

Fostering Innovation:

Bridging Academia and Industry at MIT



VMS
2009

MIT Venture Mentoring Service **(VMS)**

VMS is an educational program for aspiring entrepreneurs from the MIT community. The program is driven by a group of volunteer mentors willing to share their significant business experiences.

VMS History

- Founded in 2000
- Alec Dingee and Dave Staelin
- > 1,200 entrepreneurs served
- > 700 ventures served
- > \$600 million raised by ventures

09/09

Mission of VMS

- Supports entrepreneurial activities within the MIT community
- Furthers the educational mission of MIT
- Strengthens MIT's role as a world leader in innovation
- Broadens MIT's base of potential support

VMS Goals

- Educate aspiring entrepreneurs about the venture creation process
- Develop entrepreneurial leadership
- Build a vibrant community of experienced business mentors
- Bridge the worlds of academia and business
- Create successful ventures

The Need

- Current economy puts additional demands on new ventures
- Speed of current product-to-market cycle means entrepreneurs have little time to learn
- Technologies emerging from university labs need help to reach marketplace
- Need for effective leadership among entrepreneurs to keep the global economy growing

VMS Mentoring is Based on Two Basic Concepts

- A fledgling venture is more likely to thrive when an idea, good business planning, and an entrepreneur are matched with proven skills and experience
- Successful entrepreneurs can be motivated to “give back” as mentors – and find the experience compelling and rewarding

What Makes VMS Successful?

- Focus on professional education: learning by doing
- Leverage of MIT's education mission, reputation, and resources
- High mentor quality through personal referral and rigorous screening; becoming a VMS mentor is considered prestigious
- Strict ethical guidelines for mentors and entrepreneurs that creates an unbiased process
- Team mentoring builds a culture of quality, collegiality and trust

VMS Top Six Guiding Principles

- Operate within MIT policies
- Encourage student entrepreneurs to complete study program
- Avoid conflict of interest
- Maintain confidentiality
- Can't be a mentor and an investor
- Can't be a mentor and a consultant or venture employee

MIT Entrepreneurial Activities

Student



Entrepreneurship Society



E-CLVB
MIT Entrepreneurs Club

MIT Astropreneurs
Creating the Future of Space

Academic



MIT
Entrepreneurship
CENTER

MIT LEGATUM CENTER
FOR DEVELOPMENT &
ENTREPRENEURSHIP

MIT
IDEAS
Competition

Commercialization



Industrial Liaison Program



Alumni



DESHPANDE CENTER
FOR TECHNOLOGICAL INNOVATION

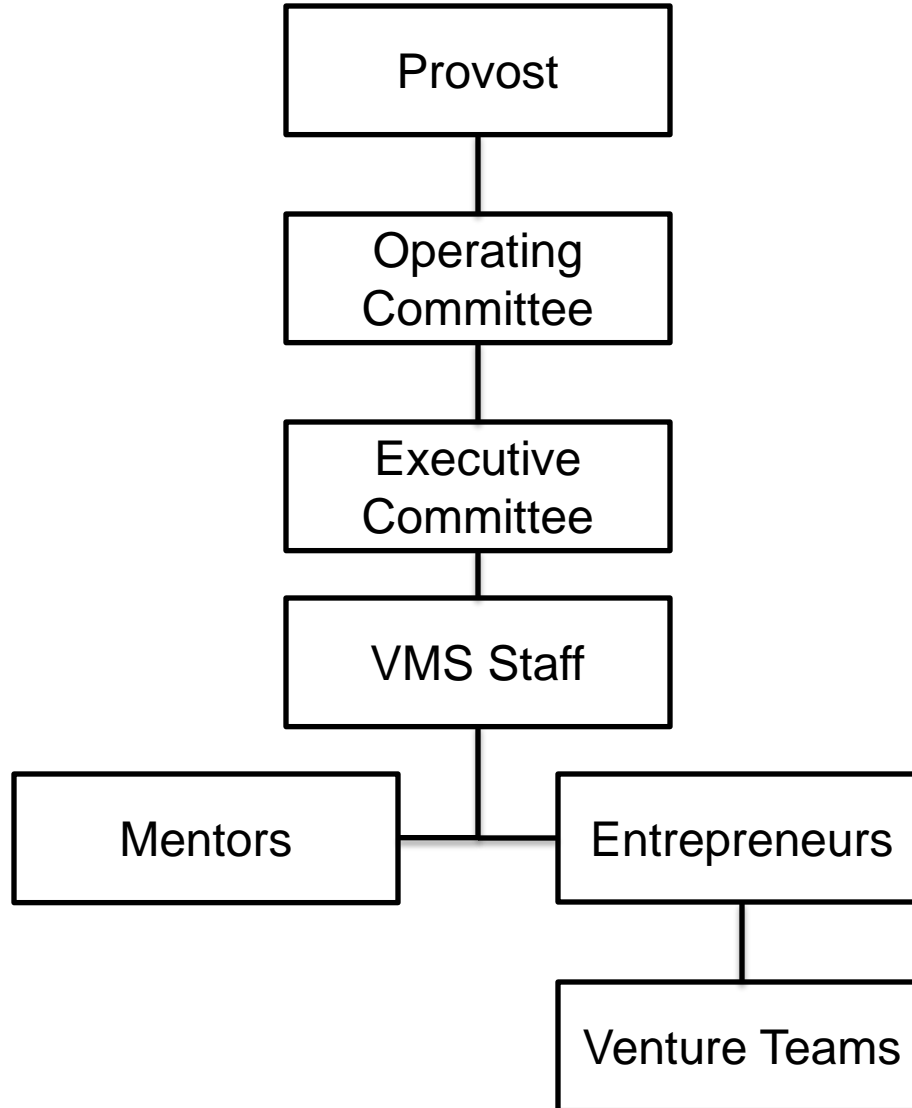
MIT VentureShips



VMS also works with

- Other universities
- Corporations
- Labs
- VCs and angels
- Lawyers, accountants, banks

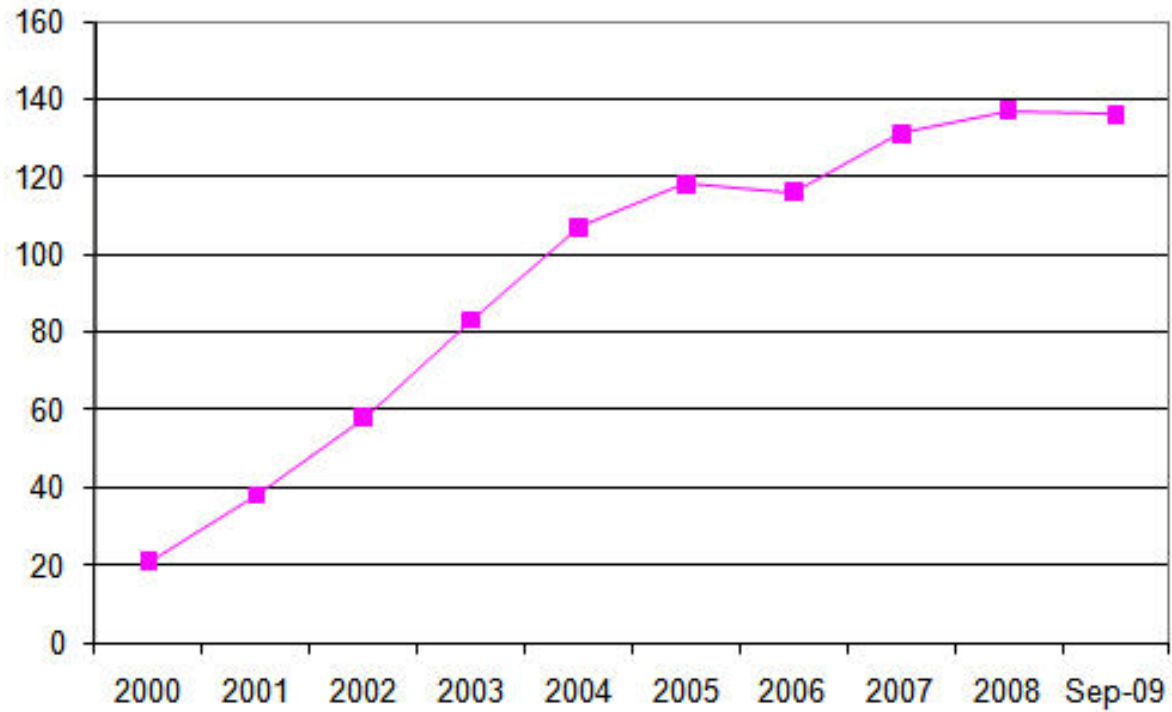
VMS Governance



How Does VMS Work? For Mentors

- Receive rigorous screening and orientation
- Commit to a minimum of 1-2 days mentoring a month
- Select the ventures they want to work with
- Attend monthly meetings to review active VMS ventures and to network
- Role: listen, advise, suggest, troubleshoot, supply contacts, act as role model
- Rewards: satisfaction of giving back, networking, exposure to young ideas, technologies, and entrepreneurs

VMS Mentor Pool

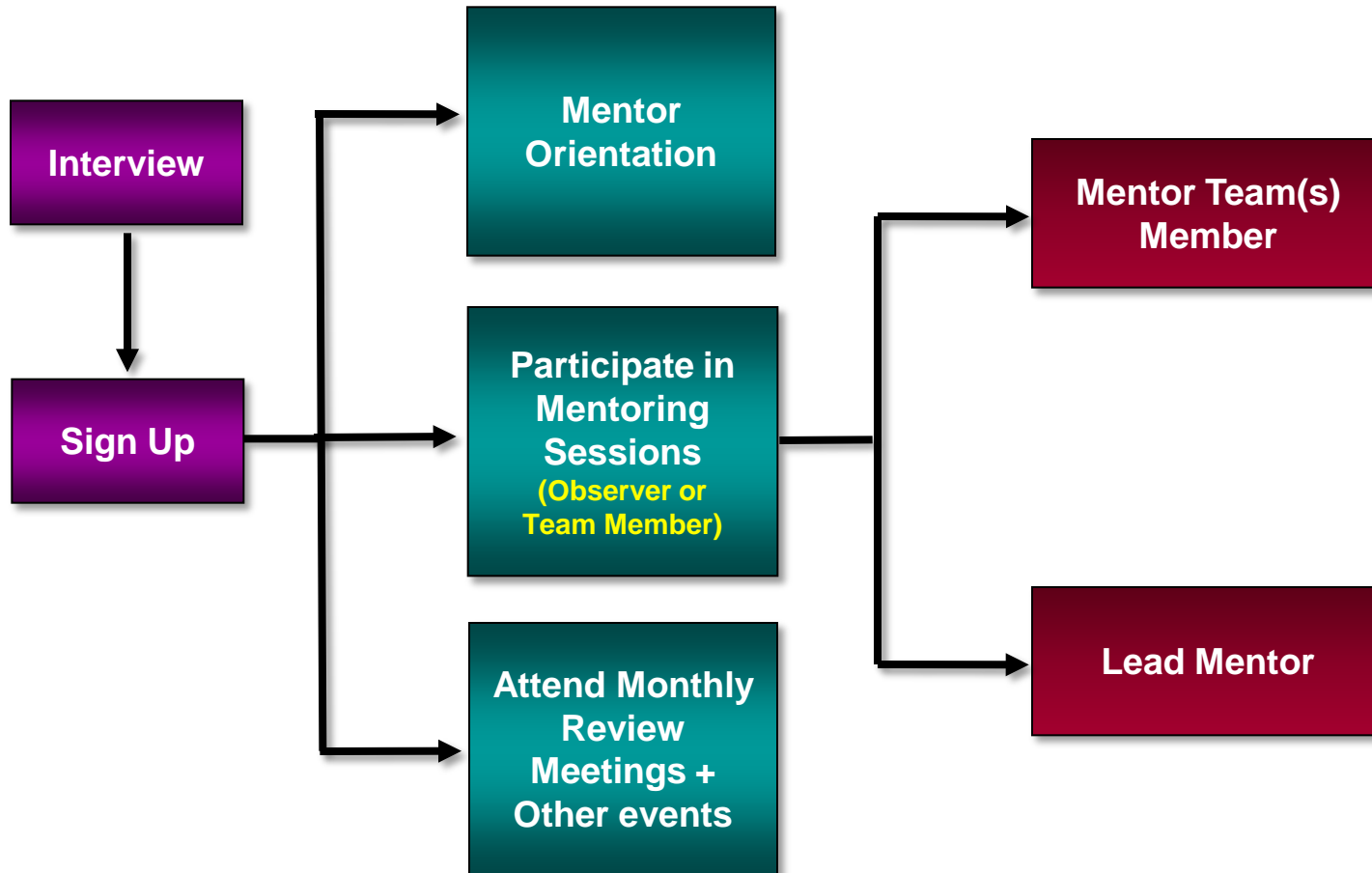


The Mentors*

- 55% with an MIT background
- Most with startup experience
- Broad range of:
 - Backgrounds
 - technical and industry expertise
 - business expertise

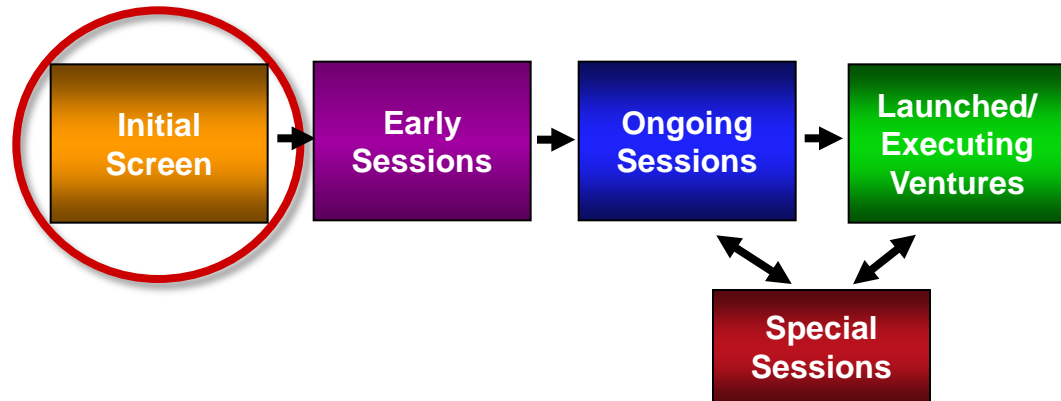
*as of 9/2009

Mentor Development



Mentor Roles at each stage:

- *Wide range of venture / entrepreneur states*
- *Entrepreneurs unsure of VMS role and value*

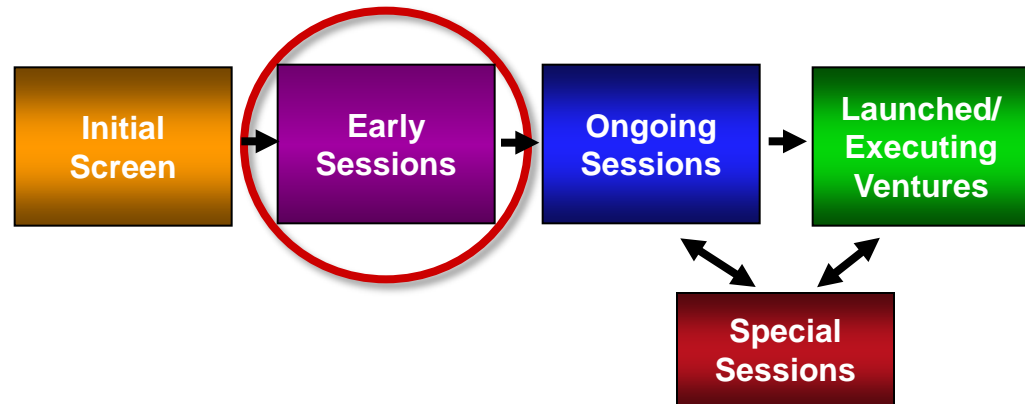


Intake Specialist

- Introduce VMS and process
- Set expectations / build relationship
- Assess entrepreneur's status / needs
- Assess venture status / needs
- Provide some initial advice/guidance
- Present at Monthly Mentor Review Meeting
- Identify and recruit appropriate mentors
- Attached until lead mentor engaged

Mentor Roles at each stage:

- Typically needs to identify and focus on critical factors
- Several sessions over 60-90 days, strategy and actions identified
- Mentor team coalescing, Lead mentor emerging



Intake Specialist

- Provide initial continuity for venture and mentor team
- Lead productive sessions

Mentor Team Member

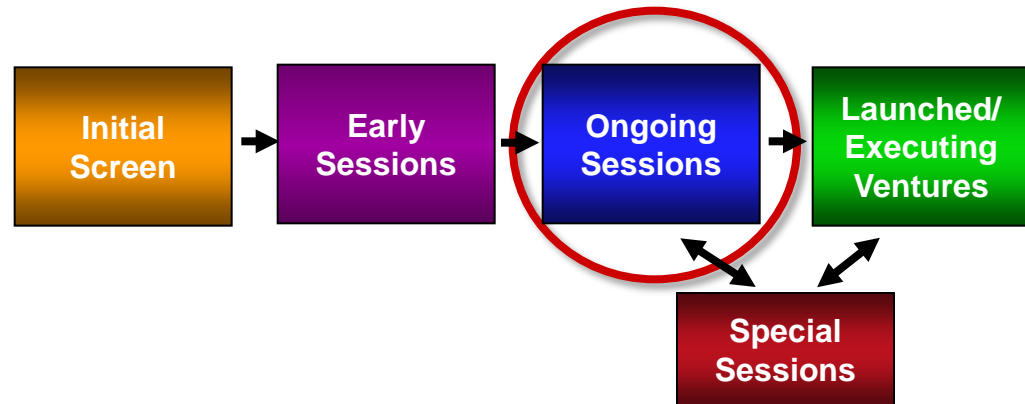
- Engage, assess, contribute
- Focus on venture's critical needs
- Build personal relationship (with venture and mentor teams)

Lead Mentor

- Take over as principal point of contact from Intake Specialist
- Guide meetings – balance homework to reality
- Call on help as needed from office / mentor community

Mentor Roles at each stage:

- *Key stage for progress by resolving / adjusting*
- *Many hurdles, setbacks, new information*
- *Meetings more sporadic, driven by milestones*



Mentor Team Member

- Coach venture in setting targets and next steps
- Critique progress, suggest methods to improve
- Collaborate with mentor team

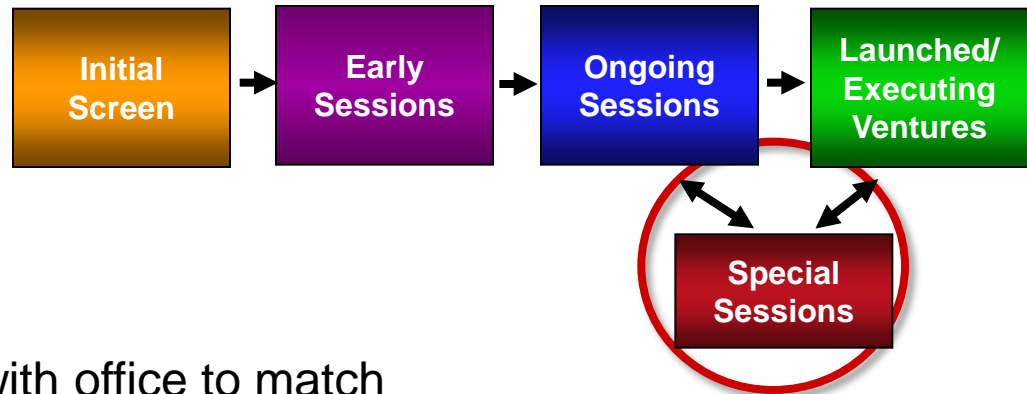
Lead Mentor

- Ensure meetings timely, productive for both ventures and mentors
- Check in on entrepreneurs between meetings
- Call on help as needed from office / mentor community
- May need to adjust mentor team as new skills needed for venture

Mentor Roles at each stage:

Lead Mentor – Mentor Team Member – Mentor Specialist

- *Special events, milestones, crises, pinpoint help*
- *Brainstorming, Pitch Scrub, Tech Scrub, IP, market research, etc.*



Lead Mentor

- Identify need, coordinate with office to match resources
- Guide venture team to prepare
- Gets needed preliminary material to resources

Mentor Specialist

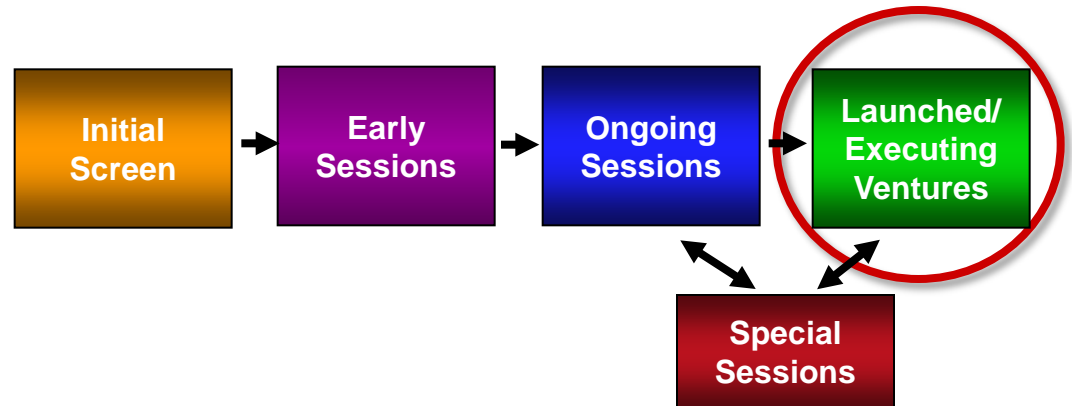
- One time or limited engagement
- Expertise / knowledge / opinions / suggestions
- Collaborate with mentor team

Team Member

- Participant and observer, exposure to other mentors

Mentor Roles at each stage:

- *Off and Running - with full team, directors, advisors, investors*
- *New pattern of communication and needs*



Lead Mentor

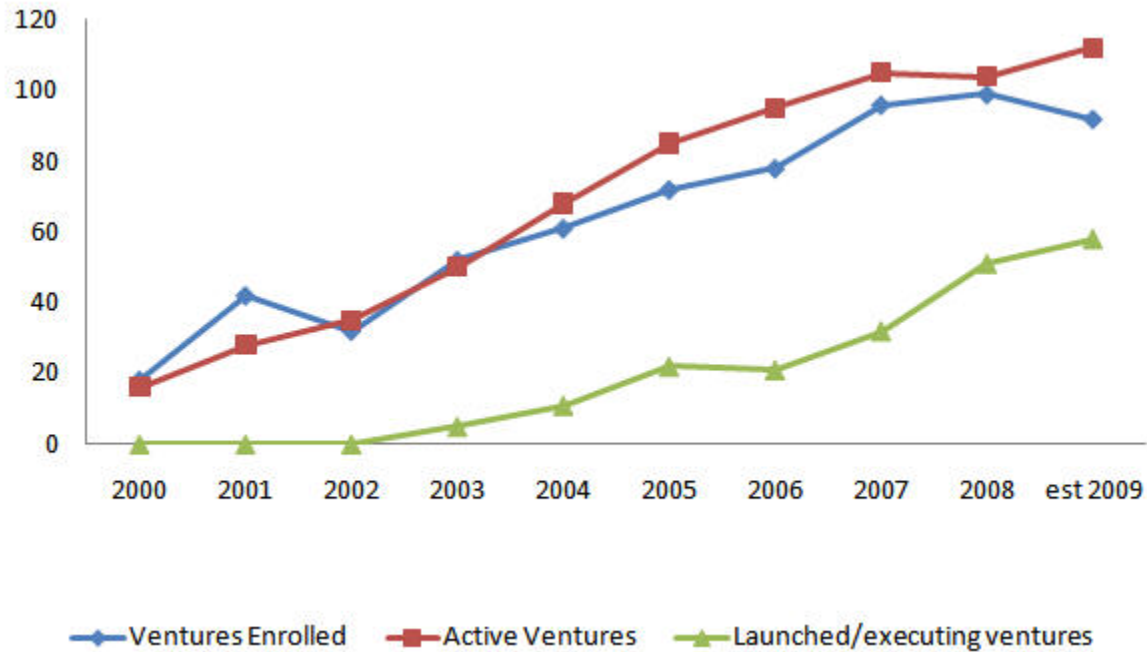
- Maintain connection – periodic contact / major updates
- Unbiased Ear – sometimes will need outside advice
- Call for special sessions – sometimes needed as approach major transitions
- Balance – our real client and relationship is the founding entrepreneur(s), sometimes delicate balance between their needs and the venture.

How Does VMS Work?

For Entrepreneurs

- Services are free and confidential – no conflict of interest, no strings attached
- Commitment to an entrepreneur is long-term
- Ventures/entrepreneurs are screened, assessed, and assigned a lead mentor/mentor team
- Entrepreneurs have access to a wide variety of professional resources, contacts, skills and seminars
- Entrepreneurs determine pace, drive communications

VMS Venture Activity

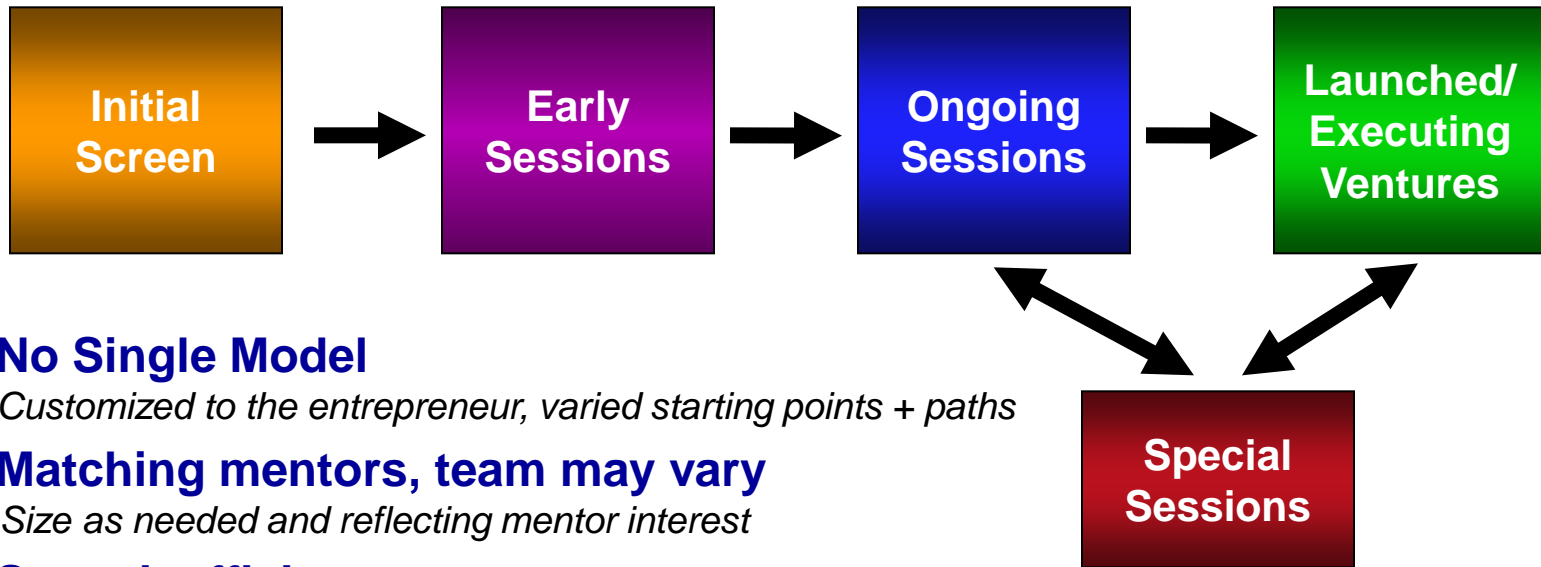


The Ventures*

- 219 ventures currently engaged in program
 - 95 active ventures
 - 57 launched/executing
- 7 liquidity events
- Various stages of funding
- Every field imaginable

*as of 9/2009

Venture Development Process



- **No Single Model**

Customized to the entrepreneur, varied starting points + paths

- **Matching mentors, team may vary**

Size as needed and reflecting mentor interest

- **Some inefficiency**

Backtracking as new mentors engage

- **Advise and Guide**

The entrepreneur provides the “do”

- **Homework – this is MIT!**

Practical steps for the entrepreneur to get to the next step

- **Continuously adapting**

The Key: Building Trust

- No Strings Attached
 - Unbiased advice
- Arm's Length
 - Guard against any possible question of conflicts of interest
- Confidentiality
- Entrepreneur's Best Interests
 - While adhering to guidelines of VMS and MIT

VMS Evaluation Metrics

Mentoring Sessions

entrepreneurs rate each session

Program Quality – ventures

entrepreneurs rate overall value to them and their venture annually

Specific Services

entrepreneurs are called at random semi-annually for feedback

Program Quality – mentors

mentors are polled regularly on effectiveness of program

VMS Funding Base

- Original founding gifts of \$1 million
- Mentors' donation of significant time, energy, and expertise (over 8,000 mentor hours in 2008)
- Chairman, Director, and Co-Directors are volunteer positions
- Lean operations staff
- Involvement of hosting institution (MIT)

VMS Recognition

- 2003 Presidential Citation - MIT Alumni Association
- 2005 Kaufmann Foundation Grant to document and spread the program
- 2007 Monosson Prize for mentoring

Finally

- VMS supports the MIT mission – “The Institute is committed to generating, disseminating, and preserving knowledge, and to working with others to bring this knowledge to bear on the world's great challenges.”
- VMS makes an important contribution to MIT, MIT alumni and society as a whole

Summary

- VMS is based on the belief that:
a fledging venture is more likely to thrive when an idea, good business planning and an entrepreneur are matched with proven skills and experience
- Mentors find it compelling and rewarding
- Mentoring works best when un-biased and no strings attached
- Entrepreneurs value mentoring relationship