



# Workbook 6

Funding Innovation Idea to A-Round  
or Vested Interest Partner (VIP)

## Funding Innovation: A New Way to Consider Funding

### Are these your most pressing questions on funding?

- ❓ Who can I get to write the next big check?
- ❓ How do I find an investor?
- ❓ How do I protect my IP while I explore funding?
- ❓ What do I need to build to show an investor?

### Instead, consider the 5 Tenets of Idea-to-Market:

- 1 Your objective should guide you.
- 2 The market holds the information: *Customers, Vendors, Acquirers, Competitors*
- 3 Vested interest “partner” financing is ideal.
- 4 Milestones & cash management are keys to planning.
- 5 Let efficiency, effectiveness & risk management be your focus.

### Commit to personal objectives and review every quarter:

- Why are you doing this?
- What does success look like to you?
- What is going to make you happy/fulfilled?
- 💰 Run a business/make a lot of money
- 🌍 See your idea get to market/impact the world
- 🔄 Control (how much influence do others have?)

**Ownership:** dilutive vs non-dilutive funding

**Management:** restrictive vs. free to act

**Timing & Growth:** evolutionary vs. required

**Size:** experiment vs. compulsory

## Define Your Overall Vision/Reason for Being

Value Levels	Main Assumption	Tested?
Main Customer Problem		Y/N
Current Solution (Not Your Product)		Y/N
Your Solution		Y/N
Your Unfair Advantage		Y/N

## Transitioning from Opportunity to Investment Funding Focus

Most startups first raise money based on the opportunity that their company represents. We will first cover those opportunities. After you have exhausted funding opportunities based on the opportunity you represent you will have to show your investable potential. We will cover this in future pages.

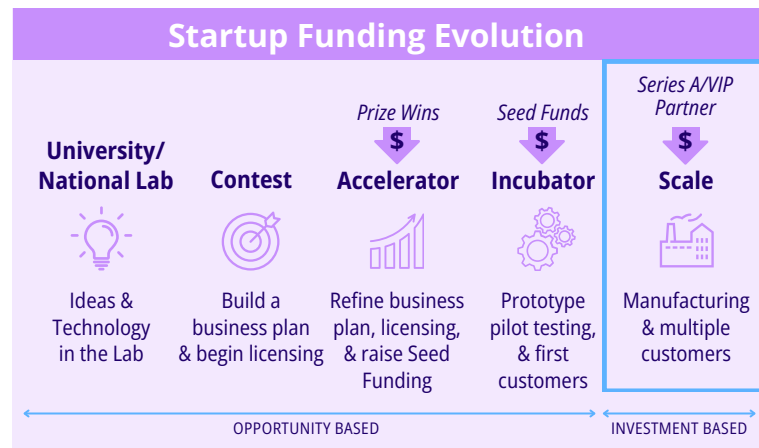
### Opportunity versus Investment funding

#### OPPORTUNITY

- ▶ Team
- ▶ Technology
- ▶ Market
- ▶ Traction

#### INVESTMENT

- ▶ Stakeholder Involvement
- ▶ Experience: Hands on advisors
- ▶ Strategy to fill gaps
- ▶ Plan for return on Investment



#### Opportunity Based:

Advisory, Contest & Grant Support

**500**  
startups

Provides companies with up to \$250k & helps them succeed in ways other venture firms do not.

**techstars**

Provides significant seed funding, intensive mentorship, and an amazing network of mentors and alumni for 7%-10% equity in the companies.

**Y Combinator**

Provides seed funding for startups. More importantly, they work with founders on their ideas and help them deal with investors.

A two-year fellowship to turn your technology concept into a product. Receive a yearly living stipend of \$80,000 to \$110,000 plus a health insurance stipend & travel allowance. Focus on their project full-time. Each project also receives \$100,000 in research funding.

**ScaleFor ClimateTech**

A non-profit global venture studio + accelerator program offering hands-on support.

#### Opportunity Based:

Corporate-Sponsored Programs



The program tracks, [Go Move](#) (transportation), [Go Energize](#) (energy and electricity), [Go Make](#) (manufacturing), [Go Build](#) (building), and [Go Grow](#) (food and agriculture), will challenge the status quo within each sector as they accelerate partnerships between industry giants and innovators.

#### Past Partners:



**NOTE: These are examples. Research your many options.**

## Non-Dilutive & Equity-Based Funding Quasi-Governmental & Related



**Product Development Grant:** Non-dilutive funding opportunities to support the development of a physical product, with a goal to remove barriers to scale and manufacturing, up to \$25k.



Equity investments in Seed, Series A, or Series B financing round, with venture debt investments.



Technology Park Corporation established by the legislature to advance the growth of the technology sector with \$682,000 a year in grants.



Portfolio of programs has strategically deployed more than \$700 million in Massachusetts through a combination of grants, loans, capital infrastructure investments, tax incentives, and workforce programs.



Scale for ClimateTech and Venture for ClimateTech offer project funding and acceleration to climate tech hardware innovators who are ready to manufacture and are looking to make an impact in New York State.



76West is a competition focused on growing clean energy business.



MassVentures is a venture capital firm focused on supporting Massachusetts-based startups to prosper in their businesses.

## Early-Stage Investment-Based Funding Startup Investment Funds



The Engine backs founders solving the world's biggest problems through the convergence of breakthrough science, engineering, and leadership. We invest in Tough Tech!



The Slater Technology Fund is an evergreen not-for-profit seed fund dedicated to supporting new venture development in Rhode Island. We invest in early-stage technology ventures founded by entrepreneurs who have the vision, courage and tenacity to build companies that aim to achieve transformational impact in the industries or markets they serve.



RevUp Capital is a global leader in revenue-based investing for early-stage companies. Since 2016, we invest fast-growing B2B and B2C companies with non-dilutive capital and world-class support.

**NOTE: These are examples. Research your many options.**



## Non-Dilutive Funding for Commercialization Governmental & Related



Grants.gov is a portal website that allows organizations to search and apply for federal funding opportunities. [Everything you need to know about Grants.gov](#)



The Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs for Federal Research/Research and Development (R/R&D) commercialization.



The U.S. National Science Foundation is a federal agency that supports research and education across all fields of science and engineering, currently with an \$8.8 billion budget.



ARPA-E issues periodic Funding Opportunity Announcements (FOAs), which are focused on overcoming specific technical barriers around a specific energy area. [Learn more here.](#)

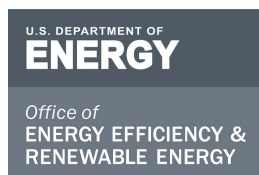


American Diversified Energy (ADE) can help you secure DOD funding. To see how, please click on the following links:  
[5 Hot Tips on How to Fund Your Project](#) that ADE follows  
[40 Common Mistakes That Can Kill a Proposal](#) which ADE helps you avoid



The Energy Department supports grant, loan and financing programs for startup energy businesses looking to launch a pilot project and companies with proven technology that needs help reaching commercial scale. [Learn more here](#)

DOE Solar Grants: [Learn more here](#)



Alternative Fuel Infrastructure Funding: [Learn more here](#)

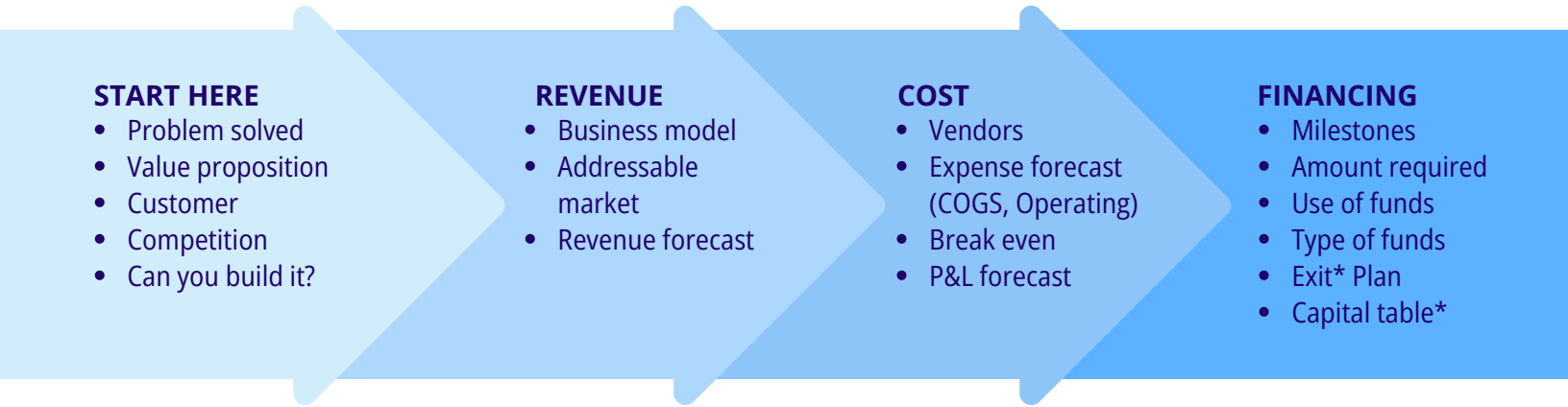


Biden Administration Announces \$3.16 Billion from Bipartisan Infrastructure Law to Boost Domestic Battery Manufacturing and Supply Chains. [Learn more here](#)

**NOTE: These are examples. Research your many options.**

# Turn Your Opportunity into an Investment

An investment is an opportunity with risk & reward quantified.



Raise money based on milestones:

If I had...  
*(What physical item or proof)*

I could demonstrate...  
*(What value)*

For/to...  
*(Whom)*

To secure...  
*(What action/result)*

# Identify the Gaps in Achieving Your Goals

What do you need? Identify uses, supplier, cost and timing.

	Identified Gaps	Who Can Help	Cost	Timing
Resources				
Information				
Technology				

## How is Your Company a Benefit to Others?

Brainstorm the dynamics of your company. Outline critical elements of your business that are likely to generate interest by third parties. Leverage the market to determine what is important and who can assist you:

- Who cares?
- Who might share your objectives?
- Who might not share those objectives?
- What risks have you mitigated and remain?
- What milestones have you achieved so far?
- What risks of others do you mitigate?

## Who Could Be a Vested Interest Partner?

Think about your market and supply chain. Which third parties benefit from your company success? How do they benefit and what value may they provide to you beyond their “traditional” function for you in return? Who may be a Vested Interest “Partner?”

### Investors are buying milestones supported by the market:

- Customers
- Supply Chain
- Acquirers
- Competitors
- Investors, Advisors & Mentors
- Complementary companies
- Collaborators/distributors

## Brainstorm Your Stakeholders’ Relationship & What They May Provide

### Vested Interest “Partners”

- Write a Check
- Co-develop
- Non-recurring Eng.
- Line of Credit
- Customer Referral
- Delayed Payment
- Materials/Testing
- Virtual Team
- License
- Co-market
- Acquisition
- Distribution
- Up-front Payment
- In-kind Services
- Tech Expertise
- \*Operating Services

*\*Operating Services: often annoying operating benefits*

vs

### Investor (VC)

- Write a Check
- Instill Structure & Discipline
- Offer Operating Experience
- Extend Network

## Keep a List of Connections & Possible Shared Interest & Assets

*Vested Interest “Partner” Examples:*

Stakeholder Description	Startup Benefit	(VIP) Stakeholder Benefit
Startup Tech Supplier	Unique Capability	Testing & Feedback
Commodity Supplier	Investor/Shipping	Production Secured
Complementary Company	Customer Access	Address Customer Issues
Customer	Requirements & Testing	First Rights

### Write the partnership “story” & rationale

#### WHAT I GET

As a(n) [my business type] I can get [condition/service/product] from [type of stakeholder] so that I have [benefit].

Follow the INVEST Guidelines for good user stories:

<b>I</b>	Independent	(Specific definable opportunity)
<b>N</b>	Negotiable	(Not conditional)
<b>V</b>	Valuable	(Valuable to my company)
<b>E</b>	Estimable	(Relevant impact example)
<b>S</b>	Small	(Fits within simple iteration)
<b>T</b>	Testable	(Testable at least in principle)

Source: Modified from [Anastasiia Reshkova](#)

#### WHAT THE STAKEHOLDER GETS

As a(n) [my business type] I can provide the [type of stakeholder] [condition/service/product] so that they have [benefit].

Follow the INVEST Guidelines for good user stories:

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Source: Modified from [Anastasiia Reshkova](#)



**Outline your core assumptions, how you would test it and with what measure for success.**

### WHAT I GET

As a(n) [my business type] I need [condition/service/product] from [type of stakeholder] so that I have [benefit].

As a(n): (my company type)

I need: (what core need addressed)

From: (type of stakeholder)

To: (achieve what goal/condition)

Tested by: (measurable process)

Success measure: (minimum threshold)

### WHAT THE STAKEHOLDER GETS

As a(n) [type of Stakeholder] I can provide [type of stakeholder] [condition/service/product] so that you have [benefit].

As a(n): (my company type)

I can provide: (benefit to stakeholder)

To: (type of stakeholder)

Helping them to: (achieve what)

Tested by: (measurable process)

Success measure: (minimum threshold)

Every time you make a new contact, consider if they are, or could have, a common objective and can you influence them to be a stakeholder in your success. List what they have to offer, what you can offer them, and what milestone of achievement on your part that triggers initiating a collaborative effort.




### Stakeholder Ongoing Relationship Assessment

Stakeholder	Stakeholder Can Offer	Stakeholder Can Get	Milestone to Initiate Collaboration

### Your Objectives: The Critical Factor

Once all your analysis of funding options is complete go back and test if you have stayed true to your core objectives for being in business.

- Why are you doing this?
- What does success look like to you?
- What is going to make you happy/fulfilled?

-  **Run a business/make a lot of money**
-  **See your idea get to market/impact the world**
-  **Control (how much influence do others have?)**

- What is your contingency plan?

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