

YOU HUNTIN' FOR MONEY? INVENTOR BEWARE

AT THE EARLY POINT ALONG THE PATH of new product development, inventors start thinking about money. When they realize that their invention is going to require more funds than they have, their first reaction is not to reevaluate they potential of the product, but, rather, they often ask, "Where do I get the money and what do I have to give up for it?"

My word of advice, after working with and mentoring thousands of inventors over the last half-century are:

- Never borrow money or sell a percentage of your invention to a relative unless that person can afford to lose it. If the invention fails and the person loses his investment, it will lead to decades of remorse and negative comment at every family function.
- Don't believe what you have heard about venture capital. Only about one or two percent of inventors, because of their previous success or recognition, will interest a venture capitalist enough for him to even listen to the inventor's presentation, also, the VC industry today is overly cautious. They are still seeking investment opportunities but their investments start in the area of \$5



million. The average inventor cannot justify that level of funding.

So, where do inventors turn for the \$10,000 to £50,000 they need and hopefully can justify? My recommendations over many years have proven successful for a great many inventors.

Start with your family or personal doctor. Doctors are usually involved in an investment pool with other doctors. They used to invest in real estate, but the cost of property today is no longer the attractive opportunity it was a few years ago. They also love to brag at parties and on the golf course about their great investments.

Another great source is lawyers. Some are not only interested in investing but will exchange their time equity in you dream. I have found over the last ten years that many attorneys and their law firms have exchanged their time for a percentage of a new venture or intellectual property ownership that goes to the firm. Also, law firms have clients who have discretionary income and are looking for investments.

Before you seek funding, do your homework. Ask yourself, "would I invest in this invention if someone brought it to me?" you need to do hours of research and seek

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the answers to the questions that investors are going to ask you.

FINDING MONEY

- Are patents filed and/or issued?
- How much of your own money have you invested?
- Can you justify the funding you are seeking?
- Where are your financial projections and use of funds?
- What is the size of the market for the product?
- Who are the biggest potential competitors?
- Who controls the market now, and why?
- Why do you think your product is better?
- How many people have you talked to about it?
- How many buyers have seen it?
- Who is going to manufacture it?
- What about the packaging and distribution?
- Who has the experience to successfully run the company?
- Who would be the three best companies to license it to?
- Are you really sure you want to go into business?
- Can you afford to quit your job and create a new venture?

- Has your family been involved in the decisions?

If you can start answering these questions – on paper, not in your head- you might be surprised by how little you know.

Last, but certainly not least, are all the other critical factors that go into the pricing of a product. I have seen new startups go bankrupt because they overlooked important ingredients in establishing a price for their new product. They didn't take into account the costs of product liability insurance (which is always required by the purchases), patent continuation, marketing, warehousing and distribution, etc.

Think seriously about the multitude of decisions that are required commercialization process. Whether you intend to start a new business or license your patent, you need to do all the homework to know what the intellectual property is really worth.

Don't think that just because your mother and next door neighbour would buy your product it will be successful. Be realistic...be critical...be honest. There is a constant demand for new products that fill needs and solve problems, but it's up to the inventors to do their homework.

Remember that without new products of America and the world will come to a standstill. Creativity is progress and progress is creativity in action.

OUR PAL Asija
MBA, PE, CDP, JD, ATM
Intellectual Property Attorney
Always At Your Service

My PAL PAL

Pal Asija is my name; inventing is my game; first software patent is my claim to fame.
If you have good ideas but don't know the law, come & see my alter eg; I'll be you PAL.
I enjoy helping others, so let it be you; and YES, I have a FREE kit waiting just for you.
If we meet and do lunch, we can talk a bunch; lunch is on Our PAL because I'M your PAL.

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