FOR MU EMPLOYEES

STARTUP COMPANY

REQUIREMENTS & RESOURCES
Translating academic innovations into products, jobs and businesses helps the economy and improves people’s lives. When MU employees participate in commercialization activities, they are making important direct and indirect contributions to the strength and vitality of the university’s research and economic development missions.

MU innovators interested in starting a company based on Mizzou research can take advantage of many university programs. The purpose of this guide is to share those resources and to inform innovators about requirements necessary to maintain the integrity of the institution through appropriate oversight and a high degree of transparency.

A Guide for MU Employees Interested in Founding a Company Based on Mizzou Research

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Conflict of Interest

A conflict of interest is defined as a situation in which an individual is in a position to derive personal benefit from actions or decisions made while acting in an official capacity.

When university employees decide to start a company based on their university research, this creates a conflict of interest. This conflict may include use of university resources, hiring students, intellectual property, university space, etc. Most conflicts can be addressed through a Conflict of Interest Management Plan and result in a successful outcome for both Mizzou and the university employee.

University employees are required to disclose potential conflicts of interest before starting a company or other outside activity by completing a Conflict of Interest/Conflict of Commitment Disclosure Form through eCompliance.

For questions, please contact the Conflict of Interest Office at 573-882-3841 or coi@missouri.edu.

Conflict of Commitment

A conflict of commitment refers to a situation where the time and effort devoted to a startup company or other external activity interferes with an individual’s full-time duties as a university employee.

MU requires that outside interests must not interfere with an employee’s university responsibilities. The dean and department chair are responsible for managing these commitments in the Conflict of Interest Management Plan.

Make sure to consult with your supervisor about how you plan to manage external commitments.

For questions, please contact the Conflict of Interest Office at 573-882-3841 or coi@missouri.edu.

Vendor Conflict of Interest

A vendor conflict of interest happens when a company that sells products to Mizzou is owned by a university employee (e.g., a faculty member has a startup company that sells medical supplies to MU Health Care).

When this situation occurs, the startup must go through a procurement approval process before selling products to MU or any other institution in the University of Missouri System. The proposed activity must be disclosed on a Conflict of Interest/Conflict of Commitment Disclosure Form through eCompliance prior to contract approval.

For sales to MU Health Care, please contact the UM System Finance Support Center at 573-884-1234 or financesupport@umsystem.edu.

For sales to other units within MU, please contact the MU Division of Finance at 573-882-7254 or mucontract@missouri.edu.
Many startups are based on technology that is not “commercial ready,” or developed enough for the marketplace. It is possible to continue performing research on the technology in the innovator’s lab, provided a Conflict of Interest Management Plan is in place prior to the start of any research, and that plan is followed.

The plan should include:
- The principal investigator for the project (someone other than the innovator).
- The scope of work. (Could it be done elsewhere?)
- The role of other MU employees.
- Conditions for graduate or undergraduate student participation. (Who will supervise and mentor them?)

Please plan ahead. A Conflict of Interest Management Plan takes time to put into place and must be done before research begins.

For questions, please contact the Office of Sponsored Programs Administration at 573-882-7560 or grantsdc@missouri.edu.

The federal Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are sources of late-stage translational research funding for startups.

Requirements and tips:
- The SBIR principal investigator must be primarily employed (51%) by the startup.
- STTR requires the startup to collaborate with a research institution.
- An awardee may sponsor research in the founder’s MU lab with conflict of interest oversight.
- Applications should budget the maximum “profit” allowed (i.e., this can be used for intellectual property costs).
- Startups will need to register with these databases before they submit an SBIR or STTR application (see Small Business Association tutorial about required registrations): Dun and Bradstreet (for a Data Universal Numbering System number or DUNS); System for Award Management (SAM); Grants.gov; and Small Business Administration.
- If MU is included in the application, a letter of commitment and a planned research subaward budget are required. See UM policy for sponsored proposals and awards.

For questions, please contact the Office of Sponsored Programs Administration at 573-882-7560 or grantsdc@missouri.edu.

The MU Office of Sponsored Programs Administration oversees the funding for all sponsored research, whether the startup company funds the research directly or with flow-through funding from an SBIR or STTR award.

The principal investigator for the MU research project is responsible for personnel working on the project and expenditures charged to it.

Please use common sense. Do not make purchases for your startup using a university MoCode or use your university lab to work on activities that are not part of an agreement between your startup and MU.

Intellectual property ownership is generally tied to funding sources. If a funding source is used to develop the intellectual property (whether it should have been or not), any third-party rights will apply.

For questions, please contact the Office of Sponsored Programs Administration at 573-882-7560 or grantsdc@missouri.edu.
The U.S. Bayh-Dole Act of 1980 allows universities to own the rights to inventions and other intellectual property developed using federal funds. Most universities follow this act for all intellectual property created at the university, regardless of funding source.

Technology transfer offices comply with the regulations of the Bayh-Dole Act and facilitate commercialization of university technologies to benefit society. The Bayh-Dole Act requires universities to share income received from commercialization activities with inventors/authors.

The ownership of intellectual property at Mizzou is governed by University of Missouri System Collected Rules and Regulations 100.20 and 100.30. In most cases, MU owns intellectual property developed using university resources.

For questions, please contact the Technology Advancement Office at 573-882-6013 or tao@missouri.edu.

A startup company must have an agreement in place with the Technology Advancement Office before using intellectual property owned by the university. The type of activities that require an agreement include creating a company website, applying for SBIR or STTR funding, talking to customers and investors, etc.

There are different kinds of contracts, including allocation of rights, material transfer, option and license agreements. Please work with the Technology Advancement Office to understand the purpose of each agreement, when they should be put in place, and the financial obligations of the startup.

After the startup secures funding and employees, newly developed intellectual property is evaluated to determine if it is owned by the startup, MU or by both. The ownership will determine if an additional agreement is needed.

For questions, please contact the Technology Advancement Office at 573-882-6013 or tao@missouri.edu.

A growing startup company will utilize many different forms of intellectual property and protect it in a variety of ways. Patents, copyrights, trademarks and trade secrets are the most common forms of protection. Each is governed by different laws, procedures and requirements for maintaining the protection.

It is important to have an intellectual property strategy that matches the startup’s goals for growth and fits the company budget. For example, in just a few years without careful planning, a technology with a single provisional patent application can turn into one with multiple applications in multiple countries and hundreds of thousands of dollars in present and future costs.

Please contact the Technology Advancement Office at 573-882-6013 or tao@missouri.edu for assistance in developing an intellectual property strategy.
Legally forming a startup company under Missouri law is a deceptively simple process. Before incorporating your startup, it is a good idea to consult with an experienced attorney and a tax professional to determine which of several common strategies will work best for your venture. Decisions made during this process have tax consequences and can have a huge impact on founder liability and the ability to raise private investment.

It also is important to have a plan and vision for the startup before its incorporation. For example, do you want to develop the technology and exit quickly, grow it and go public, or something in between?

MU’s technology business counselors are available to assist and introduce startups to university resources, including the Entrepreneurship Legal Clinic at the School of Law, the Mizzou Venture Mentoring Service and MU Libraries entrepreneurship resources.

For questions, please contact Jim Gann, MU Director of Business Engagement in the Office of Research and Economic Development, at 573-884-4306 or gannj@missouri.edu.

Startup companies are often formed because of a promising technology. Innovators typically are focused on proof of concept, or proving that the technology works. However, a company is more than a technology.

Careful thought and consideration should go into building a startup team that will operate the company and turn it into a profitable business. Accomplished chefs don’t always make the best restaurant owners, nor do the best innovators always make the best startup CEOs. This is because different skills are needed for the different roles.

Expertise needed to own and operate a successful technology-based business is available both locally and nationally. In addition to finding seasoned industry mentors and hiring staff who are technically proficient, startups should recruit an experienced CEO and employees with skills in financial management, marketing and sales.

For questions, please contact Jim Gann, MU Director of Business Engagement in the Office of Research and Economic Development, at 573-884-4306 or gannj@missouri.edu.

The initial founder(s) are often the technology inventors for tech-based startups. As part of forming the business, founder equity interests will be decided. In addition, a plan should be made for how/if equity will be distributed as the management team is formed and employees hired.

It may be important to have an employment agreement for every employee, including the founders, based on the venture’s products or services. Topics may include confidentiality, noncompete considerations and ownership splits. It is easier to make decisions on the front end rather than making them after a conflict arises among the founders.

As the startup grows, finding and onboarding employees is just the beginning. Learning how to plan, organize and manage human resources for the benefit of the company will be an ongoing process.

For questions, please contact Jim Gann, MU Director of Business Engagement in the Office of Research and Economic Development, at 573-884-4306 or gannj@missouri.edu.
PHYSICAL LOCATION

MU Research Space

Location is an important consideration for a startup company. **While it may seem easiest to locate the company inside the innovator’s lab, it is far from a best practice and is possible only in the rare case when a lab has specific resources needed for the company’s success.** Even then, strong safeguards for the university would be required, ranging from proper insurance to a comprehensive conflict of interest plan.

**Other factors that likely would prevent the company from co-locating in the innovator’s lab:**

- The university’s priority is for investigators to conduct MU research in campus spaces.
- Commercial activities are not allowed in MU buildings constructed with tax-free bonds.

For questions, please contact the MU Division of Finance at 573-882-7254 or mucontract@missouri.edu.

Missouri Innovation Center

The Missouri Innovation Center provides incubator spaces that tech companies and those in the life sciences can rent, from a single desk to multiple state-of-the-art wet labs. The center is located on campus in the MU Research Commons area.

Tenants at the Innovation Center work under an agreement with MU for access to university services, such as library resources and specialized equipment at research core facilities. They also benefit from mentoring, business counseling, educational programming, networking opportunities and more.

For questions, please contact the Missouri Innovation Center at 573-884-0496 or mumicincubator@missouri.edu.

Other Locations

There are many locations within Columbia and surrounding communities available for startups. Often, companies begin in the home of the innovator. Additional options range from co-working spaces to full-fledged business offices and manufacturing plants.

**Generally, a business license is required for the location as well as compliance with zoning and use permits.** Several local realtors cater to the commercial market and can provide information about options and required zoning compliance.

For questions, please contact Jim Gann, MU Director of Business Engagement in the Office of Research and Economic Development, at 573-884-4306 or gannj@missouri.edu.
OTHER CONSIDERATIONS

Export Controls

Regulations for export controls and sanctions protect the economic and national security of the United States by limiting types of information, materials, equipment or assistance provided to or shared with other countries or citizens from other countries who are in the U.S.

Activities affected by export controls include:

- Physical exports (shipments)
- Deemed exports (written, verbal, electronic or visual disclosures of export-controlled information to a foreign person in the U.S. or abroad)
- Engaging with persons or entities from countries subject to comprehensive economic sanctions (e.g., Iran, Cuba, Syria and North Korea)
- Engaging with persons or entities on U.S. restricted or denied party lists

If the technology the startup licenses or develops is subject to export controls, the company may need to apply for an export license to perform some activities.

For questions, please contact the Office of Export Controls at 573-884-9954 or exportcontrols@missouri.edu.

Data Security

Best practices for startups include a robust cybersecurity framework to protect sensitive and nonpublic data. If the startup receives federal funding, data security measures may be required.

Learn more here:
- Controlled Unclassified Information
- Cybersecurity Maturation Model Certification
- Protecting Controlled Unclassified Information in Nonfederal Systems and Organizations

When a startup subcontracts with the university, the company may be asked to negotiate with the sponsor so the university can conduct its portion as “fundamental research,” the results of which are published freely and are not subject to citizenship restrictions.

For questions, please contact the Office of Export Controls at 573-884-9954 or exportcontrols@missouri.edu.

MU Services and Equipment

A startup based on MU technology and located in university space or at the Missouri Innovation Center has access to university resources through a business services agreement. Personnel can use services and resources provided by University Libraries at no cost.

Fee-based services:
- Setting up a fully equipped laboratory is usually cost prohibitive for a startup company. MU has a number of core research facilities that provide services and specialized equipment available on a fee-for-service basis.
- Common lab equipment not available in core facilities can be accessed through an equipment rental agreement, which is generally required for any startup that has an agreement to utilize university space.
- Startups can submit protocols and obtain Institutional Review Board and Animal Care and Use Committee approval for research with human and animal subjects. Environmental Health and Safety services, such as staff training and disposal of hazardous chemical, biological or radioactive materials, also are available.

For questions, please contact the Conflict of Interest Office at 882-3841 or coi@missouri.edu.
NEW STARTUP
CHECKLIST

Talk to MU experts Jim Gann, Director of Business Engagement (gannj@missouri.edu), and Entrepreneur in Residence Amos Angelovici (angelovicia@missouri.edu) about your idea, where to locate your business and how to get started.

Email Betty Jo Wilson, Conflict of Interest Director (wilsonbe@missouri.edu), with questions, and submit your Conflict of Interest/Conflict of Commitment Disclosure Form via eCompliance.

Connect with your Technology Transfer Manager in the Technology Advancement Office to discuss intellectual property: Sam Bish, life sciences and agriculture (bishs@missouri.edu); Brian Buntaine, health sciences (buntaineb@missouri.edu); and Brett Maland, engineering and copyright (malandb@missouri.edu).

Contact the Office of Sponsored Programs Administration (grantsdc@missouri.edu) and your Technology Transfer Manager if you plan to submit an SBIR/STTR application.

If you are planning to include graduate students, contact Jeni Hart, Graduate School Dean (hartjl@missouri.edu). For post-docs, contact Lissa Behm-Morawitz, Graduate School Associate Dean (behmmorawitze@missouri.edu).

If you are planning on utilizing university resources, such as space, equipment or supplies, contact Casey Forbis, Senior Business Services Consultant (forbisc@missouri.edu) in MU’s Division of Finance.

And finally, don’t forget to have a conversation with your department chair about your intention to start a company.

Startup Guide
Resources

UNIVERSITY
Conflict of Interest Office
Entrepreneurship Legal Clinic
Midwest Biomedical Accelerator Consortium (MBArC)
Missouri Small Business Development Centers
Missouri StartupTree (network for UM System entrepreneurs)
Mizzou Venture Mentoring Service
MU Coulter Biomedical Accelerator
MU Division of Finance
MU Libraries entrepreneurship resources
MU Life Science Business Incubator
NSF Innovation Corps (I-CORPS) Site Program
Office of Export Controls
Office of Sponsored Programs Administration
Research Core Facilities
Reynolds Journalism Institute
Technology Advancement Office
UM System Finance Support Center

REGIONAL
Columbia Regional Economic Development Inc.
Missouri Innovation Center
Missouri Women’s Business Center
Centennial Investors

STATEWIDE
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