

Guidelines from start-up / large firm partnerships

	Examples of particular approaches used by start-ups	Examples of particular approaches used by established firms
1. The strategy and business model	<ul style="list-style-type: none"> ▪ Business strategy: Draw information from the business plan to map possible business models for addressing different opportunity areas. Capture non-confidential aspects this as a roadmap for communication with potential partners. Identify factors (e.g., funding) that may change business model. ▪ Partnering strategy: Map out internal competences (tacit and explicit) and identify complementary assets needed to address differing opportunity areas. Use non-execs, investors etc. to help identify potential routes to accessing these assets. Be aware of 3 impacts of partnership – helping intended business model; opening new opportunity areas; restricting future opportunities. 	<ul style="list-style-type: none"> ▪ Innovation strategy: Within broader strategy of company, develop a roadmap or portfolio map that can be shared with start-ups that positions the technology capabilities and needs of the firm (including criticality), and links these to opportunity areas. ▪ Technology acquisition: Map all sources and mechanisms for internalising technologies (e.g., internal R&D, co-development, licensing, investment, acquisition). Ensure early engagement with key stakeholders in technology acquisition process (R&D, procurement, legal/IP, production, venturing, etc.) Consider de-risking by having multiple internalising routes.
2. The technology	<ul style="list-style-type: none"> ▪ Technology readiness level: Make a realistic assessment of the readiness level of the technology and draw on stakeholder's experiences to identify tasks (e.g., compliance) and costs associated with manufacturability. ▪ Technology ecosystem: Map system requirements for the technology (i.e., what are the other elements of the system that will deliver value to the end-user). Who owns these other elements, and what are the relationships between these different organisations? 	<ul style="list-style-type: none"> ▪ Communicate need: Use shareable roadmap to position start-up's technology and show complementary resources needed, and likely routes for development. If partnerships have been formed with other start-ups, use these as examples. ▪ Technology readiness level: Assess readiness levels for the start-up's technology and how much of the technology is tacit vs. explicit. Assess tasks for raising readiness level, their associated costs, and where capability to do so rests. Assess start-up's commercial maturity. Balance with consideration of criticality identified within innovation strategy.
3. The organisations	<ul style="list-style-type: none"> ▪ Understanding large firms: If start-up management team do not have large company experience, get non-exec directors, mentors, investors who have worked in large firm to brief management team. ▪ Understanding partners: Develop simple checklist to cover issues such as 'Has this company ever worked with a start-up before?' Talk to their suppliers to get a feel of partner's 'clockspeed'. ▪ Educate partners: Get large firm to engage other than through formal meetings with the start-up to get a better sense of 'start-up culture'. 	<ul style="list-style-type: none"> ▪ Explain: Spend as much time as is feasible to help start-up understand needs, internal processes and culture of large firm. Use process maps to show start-up how engagement could work and how decisions are made. ▪ Shield: Use dedicated team or individual champion to act as first point of contact and to shield start-up from unnecessary bureaucracy and to smooth communications in both directions. ▪ Use of intermediaries: Links with consultants and universities can provide a platform from which relationships with start-ups can be built.

Guidelines from start-up / large firm partnerships

	Examples of particular approaches used by start-ups	Examples of particular approaches used by established firms
4a. The deal - Setup	<ul style="list-style-type: none"> ▪ Who makes the deal? Find out who are the influencers, decisions makers, etc within the large firm, get their names, map their roles and their relationships. ▪ What is the deal? Have a clear sense of what is really wanted from the partnership, what can be realistically delivered, how this may change over time, and what the possible direct <u>and</u> indirect benefits are. Draw in experience from investors, non-execs, etc from the outset. ▪ Role of lawyers: Legal counsel should be sought at the outset of plan to partner. Though costs will be incurred, they are likely to be less than if lawyers are brought in later to fix problems. ▪ It's not about meetings: Decisions are unlikely to be made in meetings with start-up. Large company champion should be given the ammunition to support start-up's case. ▪ Set-up partnership management process: Aside from what may be in contract, put in place regular review meetings, updates, etc. Draw upon experience of previous partnerships. 	<ul style="list-style-type: none"> ▪ Setting the right tone: Agree overarching principles early on and use intermediate step of term sheet to allow discussion around specific issues. Be as open as possible with the start-up about concerns. ▪ Cash flow: Be aware of start-up's cash flow position – and see if a deal can be based around short revenue generation. Working with start-up on specific cash generating project will allow assessment of possible future development (or termination) of partnership. ▪ Consult widely and prepare ground: Drawing in views from internal stakeholders (R&D, legal/IP, procurement, corporate venture capital, production, commercial, etc) in the early stages of the partnership will smooth deal setup.
4b. The deal - On-going management	<ul style="list-style-type: none"> ▪ Communication: Keep in regular and open contact with partner, and do not only contact when there is a problem. Assign members of management team to 'mark' key contacts at large firm. Keep board and investors informed of developments. ▪ Document: Ensure that all interactions are documented. In case of any disagreements, this may prove critical information. ▪ Review: Staff who are key to the partnership may change roles. Strategies and business models are not fixed. Regular reviews of the partnership, by management team, with board, and with the partner will help ensure the partnership continues on the best footing, or is adapted / terminated. 	<ul style="list-style-type: none"> ▪ Transitions: Those who set-up the deal and those who are involved in its management may not be the same people. Ensure efforts are made to manage this transition. ▪ Communication: Keep the start-up informed of developments through engagement in, for example, internal conferences. Devote time to keeping up to date with partner. ▪ Monitoring: Keep start-up informed of up-coming milestones and their criticality. Ensure that if under-performance is noted, the start-up knows early, and is given assistance to deal with this. ▪ Review: Champion should ensure that the relationship with the start-up is fed into business and technology strategy review processes.