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Upcoming ACS Webinars™

Register for a great lineup of ACS Webinars™ in July!

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July 1 - “From Laboratory to Licensing: Protecting Your Intellectual Property Along the Way” with Tom Steinberg, Patent Attorney, Roberts, Mlotkowski, Safran & Cole.



July 8 - “Chemicals & the Economy Mid-Year Updates – Impact and Outlook for Executives and Scientists” with Paul Hodges, Chairman, International eChem, author of the ICIS ‘Chemicals and the Economy’ blog.



July 17 - “Management or Scientific Innovations? Building the Right Mix for Successful Financing” with David Porter, Managing Partner, Apposite Capital.



July 22 - “Living with Vertigo: An Entrepreneurial Story in the Chemical Industry” with Brian Morin, Founder, Innegrity, LLC.

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ACS WEBINARS™

*Exit Strategies – A measure of Success for
Chemical Entrepreneurs and Small Business*



Speaker: Ken Polk
ACS Tech Catalyst



Moderator: Dan Daly
University of Alabama

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Exit Strategies – A Measure of Success for Chemical Entrepreneurs and Small Business

Kenneth J. Polk, JD, MS
TechCatalyst, Business Head
ACS Webinar - June 24, 2010



About Your Presenter

- 20+ Yrs as Technology Commercialization Attorney
- Acted in Executive Capacities for Various Small Businesses
- Focused on Small Businesses
- Holds a Juris Doctorate and 2 Engineering Degrees
- Licensed as a Professional Engineer in Pennsylvania - 1988
- Serves as Business Head to ACS TechCatalyst's Business Unit

Assumptions

- A Business Plan
- You Plan to Use Other People's Money ('OPM')
- Traditional Equity Markets Exist
- Investors Still Employ Common Investment Practices

What is an Exit?

A method by which a business owner capitalizes on hard work and investors achieve a return on their capital investment.

Do You Need An Exit?

Generally speaking:

YES . . . if your building value in a business using OPM that you later want to monetize into cash?

NO . . . if your establishing a lifestyle business that generates income without plans to sell it in the future

Why Plan Your End?

- Defines the Success of Your Business Model
- Attracts OPM
- Plans to Achieve Maximum Value
- Grooms Successors (e.g., Lifestyle Companies)
- Allows You to Leave on YOUR TERMS

Some Examples . . .

- Sale
- Merger or Acquisition
- Initial Public Offering (“IPO”)
- Liquidation
- Others . . . LBO, ESOP

Two Sides to the Exit Coin

Entrepreneurs and Investors need alignment on:

- Motives - Build Company vs. Take Profit
- Economics – Sweat Equity vs. Return on Capital
- Time Horizons – Long Haul vs. Short Term

What Role Does Chemistry Play



Chemical vs. Life Science concerns:

- Regulatory Environments Differ – Impeding Investment
- Risks Differ – Altering Return Expectations
- Time Horizons To Revenue Events Differ – Product Launch

Formulate An Exit



Guiding Principles:

- Choose an exit that fits your personal goals (e.g., legacy)
- Investors deserve clarity on exit strategies
- Be reasonable – an IPO raising \$1B in a year is NOT!
- Choose an exit strategy when writing a business plan

Formulate An Exit (Cont'd)

- Time horizons for returns are very important (3-5 years)
- Think like an investor – want to make money
- IPO's - “sexy”, but unrealistic (think Powerball instead)
- Consider stock buybacks – hopefully your in that position
- Use credible methods to establish valuation at start-up

Good Luck And . . .

THANK YOU



Q&A SESSION

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