

Creating a Successful Business Team

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Who is part of your team?

- Co-founders
- Employees
- Advisors
- Board

Do Form a Team



Do Form a Team

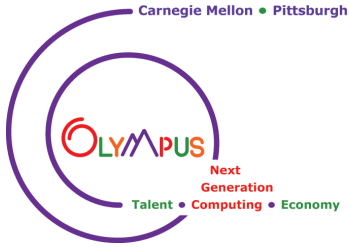
- Too much for one person to do



- Investors prefer teams
- Need various expertise
- Helps keep momentum

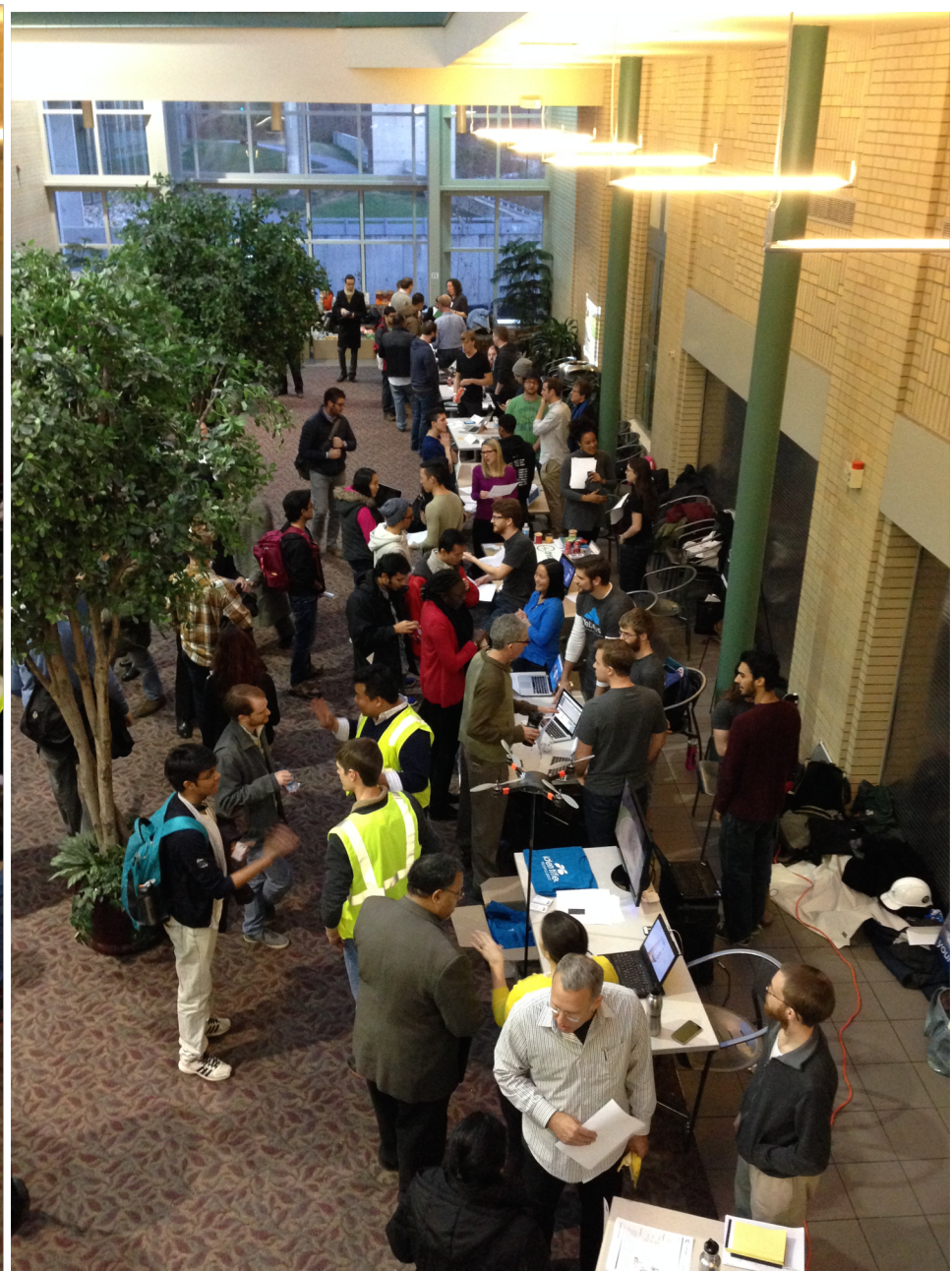
Consensus: form a founding team

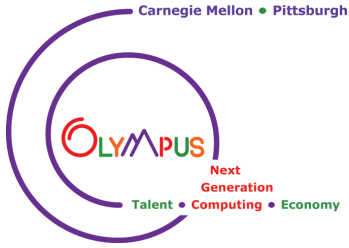
- 60% have 2-3 founders
- Raise more money
 - 30% more investment in early years
- Faster customer growth
 - 3x faster growth vs single founder ventures
- Better odds of success
 - More knowledge
- Better experience
 - Share effort, stress, ...
- Challenges of shared decision making
 - Choose wisely!



Where to Find Team Members

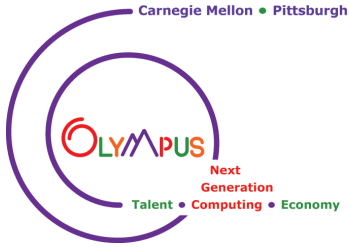
- **CONNECTS (check the Bulletin)**
- **Other CMU events – (check the Bulletin)**
- **Events on campus – (check the Bulletin)**
- **Want ads (check the Bulletin)**
- **Events off campus - Hack-a-Thons, TiE,**
- **Startup Job Fair (Thursday before Thanksgiving)**





Where to Find Team Members

- **Handshake**
- **Classmates and Friends**
- **Entrepreneur clubs**
- **CMU Classes**
- **Other universities**
- **Faculty, TAs**
- **Network, network, network**



Common Questions

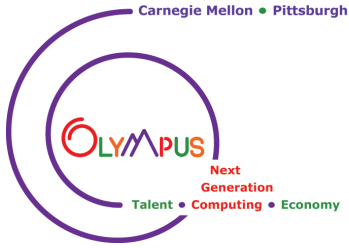
I am talking with other students about joining my team to work on my business idea.

***Should I get them to sign a
Non-Disclosure Agreement (NDA)
A Non-Compete?***

Suggestions

No. NDAs and non-competes are not necessary at this stage.

- **Need to learn how to describe your idea without giving away ‘the secret sauce’**
- **Ability to execute on the idea is far more important than the idea itself.**



Common Questions

I found someone who is interested in my idea and willing to help.

How do I know if she is a good fit?

What do I look for?

Suggestions

“Date before you marry”

- **Pick a project that needs to be done**
- **Agree on the time frame and deliverables**

“How did that work out?”

Common Questions

I met someone who may be a good fit for a co-founder, but we only had a few discussions.

What should I do before I decide to invite this person to join my venture?

Suggestions

**“Date before you marry”
still applies**

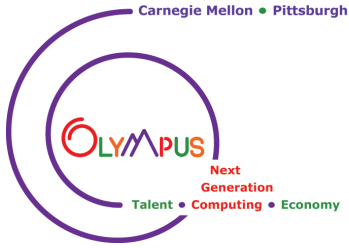
**“Co-founder status may be available for
the right fit”.**

- **Pick a project that needs to be done**
- **Agree on the time frame and
deliverables**

“How did that work out?”

Handling Equity

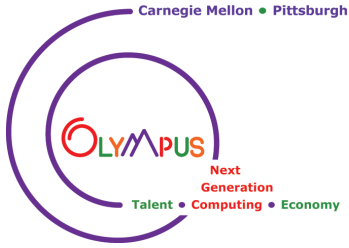
- **Equity does not have to be equally divided.**
 - **Investors like having a decision maker**
 - **OK to retain controlling interest if you are the initiator and prime driver.**
- **Important to have equity ‘earned’ over time or by milestones.**
- **“Founders Pie” Tool on Olympus’ website**
- **Careful about giving equity to ‘one-timers’**



Common Questions

I want to bring other students onto the team but not all are bringing equal contributions (and I have no funding).

What are my choices to offer them?



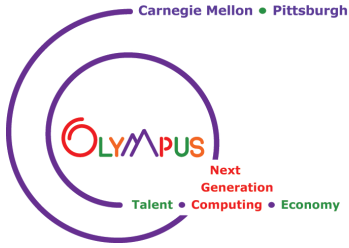
Common Solutions

Roles:

- **Founder**
- **Team member**
- **“Intern”**
- **Project-basis**

Choices:

- **Equity**
- **Cash: Immediate or deferred**
- **Experience**
- **Academic Credit**
- **References**



Common Questions

We want to bring other students on to the team, but not as founders.

Do we need them to sign anything?

Suggestions

Yes. They need to sign an agreement:

- **IP Assignment: What they produce is owned by you or the company and can be transferred**
- **Non-disclosure (can't tell other companies or competitors what you are doing)**
- **Non-compete (they can't use what they've learned to set up a competing business).**

Suggestions

- **F-1 visa students: May be best to apply for CPT if available for your curriculum and/or Apply for OPT after graduation.). See OIE!!!!**
- **Note: F-1 students cannot be paid.**

(Come to the Spring ‘Start Smart’ on “Starting a Business on an F-1 Student Visa” and “Employees and Third Party Contracts”)

Advisors vs Boards

- Advisors
 - Volunteers who give you advice
 - May get equity but generally under 1%
- Boards
 - Fiduciary responsibility (e.g. legal)
 - Obligated to do what is best for the company

Keeping Advisors Informed and Engaged

Beyond paid employees and services

- Build a network. Now!
 - Cultivate a professional network—this is going to be invaluable.
- Your startup might need an advisory team (not a board)
 - Professionals willing to provide counsel.
 - Domain experts with relevant experience.
 - Not paid — think of them as mentors:

Service providers

- Accountants, attorneys, etc. are NOT employees
 - And generally should not be board members
- Attorneys formally incorporate the company
 - Also provide boiler-plate docs, patent/IP work
 - Remember: they work for the company, not you