UNIVERSITY OF MIAMI
U INNOVATION

University of Miami Startup Founder's Guidebook

A practical, entrepreneur focused handbook for building startups based on University of Miami technologies

About This Guide

This guidebook is designed for those interested in launching a startup company based on University of Miami–owned intellectual property, whether they are **faculty, researchers, staff, students, and external entrepreneurs**. It translates university policies, legal considerations, and best practices into **clear, founder-friendly guidance**.

Important Disclaimer: This guide is informational only and does not constitute legal, tax, or business advice. Founders should consult experienced counsel and advisors before forming or financing a company.

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Chapter 1: Understanding University Startups

What Is a University Startup?

A university startup is a company formed to commercialize technology owned by University of Miami ("UM"). Founders generally must:

- Disclose the invention to UM's Office of Technology Transfer (See Chapter 7)
- Comply with UM conflict-of-interest and IP policies (See Chapter 5)
- Form a legal entity (See Chapter 3)
- Enter into a license agreement with UM (See Chapter 7)

Is a Startup the Right Path?

Not every university technology should become a startup - and that's okay.

Forming a company is one possible path for translating UM research into real world impact, but it is not the right choice for every technology, team, or moment in time. Many successful technologies move towards commercialization through traditional licensing, collaboration with existing companies, or continued development within the UM environment.

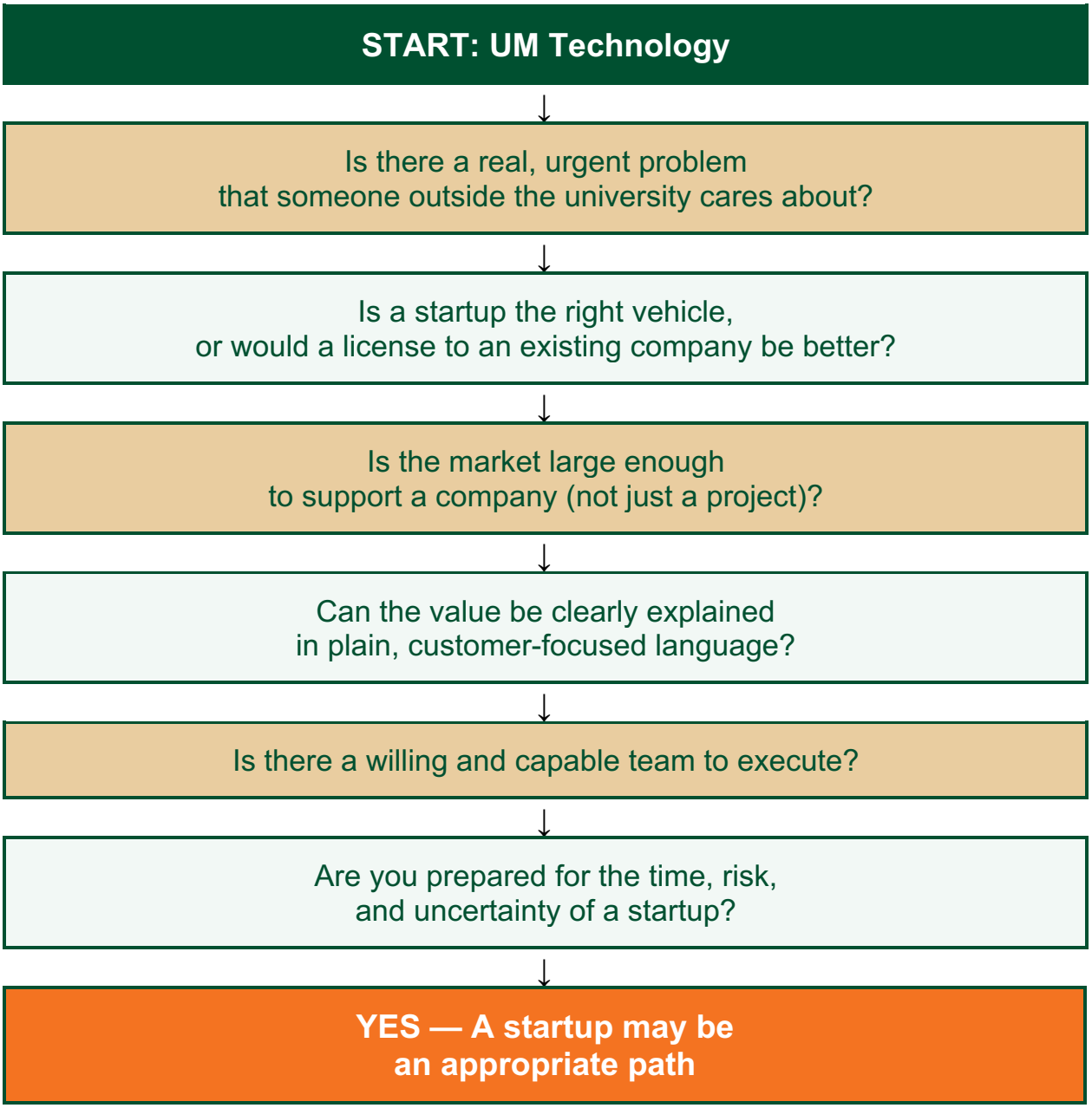
The visual flow chart below is intended to help you assess whether a startup is an appropriate vehicle for your technology. It asks a few questions - about the problem, the market, the team, and the commitment involved - to help you decide what to explore next.

There are no wrong answers here. The goal is to help you make a thoughtful, informed choice before investing significant time and energy.

If you find yourself answering "not yet" to some of these questions, that does not mean your technology lacks value. It may simply mean that additional validation, a different commercialization pathway, or another point in time is the better next step.

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University of Miami Start-up Visual Flow Chart



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Chapter 2: From Idea to Business Plan

- **Ask yourself the following:**

"If this problem disappeared tomorrow, would anyone urgently care?"

Clarify the Problem Worth Solving: Start by defining the problem from the customer's perspective. A problem has commercial relevance if it is recurring, expensive, risky, or time consuming for the customer, and if the customer actively tries to address it today.

"Can I name the exact type of person or organization that would pay for this?"

Identify the Customer Who Feels the Pain: Narrowly define: 1) who experiences the problem; and 2) who makes the purchasing decision (often times, they are not the same). Commercial potential improves when the customer is easy to identify, easy to reach, and has both the authority and budget to buy. For example, in the pharmaceutical industry, although the patient experiences the problem, doctors made the decision on which medicine to use, while the government or an insurance company subsequently pays for the solution.

"If this worked, is the customer base meaningfully large?

Estimate Whether the Market Is Big Enough: Determine whether enough customers exist to support a business, not just a project. This includes thinking realistically about how many customers you could reach and convert, not just how many exist in theory.

"Why would a customer switch from what they do today?"

Understand Alternatives and Differentiation: Every problem already has a solution, even if it's inefficient. Assess how customers currently solve the problem and why your approach is materially better - faster, cheaper, safer, simpler?

"Does success make the business easier, or harder, to run?"

Evaluate Whether the Business Can Scale: Consider whether revenue can grow faster than costs. Strong commercial potential usually involves repeat customers, recurring revenue, or expansion opportunities without proportional increases in effort or expense.

"Are we the right team to bring this to market?"

Assess Execution Readiness- Finally, evaluate whether the founding team has the skills, access, and credibility to execute, especially in regulated, technical, or enterprise markets. The best idea still fails without the ability to deliver.

- **Once you have thought out the commercial potential of the start-up and its technology, it is time to communicate that to the world through a *BUSINESS PLAN*.**

  Your business plan is a **communication tool**, not a scientific manuscript. Investors, partners, and reviewers must quickly understand:

  - The problem
  - The solution
  - Why it matters
  - Why *you* are the team to execute

- **Core Components of a Strong Business Plan**

(Recommended: no more than **2 pages per section**)

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- **Executive Summary** - A high-level overview of the company, product, and opportunity.
- **Company Overview** - Legal structure, mission, and founding team.
- **Market & Customer Analysis**
  - Unmet customer need
  - Target market and segmentation
  - Competitive landscape
  - Why customers will switch from existing solutions
- **Technology & Intellectual Property (IP) Position**
  - What the technology does
  - Current IP status
  - Competitive advantage
- **Business & Revenue Model**
  - How the company makes money
  - Value proposition: The value proposition explains why customers will buy, what they are willing to pay for, and how the startup converts customer value into sustainable revenue.
    - Why the Customer Chooses You
    - The value proposition describes the **specific outcome or benefit** the customer receives and why that outcome is better than available alternatives. It should focus on **results experienced by the customer**, not product features.
    - In a university spinout, the value proposition bridges the gap between scientific innovation and market need. It should focus on what problem the technology enables the customer to solve, not on the novelty of the underlying research.
    - A key framing shift for academic founders is that the *customer is not buying a patent or a technology, they are buying a result (the product or service) that the patent enables*. Thus, a strong start-up value proposition:
      - Articulates the customer outcome, not the invention.
      - Reflects the stage of development (e.g., proof-of-concept vs. product-ready).
      - Acknowledges adoption barriers such as validation, regulation, or workflow change.
      - Articulates why the licensed IP creates a meaningful advantage once developed.
  - A strong value proposition clearly answers three questions:
    - **Who** is the customer?
    - **What problem** is being solved?
    - **Why is this solution** meaningfully better? In a business plan, the value proposition should:
      - Be stated in **plain, concrete language**

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- Reflect a **customer-validated need**
- Be narrow enough to be believable and defensible

Example (illustrative, not prescriptive):
"We reduce compliance reporting time for mid-size hospitals by automating audit documentation, lowering administrative burden and regulatory risk."

Tip: You do not have to build your business plan alone. The Launch Pad provides free mentoring, business planning assistance, and access to business plan creation tools for UM students, alumni, faculty, and staff. Experienced advisors can help you validate your idea, define your business model, and prepare for funding opportunities.

Common Issues When Drafting a Business Plan

!	*Failure to proofread obsessively*. You often only get one chance to make a good first impression, and poor writing and formatting are immediate red flags to investors
!	*The value proposition is hard to explain succinctly*. If the core value cannot be described in plain, customer-focused language, it is unlikely customers (or partners) will understand it either.
!	*Risks are ignored or minimized*. Every startup has technical, market, regulatory, or execution risks. Failing to name them and explain mitigation signals inexperience, not confidence.
!	*The plan doesn't clearly explain how money is made*.
!	*Financial projections look aspirational rather than grounded*. Revenue curves that grow fast without explanation, costs that are glossed over, or margins that ignore reality signal guesswork instead of planning
!	*The customer problem is vague or hypothetical*. Plans built around an interesting technology rather than a clearly articulated customer pain point often struggle to gain traction.
!	*The market supports a project, not a company*. If the opportunity seems too small to sustain hiring, product development, and long-term growth, it may not justify forming a startup.
!	*Differentiation is unclear*. If it is hard to explain why this solution is meaningfully better than existing alternatives - technically, economically, or operationally - the business looks fragile. It is not enough to describe the value as vaguely "better," "faster," "cheaper" or "innovative".
!	*The plan focuses on funding instead of milestones*. Strong plans explain *what will be achieved* with capital, not just *how much to raise*. Investors and reviewers look for progress, not just runway.

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Chapter 3: Choosing the Right Legal Entity

Why Form a Legal Entity?

- UM can only license to a legal entity and not to an individual.
- A legal entity:
  - Protects founders from personal liability
  - Enables licensing UM IP
  - Is required by investors and partners

Common Entity Types

ENTITY TYPE	BEST FOR	NOTES
C-Corporation	VC-backed startups	Preferred by investors; flexible equity
Limited Liability Company (LLC)	Early-stage or lifestyle companies	Less VC-friendly
S-Corporation	Limited scenarios	Ownership restrictions
Sole Proprietorship / Partnership	❌ Not advised	No liability protection

- A **C-corporation** is taxed as a separate legal entity, meaning the company pays corporate income tax on its profits, and shareholders are taxed again at the individual level on any dividends they receive (often referred to as “double taxation”).

  In practice for startups, this means:

  - **Corporate level taxation**: The C-corporation files its own tax return and pays tax on net income, independent of the owners.
  - **Shareholder taxation**: Only profits are distributed as dividends will shareholders pay personal income tax on those dividends.
  - **Losses stay at the company level**: Early-stage losses cannot be passed through to founders’ personal tax returns, unlike LLCs or S-corps.
  - **Potential tax planning advantages**: C-Corporation can retain earnings, reinvest profits into growth, and offer equity-based compensation, which is one reason they are preferred for venture backed startups.
  - **Summary**: Founders don’t get personal tax deductions for startup losses, but the structure supports investment, stock issuance, and long-term scaling, making the C-Corporation the dominant choice for VC-backed startups.
- A **Limited Liability Company** (LLC) is typically taxed as a pass-through entity, meaning the business itself does not pay federal income tax; instead, profits and losses “pass through” to the owners (members), who report them on their personal tax returns. LLCs offer tax simplicity and early loss pass-through for founders, but they are often less attractive to

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venture capital investors, which is why many startups convert to C-Corps before raising institutional funding.

In practice for startups, this means:

- **No entity-level income tax (by default)**: The LLC generally does not pay federal income tax. Taxes are paid only at the owner level.
- **Pass-through of profits and losses**: Members report their share of profits or deduct losses on their personal tax returns, even if cash is not distributed.
- **Early-stage tax advantages**: Startup losses can often offset other personal income, which can be attractive for founders in the early years.
- **Flexible tax elections**: An LLC may later elect to be taxed as a C-Corporation if the company grows or seeks venture capital financing.

- An **S-Corporation** is a corporation that elects pass-through taxation, meaning the company itself generally does not pay federal income tax; instead, profits and losses pass through to shareholders and are reported on their personal tax returns. S-corps can reduce tax burden for small, closely held businesses, but their strict shareholder and ownership rules make them a poor fit for most startups planning to raise outside or institutional investment.

  In practice for startups, this means:

  - **Pass-through taxation:** The S-Corporation typically does not pay federal income tax at the entity level; income and losses flow directly to shareholders.
  - **Avoids double taxation:** Unlike a C-Corporation, profits are generally taxed only once at the shareholder level.
  - **Shareholder restrictions:** S-Corporations are limited to 100 shareholders and generally may only have U.S. individuals (not venture capital funds or most institutions) as shareholders, which restricts fundraising options.
  - **Startup limitations:** Because of ownership and stock class restrictions, S-Corporations are usually not suitable for venture backed or high growth startups.
- A **sole proprietorship or general partnership** is taxed as a **passthrough structure**, meaning the business itself does not pay income tax; instead, all profits and losses are reported directly on the owner's (or partners') personal tax returns.

  In practice for startups, this means:

  - **Pass-through taxation:** Business income and losses flow directly to the owner(s) and are taxed at individual income tax rates.
  - **Self-employment taxes:** Owners are responsible for taxes (e.g., Social Security and Medicare) on business income.
  - **Full personal liability:** There is no legal separation between the business and the owner(s), so personal assets can be used to satisfy business debts or liabilities.
  - **Not startup appropriate**: Since there is no liability protection and no ability to issue equity, this structure is generally **not recommended for startups**, especially those commercializing university technology or seeking external funding.

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Chapter 4: Corporate Governance and Equity

- **Corporate Governance Basics**

  Strong governance supports growth and investor confidence:

  - **Board of Directors or Advisors**:
    A board of directors or advisors provides strategic oversight, guidance, and accountability to management, typically consisting of founders, investors, and independent experts.
  - **Regular meetings and minutes**:
    Regular meetings with documented minutes ensure consistent oversight, informed decision-making, and a formal, written, record of key actions and approvals.
  - **Clear executive authority**:
    Clear executive authority defines who has decision-making power within the company, enabling efficient operations and accountability.

- **Ongoing Compliance**

  Startups must maintain:

  - State filings
  - Employment and tax compliance
  - Securities law compliance
  - Accurate financial records

- **Equity**

  Equity is given when someone contributes something of value to the startup. It means owning a piece of the company, so if the company succeeds, the founder's share can grow in value and may come with a say in major decisions. Additionally, equity is issued when capital is invested, or when people are rewarded for helping build the company.

  Best practices, when allocating equity, include:

  - Clear initial allocations
  - Written founders' agreements
  - Vesting schedules to protect the company

- **Employee and Advisor Incentives**

  Startups often use:

  - Stock options - a contractual right that allows an individual to purchase company shares in the future at a fixed price, typically as an equity incentive to reward or retain founders, employees, advisors, or consultants.
  - Restricted stock - actual company shares that are granted upfront but are subject to restrictions, most commonly time-based vesting, meaning the recipient earns full ownership only by remaining with or continuing to provide services to the company over a specified period.

- **Capitalization Table Management**

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- A **capitalization table (cap table)** is a table that shows a company's ownership structure, listing who owns equity (founders, investors, employees), how much they own, and how ownership changes over time due to investments and dilution.
- Maintain a clean capitalization table to track:
  - Founder ownership - The number of shares and percentage of ownership held by each founder at the company's inception and throughout the life of the company.
  - Investor equity - The number of shares and percentage ownership held by each investor, including angel investors, venture capital funds, and other equity holders who acquire ownership interests in subsequent financing rounds.
  - Dilution over time - Changes in each stakeholder's ownership percentage as additional shares are issued to new investors, employees, advisors, or other recipients. While a holder's number of shares may remain the same, their percentage ownership is often reduced as the total number of outstanding shares increases.

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Chapter 5: Roles, Responsibilities & Conflicts of Interest

Transitioning from Academia

Faculty members, staff, and students launching startups may face conflicts between their academic responsibilities and company leadership roles. Startup founders must disclose potential conflicts of interest (COI) to UM, particularly if they continue to hold academic positions. COI management plans may be required to ensure that UM resources are not improperly used for private ventures.

UM's **"*Conflict of Interest, Conflict of Commitment, Foreign Influence, and Institutional Conflict of Interest Policy*"** is approved by the UM Faculty Senate and Board of Trustees and addresses institutional vulnerabilities with attention to Conflict of Interest and Foreign Influence. Click here to view on Policystat (requires login).

Key Restrictions to Know

- Startup activities are limited in time commitment.
- UM resources **cannot** be used for or by the startup.
- Equity is considered an outside financial interest and must be disclosed

Managing Conflicts of Interest (COI)

Roles and Responsibilities of Founders

Whether you are a faculty member, staff member, or student founder, clearly defining each team member's role is critical to building an effective startup, maintaining accountability, and complying with UM policies. For example:

- Faculty founders are generally limited to no more than 8 hours per week on start-up activities, ***in addition to*** their full-time UM duties.
- Faculty cannot serve as Principal Investigator (PI) on SBIR/STTR or Sponsored Research Agreements (SRA) for their own start-up.
- Faculty may not use UM resources, materials, or personnel for the start-up unless there is a formal agreement in place.

Balancing UM Duties with Startup Obligations

- Faculty and researchers should remain mindful of their obligations to the UM, including teaching, research, and grant-funded commitments.
- Understand that you may not be able to use UM resources in your commercial pursuits. Additionally, materials may not be transferred into the company without a license agreement. Please consult the "University of Miami Policy on Inventions, Intellectual Property and Technology Transfer" for more information.

Disclosure of Conflicts

- **Founders must disclose any potential conflicts of interest (COI) to** UM, especially if they continue to hold academic or research positions. This includes any equity or financial interest in the start-up.
- **All outside interests, including equity in a start-up and venture capital involvement, must be disclosed in the UDisclose system.** UM will review the start-up as a potential COI.

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- All faculty, staff, and students must disclose outside financial interests, obligations, or relationships using the UDisclose system.
- Disclosures must be updated within 30 days of acquiring a new interest and reviewed at least annually.
- Interests held by spouses and dependent children must also be disclosed if related to institutional responsibilities or with entities doing business with UM.
- UM may require a **COI management plan** to ensure that UM resources are not improperly used for private ventures.

The COI Committee's guidelines help investigators understand how COIs are identified and managed at UM including the Committee's role, the process for COI determination, and a summary of elements that might be included in a typical COI management plan. The Statement has been posted to the OVPRS website (https://www.research.miami.edu/about/admin-areas/2rise/udisclose/coi-guidelines/index.html).

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Chapter 6: Funding Your Startup

Common Funding Sources

- **Self-funding & Friends-and-Family**
  - **Self-funding** involves using personal savings or self-generated revenue to fund operations, allowing founders to retain full control and ownership early on. Investors will often look at the founder's commitment to the start-up beyond their contribution to the intellectual property.

    Key features:

    - No external investors
    - No equity dilution
    - Limited capital, slower growth potential
    - Common in very early concept or validation stages
  - A **friends and family round** typically is the first external funding round, where founders raise money from personal networks, such as friends, relatives, or close acquaintances.

    Key features:

    - Small investment amounts
    - Informal or lightly structured deals
    - High risk, limited investor protections
    - Often used to fund incorporation, early IP costs, or prototypes
- **Non-Dilutive Funding** (SBIR/STTR, grants)
  - Non-dilutive funding refers to capital provided to a startup that does not require giving up equity, ownership, or control of the company. For UM affiliated startups, this funding most commonly comes from federal SBIR/STTR programs and grant based awards.
  - Start-ups look for non-dilutive funding because it lets them advance the company without giving up ownership, control, or future upside.

    Key features:

    - No equity exchanged (0% dilution)
    - Founders retain ownership and control
    - Funds are awarded to support R&D, validation, and early commercialization
    - Typically, milestone or scope-based, rather than revenue based
- **Angel Investors**
  - An angel investor is an early-stage investor who provides capital to startup companies, typically in exchange for an ownership (equity) stake.
  - Angel investors usually invest their own personal funds, often at a very early point in a company's development when risk is high and traditional financing is not yet available.

    Angel investors are **accredited investors**, e.g. someone who meets income, net worth, or professional criteria, as defined by the Securities and Exchange Commission, which

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allows startups to legally raise money from them in private (nonpublic) fundraising rounds.

Key features:

- **Stage**: Very early (often pre-seed or seed)
- **Capital source**: Personal wealth (not institutional funds)
- **Investment size**: Typically smaller than venture capital investments
- **Risk tolerance**: High
- **Involvement**: May be passive or actively mentor founders
- **Return expectation**: Equity upside if the company succeeds

- **Venture Capital** (VC) is a form of private equity financing that funds startups and early stage emerging companies with significant potential for growth, but which often have little to no operating history. VC investors often participate in management and help guide company decisions by serving on the Board of Directors. VC Funds makes multiple investments in a group of promising companies and generate revenue by charging management and performance fees to limited partners, as well as from the increased value of the investments over time after the investments are liquidated.

  Key characteristics of venture capital:

  - **Capital source**: Institutional funds raised from limited partners
  - **Stage**: Seed through growth stages (often after angel investment)
  - **Investment size**: Larger than angel investments
  - **Involvement**: Active, often includes board seats and governance rights
  - **Objective**: Scale the company rapidly and achieve a liquidity event (e.g., acquisition or an Initial Public Offering on a stock exchange)

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Chapter 7: Intellectual Property & Licensing

- **Understanding Intellectual Property**

  Startups commonly rely on various forms of intellectual property (IP) protection:

  - **Patents**

    Patents protect inventions by granting the owner a time limited exclusive right to make, use, sell, or license a novel and non-obvious invention. E.g. - a novel small molecule drug and/or a method of using that drug to treat cancer, or a device for quantum transmission large data files without degradation.

  - **Copyrights**

    Copyrights protect original works of authorship fixed in a tangible medium, such as written materials, software code, musical compositions, and creative works.

  - **Trademarks**

    Trademarks protect words, names, symbols, or designs that identify and distinguish the source of goods or services in the marketplace. E.g. - your company name or logo

  - **Trade secrets**

    Trade secrets protect confidential information that derives economic value from not being publicly known and is subject to reasonable efforts to maintain secrecy. E.g. - client lists or the formula for a new type of cell culture media.

  - **Data, know-how, and materials**

    Data, know-how, and materials encompass non-patented proprietary assets. E.g.- datasets, protocols, methods, reagents, software, and research tools, that provide practical or commercial value.

- **UM Innovation Commercialization Process**

1. Submit an Innovation Disclosure

   An Innovation Disclosure is a confidential written submission by an inventor to UM's **Office of Technology Transfer** (OTT) describing a new creation or invention ("Innovation").

2. OTT will then evaluate review the Innovation Disclosure for both its commercialization potential and the need for intellectual property protection.

   2.1. Commercial evaluation: OTT will review the Innovation Disclosure and determine the Innovation's commercial viability.

   2.2. IP protection: OTT will also review the Innovation Disclosure and make a determination of what, if any, IP protection is needed. Sometimes IP protection is not needed, the invention can be effectively commercialized merely by being the first to market. I.e. does the disclosure warrant the filing of a patent, trademark or copyright application? Or can it be protected as a trade secret?

3. Agreement negotiation. Securing UM IP generally comes in the form of a contract between UM and the start-up.

   3.1. Option Agreement

   An option agreement is a time-limited contract in which a university grants a startup the right of first refusal, typically for a fee, to evaluate a university-owned technology and

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decide whether to enter into a full license. Companies may not commercialize products or services based on the Innovation while under an option agreement. To do so, they must execute a license agreement.

3.2. License Agreement.

3.2.1. A license agreement is a contract in which a university grants a startup defined rights to use and commercialize university-owned IP, often exclusive and subject to financial, diligence, and reporting obligations, in exchange for consideration such as royalties, fees, equity, and development milestones.

3.2.2. The start-up (also called the "licensee") and OTT (the "licensor") negotiate the terms and conditions of the license agreement.

- **Key License Terms** (non-exhaustive)
  - **License Grant**
    - What is being licensed?
    - Field of use - How can the invention be used? E.g. - For treatment of cancer, but not other sicknesses
    - Is the agreement exclusive vs. non-exclusive? I.e. - Does the license grant the full rights to the invention, or may the licensor also license the technology to other parties?
    - What can the licensee do with the invention? E.g. - Make, use, sell, offer to sell, import the invention/product/service into the country?
    - Reservation of rights - Even in an exclusive license, the university retains a non-exclusive, royalty-free right to use the licensed technology for its own non-commercial research, educational, and academic purposes. This allows the university to preserve its public and academic mission.
    - Improvements - Federal laws and regulations typically prevent universities from including future improvements in their licenses. E.g. - they can only license out what is currently exists, not what will be in the future.
  - **Consideration - i.e. the financial aspects**
    - Upfront cash payment
    - Equity - Partial ownership in the licensees in the form of shares (corporation) or membership units (LLC), usually granted as partial consideration in lieu of a larger upfront payment.
    - Royalties – Payments, often a percentage of sales, made by a licensee to a licensor in exchange for the right to use licensed intellectual property.
    - Annual fee - A recurring yearly payment made by the licensee to maintain rights under the technology license agreement, regardless of product development or commercialization status. Annual fees are important because they ensure the licensee remains actively committed to developing and commercializing the technology.
    - Commercial Milestones - A contingent payment made by a licensee to a licensor upon achieving a specific, predefined development, regulatory, or commercial milestone under a license agreement.

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        - Non-royalty sublicense fee - A lump-sum or fixed payment (other than running royalties on sales) that a licensee receives from a sublicensee in exchange for granting a sublicense, such as upfront fees, option fees, maintenance fees, or milestone payments tied to the sublicense. This fee is in place to ensure that the licensor shares in the value created as part of a sublicense.
    - Term - The duration of time that the licensee is permitted to use the licensed inventions and pay royalties.
    - Ongoing compliance - Many license agreements will have certain compliance requirements such as payment of annual fees, reporting requirements and diligence milestones, whereby the licensee must achieve certain tasks by an agreed upon date.
    - Diligence milestones - To fulfill UM's mission of advancing research for the public good, UM requires that licensed technologies be actively developed toward commercialization rather than shelved. Accordingly, universities include specific, predefined development, regulatory, time-based, or commercial milestones that the licensee must pursue using good-faith, commercially reasonable efforts. Failure to meet these milestones may result in termination of the license agreement.
    - Reporting obligations - UM requires that a licensee provide annual reports covering their development activities, royalties and equity.
    - Sublicensing rights - Allow a licensee to grant some or all licensed rights to third parties, provided that those rights do not exceed the scope of the original license. For example, if a license covers a device generally but the licensee uses it only in automobiles, the licensee may sublicense the device to third parties for use in other permitted fields, such as airplanes or boats.

- **Key Considerations when Negotiating a License**
    - Pricing for IP-licensed startups must account for both market realities and license economics. This includes royalties, milestone payments, equity dilution, and development obligations that do not exist in non-licensed startups.
    - A credible pricing section demonstrates that:
        - The product can be priced high enough to sustain the business.
        - License obligations do not prevent competitive pricing.
        - The value delivered to the customer significantly exceeds the combined cost of development and licensing.
- **Relationship Between UM License Terms and Pricing**

  A spinout business plan should demonstrate awareness of how license terms interact with pricing, including:
    - Royalty stacking risks.
    - Field-of-use restrictions.
    - Sublicensing rights.
    - Milestone-driven cost inflection points.
    - Investors look for evidence that the startup can grow revenue faster than license obligations grow costs, particularly at scale.

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Chapter 8: Sponsored Research & Collaboration

Sponsored research agreements allow startups to:

- Fund continued development at UM
- Access leading researchers

Key issues include:

- Scope of work
- IP ownership
- Licensing rights
- Federal compliance (Bayh-Dole, export control)

Please refer to the ORA website and follow applicable submission guidance when submitting any Sponsored Research or Collaboration Agreement (located here: https://www.research.miami.edu/how-to-guides/research-administration/contracts/ibisresearch-agreement-and-amendment-submission/index.html).

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Chapter 9: Leveraging UM Resources

Founders are encouraged to engage with:

- **Office of Technology Transfer** (OTT) is dedicated to assessing, protecting and commercializing UM owned Innovations through licensing to startups and established companies. Together with the rest of the U Innovation team, the OTT supports knowledge translation and commercialization of novel ideas, research discoveries, and innovations that improve the lives of our local, national and international communities.
  OTT is responsible for:
    - Evaluating Innovation Disclosure Forms and working with applicable personnel to determine commercial potential and the most appropriate mechanism, if any, for protecting each Innovation.
    - Working with Applicable Personnel and internal stakeholders to identify and engage potential commercial partners for their Innovations.
    - The negotiation and execution of agreements pertaining to the development and commercialization of Innovations, including:
        - Exclusive and/or Non-exclusive licenses
        - Assignments
        - Outbound Material Transfer Agreements (MTA)
        - Confidential Disclosure Agreements (CDA)

  Contact:
    - **Email**: techtransfer@med.miami.edu
    - **Telephone**: (305) 243-5689
    - **Website**: innovation.miami.edu/about-us/ott/index.html
- **The Launch Pad** is UM's entrepreneurship center, providing free, university-wide support to students, alumni, faculty, and staff to help them start, build, and scale startup ventures. The Launch Pad provides its clients with mentorship programs, workshops, 1-1 consulting services, and events all designed to inspire and educate them on entrepreneurial topics. Over 5,000 clients have received assistance since its inception.

  The Launch Pad services include:
    - 1-on-1 business consulting
    - Mentorship programs
    - Business skills workshops
    - Co-working space
    - Lecture Series
    - Entrepreneurial meetups **Contact:**
    - **Website**: Home - The Launch Pad
    - **Email**: hello@thelaunchpad.org

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- **Telephone**: (305) 284-2789

- **Cane Angel Network**- brings together investors and startups from the UM community, engaging accomplished entrepreneurs, professionals, and leaders that all share the U in common. An interdisciplinary team comprised of UM graduate business, law, engineering, and medical students undertakes the initial review of company submissions. The Network members are individual angels, family offices, and venture capital firms. Members are located across the United States, with a strong presence in Miami near UM's home base. As a 501(c)(3) nonprofit organization, the Cane Angel Network proudly supports the UM's mission to transform lives through education, research, innovation, and service.
  Contact:
  - **Website**: Cane Angel Network | University of Miami
  - **Email:** caneangelinfo@miami.edu

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Chapter 10: Common Mistakes (and How to Avoid Them)

Launching a startup around a university innovation comes with unique risks. Many early problems are **avoidable** if founders understand them early.

Mistake 1: Treating the Startup Like a Research Project

What goes wrong: Founders over-focus on technical perfection and under-focus on customers, timelines, and revenue.

How to avoid it:

- Validate the problem before optimizing the solution
- Talk to potential customers early and often
- Prioritize speed to market over technical elegance

Mistake 2: Poor or Emotion-driven Equity Splits

What goes wrong: Equity is divided based on seniority, politics, or past contributions rather than future value creation.

How to avoid it:

- Base equity on *forward-looking* roles and commitment
- Use vesting schedules for all founders
- Put every agreement in writing and do so early

Mistake 3: Ignoring Intellectual Property Strategy

What goes wrong:

- Founders assume IP will "work itself out" or delay licensing discussions.
- Founders pursue IP at the expense of developing a commercially viable product

How to avoid it:

- Understand what IP the university owns
- Engage early with the licensing office
- Align funding and product plans with patent timelines

Mistake 4: Underestimating Capital Needs and Timelines

What goes wrong: Companies run out of cash before key technical or regulatory milestones.

How to avoid it:

- Build conservative budgets
- Plan for inevitable delays and pivots
- Line up multiple funding paths (grants, angels, partners)
- Don't over patent. Understand that the business strategy must drive the IP strategy, not the other way around. Determine where you ***need*** IP protection, not where you want it. E.g. - You may want to pursue patenting in Canada and Australia, but the markets are relatively small and may not be worth the long-term expenses.

Mistake 5: Weak Go-to-Market Planning

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What goes wrong: Great technology with no clear buyer, pricing strategy, or sales pathway.

How to avoid it:

- Clearly define your *first* customer
- Test pricing assumptions early
- Build partnerships that accelerate adoption

Mistake 6: Conflict-of-Interest and Compliance Missteps

What goes wrong: Faculty founders unknowingly violate university or federal requirements.

How to avoid it:

- Disclose early and fully
- Follow approved COI management plans
- Keep strict separation between university and company work

Mistake 7: Waiting Too Long to Seek Help

What goes wrong: Founders operate in isolation and repeat common mistakes.

How to avoid it:

- Use university mentorship and accelerator resources
- Engage experienced legal and financial advisors
- Learn from other founders who have been through the process

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Chapter 11: Top 10 Founder Myths (and What's Actually True)

What first-time university founders often assume - and what experience shows instead.

Myth 1: Every strong invention should become a startup

> **Reality**: A startup is just one commercialization path. Many excellent inventions reach impact faster through licensing, partnerships, or further development before company formation.

Myth 2: Filing an invention disclosure means I'm committing to a startup

> **Reality**: Disclosure creates options, not obligations. It allows evaluation and discussion of multiple paths forward, including ones that do *not* involve forming a company.

Myth 3: The technology itself is the business

> **Reality**: Technology enables a business, but it is not the business. Customers pay for outcomes such as time saved, risk reduced, revenue gained, not for novelty or patents.

Myth 4: I need a finished product before talking to customers

> **Reality**: Early conversations often happen well before a product exists. Customer discovery helps determine *what* to build and *whether* it should be built at all.

Myth 5: Startups follow a neat, step-by-step process

> **Reality**: Most university startups move several tracks forward at once: licensing, customer discovery, team building, and fundraising, often revisiting decisions along the way.

Myth 6: Equity should reflect who invented the technology

> **Reality**: In startups, equity is typically allocated based on *future responsibility, risk, and execution*, not past academic contribution. Invention credit and ownership are different things.

Myth 7: Faculty founders must leave the university to start a company

> **Reality**: Many faculty participate in startups in advisory or limited roles while remaining at the university, subject to disclosure and conflict-management requirements.

Myth 8: If the university owns the IP, founders won't have control

> **Reality**: Startups operate under license, but founders and management control company strategy, hiring, fundraising, and execution, within the bounds of the license agreement.

Myth 9: If the startup doesn't succeed, the invention has failed

> **Reality**: A startup outcome does not define the value of the research. Technologies can be re-licensed, re-positioned, or advanced through other channels.

Myth 10: Asking questions early makes me look unprepared

> **Reality**: Early questions signal judgment, not weakness. The most successful founders seek clarity early, before time, capital, and expectations harden.

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FINAL NOTE TO FOUNDERS

Building a startup is a journey of discovery, resilience, and impact.
You do not have to have all the answers today, just the courage to take the next step.

Keep these principles close as you build:

STAY TRUE TO THE PROBLEM

Focus on solving a real problem for real customers. The best startups create meaningful impact.

BUILD THE RIGHT TEAM

Surround yourself with people who challenge you, complement you, and share your vision.

EMBRACE UNCERTAINTY

Progress comes from learning. Stay adaptable, keep iterating, and never stop asking questions.

THINK LONG TERM

Great companies are built step by step. Make decisions today that support the future you are building.

LEVERAGE THE UM COMMUNITY

You are part of a powerful network. Lean on mentors, resources, and fellow Canes.

The world needs bold ideas and founders like you to create a better tomorrow.

WE ARE ROOTING FOR YOU. LET US BUILD SOMETHING EXTRAORDINARY.



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