



Top 10 Things an Entrepreneur Needs To Know About Starting Their Own Company

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Number One

- **An Idea is Not Enough**
 - Timing, Market, Funding Environment, and Execution will determine success
 - The Idea is the starting point, checking out the Market, Funding, and How to Execute are key questions

Number Two

- **Intellectual Property matters (whether you like it or not)**
 - A “check box” for VCs
 - IP is most important as a means to block the competition, not so much as Freedom To Operate (FTO)
 - Package as appropriate and file provisional patents in a sensible way

Number Three

- **Learn when, where, and if about Venture Capital funding**
 - Avoid “Lookey Loos” who will go to school on you but have no intention to invest
 - Are they a VC or Vulture Capitalist?
 - Is this the time for this necessary evil?

Number Four

- **Use Legal Professionals instead of avoiding unpleasant costs**
 - Starting “right” is critical (e.g., Delaware Corp., good licensing agreements, good founders agreements)
 - It should not cost a fortune for standard agreements needed to start out right, ask for “boiler plate” agreements

Number Five

- **Domain Name and Trade Marks will eventually matter. What's in a name?**
 - Know your company name and register before others do it for you and cost you money
 - Think of Trade Marks that will be appropriate and start the long process with the USPTO
 - Make sure marks will be used in commerce with proof

Number Six

- **Marketing Matters**

- If you are unknown in your industry you will not be recognized by experts, the media, and VCs
- Press Releases are an art, not a science. Timing is everything.
- Don't get ahead of yourself, inexpensive and effective alternatives methods are available.

Number Seven

- **Your partners and fellow founders need to be selected and approved like you would choose a spouse. You can never tell how long you will have to live with them.**
 - Just because you are “friends” or colleagues does not mean you will be good business partners
 - Partners may not be equal in the business, it should be recognized and dealt with upfront (e.g., partnership agreement)

Number Eight

- **Don't Be Greedy with your salary or ownership**
 - They will change it anyway if they think it is unfair or excessive
 - It might turn investors off
 - Over valued companies can only face the dreaded “Down Round”

Number Nine

- **Liquidation Preferences determine who really gets paid at an exit.**
 - Make sure you understand LP, “full ratchet”, and “warrant coverage” before you take someone else’s money to fund your company
 - Learn how LP will affect Common Shareholders and ISO and NQSO payouts

Number Ten

- Know your exit strategy (but don't let it drive your execution)
- Know your competition
- Know the realities behind your market
- Know your competition
- Know who your Board Members are and their experience in a start up environment
- Don't get "Founder-itis"

Conclusion

- Learn from the mistakes of others
- Knowing the basic mistakes can help you succeed
- Surround yourself around those who have been there, entrepreneurs are helpful by nature
- “Never Give Up” OR don’t start



Questions??

Thanks for listening



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