volunteer, use a hypothetical example: an entrepreneur who is willing to give up 5 percent equity for the $500,000 financing.

3. Explain that entrepreneurs have inadvertently set a value on their business by identifying the percentage they were willing to give up for the $500,000. Demonstrate this for each example on the flip chart, or for the hypothetical, by doing the following:

   **Step 1:** Determine the multiplier by dividing 100 (percent) by the percentage to be given up.
   
   Example: Giving up 5 percent for $500,000 results in a multiplier of 20 (100 divided by 5).

   **Step 2:** Multiply the dollar amount of funding by the multiplier to show the amount of value the entrepreneur has inadvertently set for the business.
   
   Example: Multiply $500,000 (or amount used) by 20 = $10,000,000.

4. Now ask each entrepreneur to figure the value they put on their business by performing the same calculation.

5. Ask whether they could justify that valuation. Based on what? If not, is the entrepreneur willing to offer a larger percent of equity in exchange for the funding?

Key Points

✓ Owning less of a highly valuable company is worth more than owning all of a less valuable company.

✓ The only way to create a highly valuable company is to infuse it with investor money – which means having to give up enough equity to make it worth the investor’s interest.

Transition to Guest Speakers

The speakers for this session will address equity capital in general and some specifics of working with investors.
Guest Speaker

75 minutes

Introduce the guest speakers and announce the topic, “Raising Capital to Fund Growth.”

Remind the guests how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guests to discuss the following points included on the Guest Speaker Confirmation form:

**Angel investor and venture capitalist discussing:**
- How angel groups and venture funds are structured
- How they operate
- Their mindset when evaluating a potential deal
- The outline of needed return (ROI) requirements
- How valuation is determined and what it means for the founders
- How to calculate ownership
- Their investment criteria and due diligence process
- How to know if a company is “venture-backable” and if the entrepreneur should seek venture funds

**Transaction attorney discussing:**
- Term sheets
- Debt documents
- Financing agreements
- Partnership agreements
- Delaware C corporation

**Entrepreneur with equity partners discussing:**
- The pitfalls to avoid in raising money
- Control issues associated with taking Venture Capital into a business—what it means for the founders

Facilitator responsibilities:
- Monitor the time and signal the speakers when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guests during the Networking Break.
Networking Break

30 minutes

If the guest speakers are available to stay for this part of the session, encourage the entrepreneurs to spend some additional time pursuing particular questions they have. Announce what time they are to return for their coaching sessions. Have the coaches help with monitoring and encouraging the networking.
Coaching Session

45 minutes

Monitor the time for each of the segments. Use your judgment as to how much time to allot for each segment.

Elevator Pitches

Have the group members take turns presenting their Elevator Pitch.

- After each pitch, get quick feedback from the rest of the group on how the pitch has been or might be improved.

Conclude by reminding them to continue to refine their pitch so they’ll be ready for the $100K competition at the next session.

Action Step Review

- Answer any questions they have about the Action Steps from the previous module:
  - Draft the section of the Business Plan titled The Company.
  - Refine the Executive Summary section of the Business Plan as they draft other sections.
  - Continue to update and refine the data in the Financial Template.
  - Collect any work they want you to review.

Focus on Raising Capital

Refer the participants to the following optional tools they may want to review for more information on issues related to raising capital:

- Action Files tab:
  - Investor's Due Diligence Questions
  - The Partnering Proposition
- Guidelines and Sample Documents tab:
  - Capital Structure for Entrepreneurs
  - Sample Stock Offering Memorandum
  - Term Sheets from the Entrepreneur’s Perspective
  - Term Sheet – Series A
  - Term Sheet – Series B
- Case Study tab:
  - Case Study 1 – Overview
  - Case Study 2 – Term Sheet
  - Case Study 3 – Partnership Agreement
  - Case Study 4 – Acquisition Offer
Coaching Session continued

Questions for Participants’ Consideration
The following questions may be useful in helping participants formulate their strategies for attracting funding:

• What is the capitalization structure of your company?
• Have you determined the value of your company? How much of it are you selling?
• What is your funding strategy to get you through the start-up phase?
• What is your approach to venture capital funding?
• What stock are you offering? At what price?
• What debt instruments do you plan to use?
• What investor terms are you looking for?
• What returns are you offering your investors?

Unstructured Work Time
Give participants the rest of the Coaching Session time to work on the Action Steps they need to complete before the next module. Refer them to the first page of Module 9 in the Entrepreneur Manual, where the Action Steps are listed.

Your role during the unstructured work time is to:

• Answer questions and offer help.
• Be available to whoever needs your input.
• Check in and spend time with each participant at least once. Don’t allow any one participant to monopolize your time and attention.
• Monitor the time and let them know when it’s time to transition to the Wrap Up for this module.

Dilution Calculators
One of the Action Steps is to calculate dilution using one of the two Dilution Calculator files. Dilution is the reduction of ownership percentage for each class of stockholders upon each new round of financing.

Encourage the participants to try out each calculator file, but recommend that they start with the simple calculator and move to the advanced calculator as they become more familiar with the concept of dilution.
Wrap Up and Action Steps

10 minutes

☐ Summarize Key Concepts
In this module, participants have:
- Identified sources of non-equity funding.
- Learned about equity funding sources, how to raise money from equity sources, and how they determine the value of a business.
- Learned how to recognize pitfalls to avoid in raising money.
- Examined specifics of presenting to potential investors.

Tip
A great way to recap and summarize is to ask participants to identify one concept they learned during the session. You will know if the session was on target and can clarify or reinforce key points as needed.

☐ Preview Action Steps
- Remind the participants of the following steps they need to take before the next session:
  - Calculate dilution using one of the two Dilution Calculator files (Action Files tab).
  - Draft the Investor Highlights section of the Business Plan.
  - Draft their Investor Presentation (Action Files tab).
  - Refine the Executive Summary section of the Business Plan as they draft other sections.
  - Continue to update and refine the data in the Financial Template.
  - Continue to refine their Elevator Pitch.
  - Read Module 10: Managing Cash and Operating Your Business.
- Also mention the following optional tools they may want to review:
  - Action Files tab:
    - Investor’s Due Diligence Questions
    - The Partnering Proposition
  - Guidelines and Sample Documents tab:
    - Capital Structure for Entrepreneurs
    - Sample Stock Offering Memorandum
    - Term Sheets from the Entrepreneur’s Perspective
    - Term Sheet – Series A
    - Term Sheet – Series B
  - Case Study tab:
    - Case Study 1 – Overview
    - Case Study 2 – Term Sheet
    - Case Study 3 – Partnership Agreement
    - Case Study 4 – Acquisition Offer
- End by thanking them for their efforts so far and encouraging them to continue to complete the Action Steps for each module.
Managing Cash and Operating Your Business  Business Planning

Participant Outcomes

• Understand the importance of managing cash and burn rate.
• Identify administrative policies necessary to control the operations of your business.

Entrepreneur Manual Outline

Managing Cash and Burn Rate
  Cash Management
  Burn Rate

Operations Controls
  Receiving Orders
  Billing and Collecting
  Paying Vendors and Suppliers
  Inventory Control
  Handling Warranties and Returns
  Service Level Agreements
  Security Systems
  Contingency Plan

Program Conclusion
Facilitator and Coaches:
- Review and customize these facilitator and coaching notes, as needed.
- Review the materials from Module 8 that may have been turned in during Module 9. These include:
  - Draft of the Business Plan section titled The Company.
  - Refined Executive Summary.
  - Updated and refined Financial Template.
- Familiarize yourself with the tools referred to in this module.

Facilitator:
- Confirm guest speaker(s).
- Gather all Materials Needed for this session.
- Prepare flip charts.
- Set up meeting room.
- Review Parking Lot from previous sessions to identify what needs to be addressed in this session.

Actions Before This Session
- Find online tools at fasttrak.org/resources.

Follow-Ups from This Session
- Facilitator:
  - Send a thank you note to the guest speaker(s).
  - Conduct Session Debrief with coaches and any other contributors.
<table>
<thead>
<tr>
<th>Estimated Time</th>
<th>Topic</th>
<th>Materials and Equipment</th>
<th>EM Page</th>
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<tbody>
<tr>
<td>5 minutes</td>
<td>Opening</td>
<td>Welcome and Value of FastTrac® TechVenture™</td>
<td>Flip chart Prepared pages Slides 10A – 10D</td>
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<tr>
<td>30 minutes</td>
<td>Facilitated Discussion</td>
<td>$100K Elevator Pitches</td>
<td>Index cards Play money Envelopes</td>
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<td>45 minutes</td>
<td>Guest Speaker</td>
<td>Cash Management Issues</td>
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<td>20 minutes</td>
<td>Networking Break</td>
<td>$100K Results</td>
<td>Feedback cards Money envelopes</td>
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<td>70 minutes</td>
<td>Coaching Session</td>
<td>Action Step Review</td>
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<td>Appendix 1 and Appendix 2</td>
<td>159 – 172</td>
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<td>Unstructured Work Time</td>
<td>Entrepreneur Manual</td>
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<td>10 minutes</td>
<td>Wrap Up and Action Steps</td>
<td>Summarize Key Concepts</td>
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Preparing to Lead this Session

Many entrepreneurs have a difficult time dealing with the operational aspects of the business. They prefer to focus on financial challenges and other “exciting” aspects of running a company. They may need to be reminded that even if operations concerns seem premature now, eventually this information will be necessary.

These are some questions typically on the minds of the participants coming into this session:
- How much of a cash buffer should I have during the start-up phase of the business?
- What are the best practices for managing cost and expense?
- Do I really have to pay attention to financial statements?

Materials Needed
- Slides 10A – 10D
- Prepared flip chart pages
- Flip chart supplies (including paper, markers, and tape or pins)
- Pre-session music
- Table toys
- Index cards
- $100K of play money for each person in attendance (including participants, coaches, guest speakers, and facilitators)
- Envelopes for distributing play money to entrepreneurs

Flip Chart Pages to Prepare
Prepare flip chart pages before the session, but don’t feel tied to using only these prepared pages. Create new pages during the session whenever they would be useful. The following are flip chart pages that you might want to use. The italicized text gives examples of the content you might capture.

Welcome and Value of FastTrac® TechVenture™
Participants’ list of valuable learning or experience in this program

Parking Lot
Any questions or issues brought up by participants that are important but not immediately addressable
Preparing to Lead this Session  

Tools to be used in this session include:

**Operating and Control Systems Plan** – This is a section of the Business Plan. Its purpose is to show that the entrepreneur understands the nature and importance of administrative policies, procedures, and controls. The Operating and Control Systems Plan ensures that every detail is considered and planned for.

**Growth Plan** – This section of the Business Plan presents the entrepreneur’s overall plan for the company’s growth, including such concerns as new offerings to the market, personnel requirements, capital requirements, and projected ROI at each round of investment and at exit.

Invite two or three successful entrepreneurs, preferably former FastTrac® TechVenture™ participants, to be guest speakers. Ask them to focus on the key elements of managing cash, controlling burn rate, and establishing operations and control systems to help do both of those things.

You also may consider inviting the guest speakers from previous sessions. Rather than having a guest speak at this final session, you may ask all attendees to provide their pitch to the panel. If you choose to do this, make sure to notify participants weeks in advance.

Send two things to the guest speakers: the Guest Speaker Confirmation form (on the following page or from the online toolkit) and a copy of the pages from the Entrepreneur Manual that will be addressed during the session.

Be sure to invite them to stay for the networking break (and program completion celebration, if this is the final session).
Guest Speaker Confirmation Form
Module 10: Managing Cash and Operating Your Business

Speaker ____________________________  Today’s Date ____________________________

Thank you for agreeing to share your entrepreneurial story and expertise with FastTrac® TechVenture™ participants.

Date of Presentation ____________________________  Time ____________________________

Location ____________________________________________________________

Directions to Location ____________________________________________________

Directions to Room ______________________________________________________

Presentation Time ____________________________  Question and Answer Time ____________________________

**Topic – Cash Management Issues**
Please include the following information in your presentation:

- Elements of cash management.
- Tracking and controlling burn rate.
- Managing growth by business stage (pre-revenue, revenue).
- Definitions and concepts:
  - Historical vs. Projected Financials
  - Projections vs. Forecasts
  - Burn Rate
  - Break-even Point
  - Annual vs. Operating Budget
  - Cash Horizon
  - Cash vs. Accrual Basis
  - Liquidity vs. Exit.
- Importance of operations and control systems:
  - How they relate to cash management and burn rate
  - Security systems and contingency planning.
Background  This is the culminating session of the FastTrac® TechVenture™ program. The entrepreneurs have worked throughout the program to develop their entrepreneurial skills and to acquire general business knowledge. The goals of the program have been to enable the entrepreneurs to develop an Elevator Pitch, Business Plan, and Investor Presentation in order to effectively communicate their:

- Market opportunities.
- Business concept.
- Financial plan.
- Investment potential.

Number of Participants in the Group

Group Profile (Types of Businesses)

Audiovisual Equipment Needed

Materials Needed

Handouts

Facilitator’s Name

Organization

Phone Numbers   E-Mail Address
10 minutes

Opening

Welcome and Value of FastTrac® TechVenture™

- Have Slide 10A displayed as participants arrive.
- Welcome the participants to Module 10: Managing Cash and Operating Your Business.
- Show Slides 10B – 10D.

Discussion Starters

Use the prepared flip chart page.

- What is something you’ve learned or experienced through this program that will be valuable to you?
  Prompt participants to consider content from the manual, guest speakers, networking opportunities, coaching, and Action Steps.
- In what way will it be of value?
- Are there any questions about cash management or burn rate?

Parking Lot

Review the Parking Lot from previous sessions to identify any questions that have not been addressed.
- Since this is the final session of the program, tell participants they will need to network on their own to gather this additional information (if it is not covered in this remaining session).
Facilitated Discussion

30 minutes

$100K Elevator Pitches
Because this is the culminating session of FastTrac® TechVenture™, conduct a final $100K competition in which every entrepreneur participates.

Activity
• Hand out index cards so that each person present has a card for each entrepreneur in the program. Also provide each person with $100K of play money.
• Give each entrepreneur one minute or less to present the Elevator Pitch.
• After each presentation, ask those in attendance to put the name of the entrepreneur who just presented on one side of an index card along with a “+” and a comment about what was excellent in the pitch. On the reverse side, put a “Δ” (the scientific symbol for change) and note what could be done to improve the pitch.
• At the completion of all presentations, collect the index cards to be compiled and distributed to the entrepreneurs during the networking break.
• Have each person decide how to invest the $100K each has available. It can be given all to one entrepreneur or divided among as many as three entrepreneurs, based on the Elevator Pitch effectiveness. Write each entrepreneur’s name on the outside of an envelope, and go around the room collecting the money in the envelopes.
• Count how much money each entrepreneur received. Announce the top three (or five) amounts at the end of the networking break.

Transition to Guest Speaker
• The collection of funds from investors and income from sales provides a cash flow basis for running a business.
• Cash flow is a critical challenge for many entrepreneurs. Establishing policies and processes to track and manage cash flow is important.
• The guest speakers will focus on managing cash flow and burn rate and on how operations and control systems affect that management.
Guest Speaker

45 minutes

Introduce the guest speakers and announce the topic, “Cash Management Issues.”

Remind the guests how much time is allocated for the presentation and that you will assist in transitioning to the question and answer session. Be prepared to prompt the guests to discuss the following points included on the Guest Speaker Confirmation form:

- Elements of cash management
- Tracking and controlling burn rate
- Managing growth by business stage (pre-revenue, revenue)
- Definitions and concepts:
  - Historical vs. Projected Financials
  - Projections vs. Forecasts
  - Burn Rate
  - Break-even Point
  - Annual vs. Operating Budget
  - Cash Horizon
  - Cash vs. Accrual Basis
  - Liquidity vs. Exit
- Importance of operations and control systems:
  - How they relate to cash management and burn rate
  - Security systems and contingency planning

Facilitator responsibilities:
- Monitor the time and signal the speakers when there are 10 minutes left for questions and answers.
- Prompt questions from the participants.
- Suggest when to take conversations off line.

Tell participants they will have the opportunity to talk with the guests during the Networking Break.
Networking Break

30 minutes

If the guest speakers are available to stay for this part of the session, encourage the entrepreneurs to spend some additional time pursuing particular questions they have. Announce what time they are to return for their coaching sessions. Have the coaches help with monitoring and encouraging the networking.

- $100K Results
  - Distribute the feedback cards to the entrepreneurs.
  - At the close of the networking time, ask the top three (or five) money-makers to step forward, and give them their money envelopes.
  - Congratulate the winners, and encourage all of the participants to continue practicing their pitch at every opportunity.
Coaching Session

70 minutes

Monitor the time for each of the segments. Use your judgment as to how much time to allot for each segment.

- **Action Step Review**
  - Answer any questions they have about the Action Steps from the previous module:
    - Calculate dilution using one of the two Dilution Calculator files (Action Files tab).
    - Draft the Investor Highlights section of the Business Plan.
    - Draft their Investor Presentation (Action Files tab).
    - Refine the Executive Summary section of the Business Plan as they draft other sections.
    - Continue to update and refine the data in the Financial Template.
  - Since this is the final session, make arrangements to return any work they want you to review.

*Note: If the optional session, Enhancing Your Investor Presentation, is scheduled, ensure that participants know what materials to bring and how to prepare.*

- **Appendix 1 and Appendix 2**
  - Refer the participants to Appendix 1: Finalizing the Business Plan and Appendix 2: Next Steps in the Entrepreneur Manual.
  - Encourage them to take the time to read and act on these two appendixes after the program concludes.

- **Unstructured Work Time**
  - Give participants the rest of the Coaching Session time to work on the Action Steps they need to complete for this module. Refer them to the first page of Module 10 in the Entrepreneur Manual, where the Action Steps are listed.

  Your role during the unstructured work time is to:
  - Answer questions and offer help.
  - Be available to whoever needs your input.
  - Check in and spend time with each participant at least once. Don’t allow any one participant to monopolize your time and attention.
  - Monitor the time and let them know when it’s time to transition to the Wrap Up for this module.
Coaching Session continued

Questions for Participants’ Consideration
The following questions may be useful in helping participants assess how thoroughly they have addressed various concerns:

• What kind of corporation will you have?
• What is your breakdown of ownership?
• Do you have a patenting strategy and where are you with it?
• Do you have basic contracts for sales, leasing, and contracting for your business?
• Do you have trademark and copyright protection in place?
• Do you have procedures in place for confidentiality protection?
• Is your stock plan in place, and is it being properly administered?
• Do you have accounting support for your business, with the proper controls in place?
Wrap Up and Action Steps

15 minutes

☐ Summarize Key Concepts
In this module, participants have:
• Learned about the importance of managing cash and burn rate.
• Identified administrative policies necessary to control the operations of their business.

☐ Program Completion
Actions for program completion include:
• Draft the Operating and Control Systems Plan section of the Business Plan.
• Draft the Growth Plan section of the Business Plan.
• Refine the Investor Highlights section of the Business Plan.
• Refine the Executive Summary section of the Business Plan as they draft other sections.
• Continue to update and refine the data in the Financial Template.
• Refine and rehearse their Investor Presentation.
• Read Appendix 1: Finalizing the Business Plan and Appendix 2: Next Steps, and implement the actions they suggest.

☐ Program Summary
Remind participants of all the territory they’ve covered and all their accomplishments. Encourage them to:
• Use their Elevator Pitch at every opportunity.
• Finish writing their Business Plan.
• Continue to refine and rehearse their Investor Presentation.
• Maintain and expand the network they’ve been building through this program.

☐ Program Evaluation
Ask participants to complete a brief written evaluation of the program.

☐ Program Close
Thank the participants for their efforts, acknowledge all that they have accomplished, and wish them success in their business and other endeavors.

Note: If the optional session, Enhancing Your Investor Presentation, is scheduled, ensure that participants know what materials to bring and how to prepare.
Optional Module: Enhancing Your Investor Presentation

- Refine your Investor Presentation to ensure its readiness for submission to potential investors.

Because this is an optional session dedicated to coaching, there is no corresponding module in the Entrepreneur Manual.

Facilitator:
- Review and customize these facilitator notes, as needed.
- Gather all Materials Needed for this session.
- Set up meeting room.

Coaches:
Review the Investor Presentation tool in the Entrepreneur Manual. Be prepared to give feedback to the entrepreneurs about their presentation.

Facilitator:
- Conduct Session Debrief with coaches and any other contributors.
## Enhancing Your Investor Presentation

### Optional Module

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<thead>
<tr>
<th>Estimated Time</th>
<th>Topic</th>
<th>Materials and Equipment</th>
<th>EM Page</th>
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<tr>
<td><strong>Opening</strong></td>
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</tr>
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<td>15 minutes</td>
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<td><strong>Coaching Session</strong></td>
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<tr>
<td>155 minutes</td>
<td>Investor Presentations</td>
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<tr>
<td><strong>Wrap Up and Action Steps</strong></td>
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<tr>
<td>10 minutes</td>
<td>Debrief</td>
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<td>3 hours total</td>
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Preparing to Lead this Session

You have probably scheduled this optional session because the entrepreneurs wanted more time focused specifically on enhancing their Investor Presentations.

Facilitator’s Role

This session is an extended Coaching Session focused on enhancing the entrepreneurs’ Investor Presentations.

Your role is to introduce the session, help monitor time, and provide the wrap up.

Materials Needed

- Pre-session music
- Table toys

Prepare the following flip chart page:

Debrief

What was useful?
What was not?
How would they run the session differently?
Did they get what they needed from the session?
Opening

15 minutes

- Welcome
  - Welcome the participants to this optional session, Enhancing Your Investor Presentation.
  - This session dedicated entirely to coaching.

- Logistics
  - The purpose of this session is to give entrepreneurs the opportunity to practice and get feedback on their Investor Presentation.
  - There will be no formal networking break.
Coaching Session

155 minutes

Investor Presentations
Participants will present their Investor Presentation to the group.

Let the participants know that there are many different presentation styles. The form in the toolkit is the most lengthy and most formal. Stress that while the entrepreneur needs to know all this information they will not need to present all the information. Most important is that they are well prepared, concise, knowledgeable and flexible. They should be prepared to offer a 3-minute version of their plan.

- Stress the importance of keeping the presentation short and to the point. The entrepreneurs will have prepared many slides as they have gone through the tool in the toolkit. They should only plan to show the most important slides.
- Caution the entrepreneurs from getting too tactical – Too detailed.
- If they include a slide presentation, it should be an enhancement to their presentation, not a distraction from it. Suggest that pictures can be worth a million words – Perhaps a few well placed product pictures is a consideration.
- Monitor the time carefully, for two reasons:
  o All entrepreneurs should have the same opportunity to present.
  o They must be able to convey their message to an investor in about 5 minutes.
- Allow a few minutes after each presentation for questions and feedback. Feedback may be written or oral. Be sure that each entrepreneur gets feedback on:
  o Strengths of the concept/business.
  o Strengths and weaknesses of the oral presentation and how it could be improved.

After all the entrepreneurs have made their presentations and received feedback, remind them that the more time they invest in practicing and refining their presentation the better prepared they will be when the time comes.
Wrap Up and Action Steps

10 minutes

- **Debrief**
  
  *Use the prepared flip chart page.*
  
  Ask the group’s opinion of this session.
  
  - What was useful?
  - What was not?
  - How would they run the session differently?
  - Did they get what they needed from the session?

  Thank the participants for their input. Close by acknowledging the effort they put into their presentations, and wish them success.