

CONSULTING TO ENTREPRENEURS

The pitfalls and joys of working for start-ups

Chem Show

November 1, 2017

- ▶ You've had a career in the chemical industry working for medium to large chemical companies.
- ▶ You've started your consulting business and think of yourself as both an entrepreneur and a consultant
- ▶ But you've had little contact with chemical start-ups.
- ▶ So, what happens when an entrepreneur with a start-up contacts you through the ACC&CE website?

THE START-UP

ACC&CE Website produces a client contact with the CEO of an Indian chemical company

In the brief telephone conversation between RMG and CEO we determine his overriding interest is “seeking to find unique manufacturing strategies” for their dispersants product area.

THE INDIAN ENTREPRENEUR

- ▶ RMG has expertise on surfactants manufacturing and product development strategies so it's a good fit.
- ▶ Now how to work the compensation and consultation deal
- ▶ By emails we determine the scope of work, the consulting fees and the method of payment.

THE INDIAN ENTREPRENEUR

- ▶ RMGC gets a retainer, that is, a sum of money wired to RMGC LLC account to cover approximately the first 60 days work commitment by RMGC.
- ▶ Based upon the report from first 30 days work, the next payment is wired to RMGC and so forth until RMGC and Indian firm agree the total scope of the work is satisfactorily completed and last payment is made.
- ▶ Entrepreneur, RMG and ACC&CE (consultants owe ACC&CE 5% finders fee) are happy.

THE INDIAN ENTREPRENEUR

- ▶ You get a call from a fellow who gets your name from ACC&CE website.
- ▶ He presents a very exciting idea about non-skidding technology.
- ▶ I'm a surface chemist and I perk up.
- ▶ We hit it off on the phone and arrange to meet for lunch

THE ENTREPRENEUR OF NON-SKID TECHNOLOGY

THE ENTREPRENEUR OF NON-SKID TECHNOLOGY

- ▶ Entrepreneur is intrigued with my surface science credentials- Can I help him?
- ▶ The obvious answer is “yes, of course I can”
- ▶ Coincidentally his areas of need are in fact close to my life's experiences
- ▶ What feels like a comfortable business relationship forms

- ▶ Entrepreneur and RMG follow up with discussion on fees, timing, etc.
- ▶ Timing is delayed, but no decision to terminate project is made.
- ▶ Delays mount until several months have passed.
- ▶ Finally, entrepreneur tells RMG that his services will not be required.
- ▶ Did entrepreneur blanch at the proposed consulting fees?
- ▶ Did he decide to end his venture?
- ▶ Did a third party influence his decision-making on several criteria?
- ▶ RMG never found out.

THE ENTREPRENEUR OF NON-SKID TECHNOLOGY

- ▶ An entrepreneur in Oregon gets my name through ACC&CE website
- ▶ Project concerns the development of a new concept in fire-fighting using polymer foams
- ▶ After a series of convivial telephone conversations RMGC provides a proposal based on these conversations
- ▶ Weeks pass with no response from Oregon
- ▶ Finally learn Oregonian has picked another consultant
- ▶ Was the problem that RMGC doesn't have its own lab facilities?

THE FIRE FIGHTING FOAM PROJECT

- ▶ Some entrepreneurs do not appreciate what is a fair consultant's fee.
- ▶ They don't appreciate how much a consultant could contribute to the success of a new venture.
- ▶ On the other hand, some chemical consultants do not appreciate how important having direct access to a chemical laboratory is to clients
- ▶ Some chemical consultants do not appreciate how nervous entrepreneurs may be about the relevance of the consultant's professional expertise. They need to be assured.

PITFALLS

- ▶ Found at an Angel Investors meeting
- ▶ It is a forum where entrepreneurs are trying to connect with angel investors
- ▶ Organization rules forbid “angel investor” attendees from soliciting business from the entrepreneur presenters
- ▶ This policy is to prevent conflicts of interests

THE JOY OF AN UNEXPECTED OPPORTUNITY

- ▶ Nevertheless, one of the “investors” speaks to you about your areas of expertise
- ▶ He is intrigued by your 30 second elevator speech given by all attendees at the start of the meeting.
- ▶ Turns out he is both an “investor” and an entrepreneur seeking help

THE ANGEL INVESTOR/ ENTREPRENEUR

- ▶ The new contact invites RMG to lunch.
- ▶ Discussions over lunch are very friendly.
- ▶ This entrepreneur invites RMG to work with him on a multifaceted project that has just launched:
- ▶ The company name is Valaurum; it's major product is the Aurum

THE GOOD FIT WITH THE ANGEL INVESTOR/ ENTREPRENEUR

- ▶ **THE AURUM**[®] offers the smallest unit of gold bullion on the world market, as little as 1/10th or 1/20th of a gram.
- ▶ The Aurum protects a precise amount of gold between layers of durable polyester. This makes it possible to own exact amounts of gold in smaller quantities than conventional bars, coins or chips.
- ▶ In the Aurum, a precise, thin layer of 24k gold is encapsulated with spectacular digital printing. Valaurum's printing technology surpasses the resolution of most documents and commemorative plaques.

THE VALAURUM PROJECT

- ▶ Identify a suitable manufacturing partner for the key technology steps involved in making the 24 K gold coating
- ▶ Coordinate the printing operation, including specifying the proper printing technology, purchasing and setting up the print facility and providing the quality control protocols.
- ▶ Set up the designated manufacturing partner; including the quality control procedures, logistics, finishing, etc.
- ▶ Prepare documentation necessary to secure ISO certification under ISO 14298, Management of security printing processes.

THE VALAURUM PROJECT

- ▶ Fortunately, all these key aspects of the project fall within RMG's areas of expertise based upon his years in chemical product development, graphic technologies and recent years as a technical expert on an ISO committee
- ▶ However, Valaurum was not prepared to pay a consultant fee; I was offered opportunities to acquire stock and a limited expense account
- ▶ We reached the agreement and immediately RMG embarked on finding the potential manufacturer.

THE VALAURUM PROJECT

- ▶ The partner was identified, initial contacts were positive.
- ▶ One of the principals joined me in a visit to their site where we established a basis for cooperation
- ▶ Several visits to conduct alpha tests were successful.
- ▶ The new printing capabilities were secured through consultations with a small printing company
- ▶ Planning for the preparation of the ISO documents was completed.

THE VALAURUM PROJECT

- ▶ As a result of the successes in these major technical aspects and, of course, yeoman efforts by the entrepreneurs to raise capital, secure customers, etc. Valaurum has prospered and is approaching the crucial stage for Venture capital investments.
- ▶ RMG has secured significant stock in Valaurum.
- ▶ RMG has been hired as a paid consultant; several key personnel to the overall operation have likewise been hired as employees.

THE VALAURUM PROJECT

- ▶ Entrepreneurial gig late in one's career is lots of fun
- ▶ You will more likely get stock rather than cash, at least at first
- ▶ Future upside can be many multiples of what typical consulting fees would have been.
- ▶ Your client becomes your friend and your experience becomes a plus not a minus (you're suddenly not out of date or over the hill)

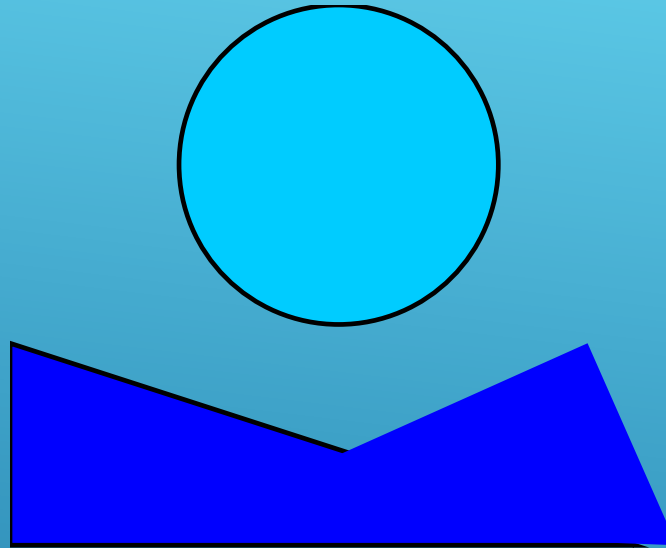
THE CONCLUSION ABOUT ENTREPRENEURS

- ▶ Consulting for entrepreneurs can be very rewarding
- ▶ Trying to get consulting gigs with entrepreneurs can be quite frustrating
- ▶ So you must display patience and a willingness to keep trying
- ▶ However, don't bend over backwards to try to do what you are not comfortable in doing. Expect that when the right thing comes along you will know it.

MORAL OF THE STORY

- ▶ Don't ever forget the rule of networking: you'll never know who may provide the help you need
- ▶ Network through the ACC&CE and allied chemical organizations
- ▶ But also network through other professional areas, like business or investor groups
- ▶ **THANK YOU**

MORAL OF THE STORY



RMGC

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