

# ENTREPRENEURSHIP IN RENEWABLE, ENERGY EFFICIENCY AND GREEN START UPS

DAY 1 – HOUR ONE - LEGAL

March 5, 2012

# Concept/Overview – Naming Your Enterprise

- Need URL capability
- Unusual better for search engines
- Register with the State
- Possible Trademark
- Pick inexpensive logo for starters, but have one
- Check [uspto.gov](https://www.uspto.gov) for trademarks
- If sole proprietorship, pick DBA status with State
- Colorado – one letter difference is OK

# Why Start A Business

- Need a compelling case statement – from the point of view of the market, not your own point of view (use my skills, lifestyle desired, etc.)
- Market research – must find potential, interested customers before you start a business
- Must understand pricing in the current marketplace
- Must understand costs, logistics, resources needed to start a business
- OK to create a board of advisors first, ROMD

# How To Start A Business

- Get the right team in place
  - Bookkeeper, Accountant
  - Lawyer
  - Supply Chain
  - Computers, office supplies
  - Location, if not your home
  - Check out incubators
  - Tax ID number
  - Stock/Promissory Notes
  - Document everything
  - Separate your personal finances from the business finances

# Coherence – What Is In and What is Out of Your Business

- Start narrow and seek to dominate a niche
- Beware of scope creep, but do adjust if people are not buying what you are selling
- Listen to potential customers about what they want
- Build reputation right away
- Secure earned media
- Get consensus from your team members as to the scope of the business and when to expand



# Who To Include In Your Business

- Buy sell agreements if they will own something
- Fill skills but hire integrity, good working relationships
- Interview 10 and bring in 1
- Hold on to equity if you can, sell it if you have to
- All contracts in writing and signed
- All HR files are complete on everyone including yourself

# Supply Chain

- Secure favorable credit terms
- Build a solid, and somewhat redundant supply chain
- Document all orders
- Document all order processing
- Demand excellence from supply chain even when you are small
- Inventory management is key to success
- Sometimes rent rather than buy or outsource non-essential activities
- Bank is part of your supply chain

# When – The Art of Sequence

- Marvin Bower story
- Sequence is everything
- Business Planning – get the order of doing things right
- ROMD
- Step by Step – In order is essential, one step helps build the foundation for the other step



# Where

- Location – local, national, web
- Customer Segment – where are the early adopters, the beta users
- Price point
- Product contents
- Service offering
- Where to speak, do PR, get your voice out
- Where to join, associations, boards
- Dominate your physical space

# Defining Success, Setting Goals

- What does winning look like; a Win?
- Daily, Weekly, Monthly, Quarterly Stats
- Drivers of Success – What are they and how to quantify them
- Eliminate time wasters even if they are people – to stop list
- Budget time to accomplish X and stick to it
- Set calendar dates/deadlines and make consequences for failing to achieve these deadlines
- Reach consensus on what success looks like over every relevant time period
- To do list becomes a “to accomplish” list

# Business Plan Competitions

- Enter them – yes, but be very selective
- Good feedback, but winning does not mean much
- Generally stay local because travel is so expensive
- William James Foundation, Milken Foundation
- Polish your business plan but don't stray to win
- Focus on team experience, build confidence in team, yourself, market opportunity and your ability to catch that market opportunity

# The Role of Ethics

- Squeaky Clean
- Code of Ethics written, modify one from the web
- No pirated software or even borrowed without documentation of a proper license
- Profess ethics in your marketing
- Critical – know the laws, regs that pertain to your business – lack of knowledge is a killer
- Background checks on everyone
- Firing is necessary for ethical violations
- Chief Ethics Officer – give role to someone

# Legal Questions

15 minutes

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# Distinction Between a Hobby and A Business

- Separate finances
- Set hard goals and hold others/self accountable
- Separate website/facebook existence, twitter/linked in identify
- Separate legal entity

# Corporate Forms – Legal Entities

- Sole proprietorship - Schedule C
- Partnership - General and Limited
- C corporation – stock certificates
- DBA
- S corporation
- LLC – unit holder certificates
- Nonprofit Organization



# Corporate Forms - Continued

- Trade Association
- Family Limited Partnerships
- B corporations
- Low Profit Limited Liability Corporation
- Combination of for profit and nonprofit
- Franchise – usually huge investment and you still need your own form of legal entity

# Other States

- Venturing into other states
  - registering to do business
- Taxes
- Presence
- Licenses and certifications in your area of expertise

# Other Countries

- Venturing into other countries - local partners
- Start narrow and seek to dominate a niche
- Beware of BP problem
- Get help from UC Denver Business School or DU or CSU or Office of Economic Trade and Economic Development
- Financing overseas is possible
- Licenses – Do this or go to jail – **Egypt** example

# Market Segment – Be Clear

- B2b
- B2c
- Hybrid
- Retail
- Wholesale
- Web only, bricks and mortar format
- Customer focus

# Governance and Boards of Directors

- Essential
- Often overlooked
- Takes time to get value
- Marketing, Resources, Strategy, Ideas
- Five to seven people with different backgrounds
- No pay at first
- Clear annual agenda for quarterly meetings
- Does cost time and money

# Hiring a Lawyer or Accountant

- Interview 3 each before you hire 1
- Must have good reason to hire one over the other
- Clear retainer agreement and fees
- Clear duties of lawyer
- Don't cut corners – later is always more expensive
- If they can send you business, great, but not essential
- They become your legal filings and compliance department in all respects

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DAY 1 – HOUR THREE – INTELLECTUAL  
PROPERTY

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# Overview of IP

- Trademark applications and use of ® ™ ©
- Patent application – first to file; provisional app. \$4,800 fast track system – one year you hear
- Intellectual property creation,
- IP inventory and audit
- Nondisclosure agreements
- Noncircumvent agreements
- Trade secrets
- Uniqueness is the key
- Know Prior Art - research

# Technology Transfer

- IP –
  - Can manufacture/build
  - Sell
  - License
  - Share/partner
  - Use as methods
  - Imbed into software/products/processes
  - Know what universities are doing in your area of expertise (all over the world)
  - Know what government has paid for in your area
  - Insurance for patents - critical

# Industry Specific Concerns

- Make sure no patent/trademark violations by your company
- Cease and desist letters – very important
- Keep trade secrets trade secrets via need to know
- New law – any new patent can be challenged and the hearing goes before a patent examiner and not the courts – will greatly expand patent challenges as cost of challenge is reduced
- Beware of patenting just for patenting sake

# Value of IP

- Must be a real invention
- Must have customers
- Ownership of IP must be very clear or no value for selling it
- Trademark your logo or put <sup>TM</sup> by it
- Trade secrets beware –they can walk out the door
- Contracts with employees that what they create while they work for company is owned by company

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# ENTREPRENEURSHIP IN RENEWABLE, ENERGY EFFICIENCY AND GREEN START UPS

DAY 1 – HOUR FOUR – CONTRACTS,  
CONTRACTS AND CONTRACTS

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# Contracts - Introduction

- rental agreements for office or other space
- lease agreements for equipment
- employee contracts
- payroll service contracts
- professional service contracts
- vendor contracts
- sharing of equipment/space contracts
- Everything in writing, properly filed
- Negotiate hard and buy intelligently

# Supply Chain

- Difference Between Managing and Leading Your Supply Chain
- Spot/Price or Value Purchaser
- Transactional Efficiency vs. Winning Negotiations at the cost of time
- Risk of nonperformance
- Standards of performance
- Insurance
- Assessing the costs of business interruption –



# Permits and Zoning

- Not much of an issue if you rent
- Huge issue when you get bigger or when you work out of your home office
- Never miss this issue
- Penalties for violation can put you out of business in a hurry

# Franchising

- Background
- Long contracts
- Challenging terms
- Interview at least 10 franchisees before signing on
- Understand the cash flow issues
- Know your rights and limitations/rules
- Significant economies of scale
- This area will come to renewables and EE

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# ENTREPRENEURSHIP IN RENEWABLE, ENERGY EFFICIENCY AND GREEN START UPS

DAY 1 – HOUR FIVE – BANKING, HIRING, AND  
CASH NEEDS/CASH FLOW ANALYSIS

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# Banking

- How to select
- Line of Credit
- Credit Cards
- Signature authority
- Balance requirements vs. fees
- Relationship with Banker
- When to look for another bank
- Giving the bank your business plan

# Hiring and Payroll

- Contracts
- Independent Contractors
- Benefits
- Duties
- Insurance
- Payroll Administration
- PEO's
- Immigration laws

# Financial Relations Between Owner and Company

- Contracts in writing
- Expense reimbursement
- Health care expenses payment
- Retirement
- Vacation
- Loaning the Company Money
- Types of Stock – voting, class b, options, vesting,
- Position on board of directors/advisors

# Buying A Business vs. Starting One

- Always look for a business to buy - why
- Great competitive analysis
- Helps you find partners
- Helps you see the real challenges
- May buy one small part of a business to help start your company
- May help you sell your business someday
- Co-opetition
- Do the math - analyze cost-benefit of buy v. start



# Mentoring for Your Business

- SCORE
- Your board of advisors can provide 35 benefits to your company
- Associations and conferences
- Intentional Networking
- Write articles and get them reviewed
- Show people your business plan and get comments
- Ask people for help



# ESG and Predicting Success

- Environmental, Social & Governance
- The book: ***Good Company: Business Success in the Worthiness Era*** – useful
- Build your reputation starting six months before you start your business
- Give speeches on the value of your industry, not the value or utility of your company
- Tell your story in the context of the social, economic and political conditions of our time

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