

# Developing Your Team and Your Funding Strategy

*Finding balance in three acts*



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# Developing Your Team and Your Funding Strategy

*Finding balance in three acts*



**Balancing Your Risks**



**Building Your Team**



**Funding Your NewCo**

# Proof of Concept vs Proof of Relevance

*Reducing risk, building value*



**Technical Risk**

**Commercial Risk**

## Proof of Relevance\*

- Efficacy
- Safety
- Dose & Frequency
- Target Engagement

- Therapeutic Focus
- Differentiation
- Critical Path to Proof
- Value Inflection Point

# Balancing Your Risks

*Strategies for PoC and PoR*



## Therapeutic Focus

- Competition – approved? late stage? similar target/ mechanism?
- Patient populations – subpopulations? recruitment? compliance? orphan indication?
- Target location – effect of BBB on delivery? peripheral vs CNS indications?

## Differentiation

- What is your competitive advantage? unique target/mechanism? biomarkers?
- What is the track record of your team?

## Critical Path

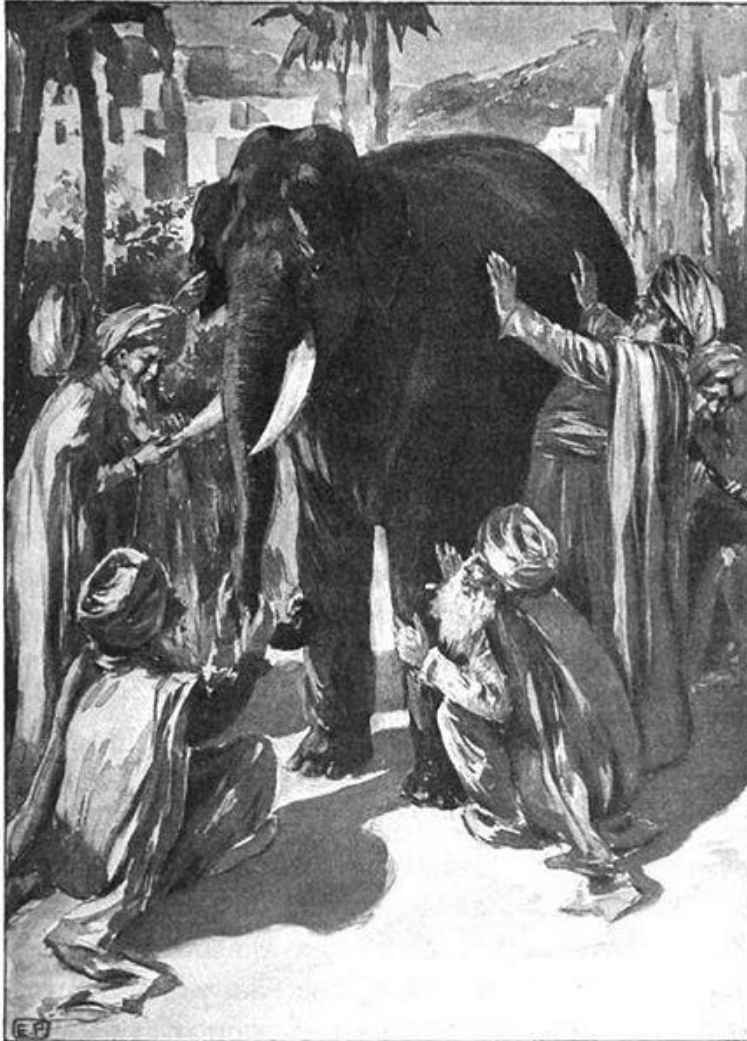
- What are the key go / no go indicators?
- What can be run in parallel?

## Value Inflection Point

- What key activities reduce risk / increase value?
- What milestones are required for initial / additional funding? for partnering?

## II. Building Your Team

*The six blind men and the elephant*

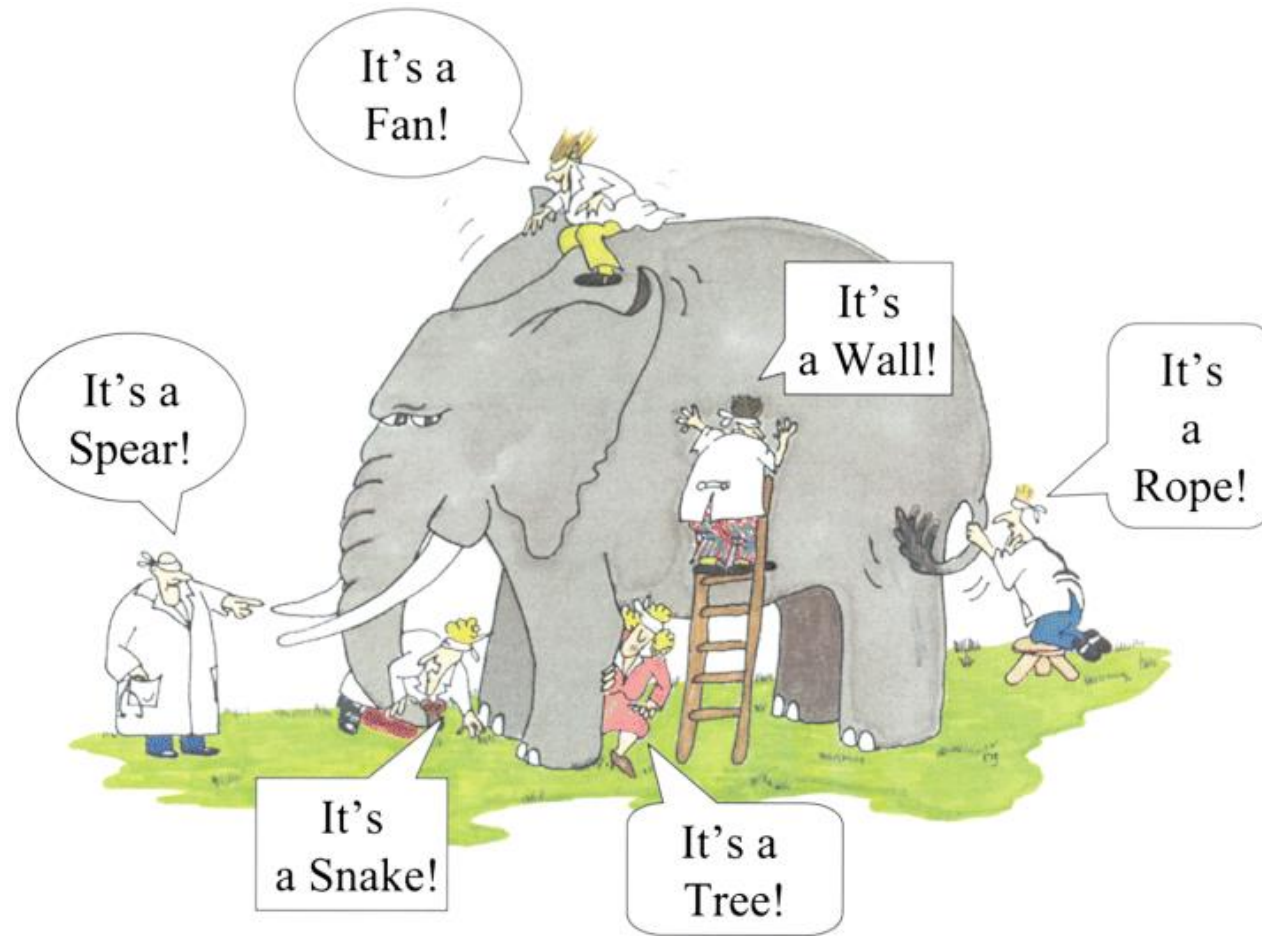


And so these men of Indostan  
Disputed loud and long,  
Each in his own opinion  
Exceedingly stiff and strong  
Though each was partly in the right  
And all were in the wrong!

- John Godfrey Saxe  
*"The Blind Men and the Elephant"*

# II. Building Your Team

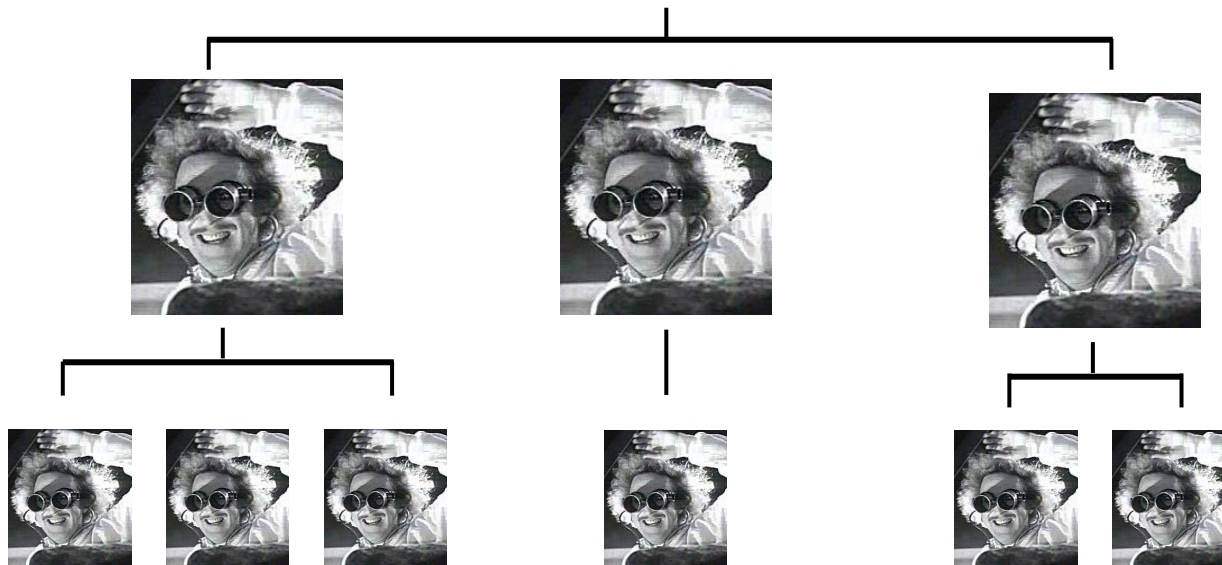
*Multiple roles- and multiple perspectives*



# In the Beginning...

*Founders and*

Founder

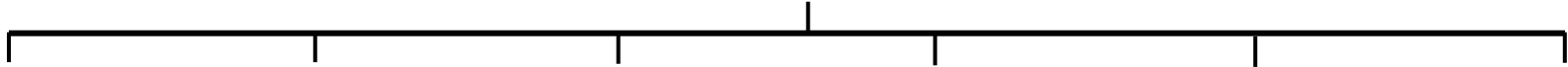


# The Org Chart

*It takes all kinds...*



CEO



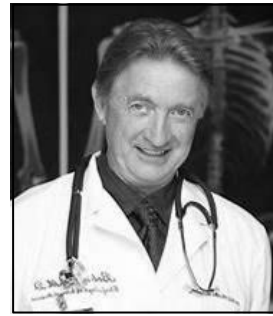
Research



Development



Regulatory



Clinical



Legal



Finance



# The Communication Challenge

*“What we have here is failure to communicate”- Strother Martin, Cool Hand Luke*



**What the CEO / VC wants to hear:  
“Black, white”**



**What the scientist wants to tell:  
“Darker grey, lighter grey, grey grey”**

# Myers-Briggs Types and Communication Gaps

*How do people differ in their information processing and decision styles?*



- Based on the typological theories of Carl Jung (Psychological Types- 1921)
- Myers-Briggs Type Indicator® (MBTI) developed in 1940s
- Identifies basic preferences in 4 dichotomies based on a set of binary questions
- Reflects differences in information processing, decision making, communication
- Caveats:
  - Preferences can change w/ time, stress
  - The system is empirical and controversial
  - MBTI is not a personality test, and no one is a stereotype- preferences lie within a continuum

MBTI® FRAMEWORK			
<b>Extraversion</b> <i>Talk things out</i>		<b>Introversion</b> <i>Think things through</i>	
ENERGY			
E _____			I _____
		▼	
<b>Sensing</b> <i>Specifics</i>		<b>Intuition</b> <i>Big picture</i>	
GATHER INFORMATION			
S _____			N _____
		▼	
<b>Thinking</b> <i>Logical implications</i>		<b>Feeling</b> <i>Impact on people</i>	
MAKE DECISIONS			
T _____			F _____
▼			
<b>Judging</b> <i>Joy of closure</i>		<b>Perceiving</b> <i>Joy of processing</i>	
LIFESTYLE			
J _____			P _____
		▼	
Very Clear	Clear	Moderate	Slight
	Slight	Moderate	Clear
		Very Clear	

# Myers-Briggs and Scientists

## *Introducing INTP*



**I**ntroverted

**N** intuitive

**T**hinking

**P**erceiving






- 3-5% of population
- common profile of scientists
- Characteristic 'flash of insight'



Founder

# Managing Internal Multifunctional Teams

*Implications for building and managing your team*

1.8%  ENTJ <i>CEO</i>	2.5% ENFJ	12.3% ESFJ	8.7%  ESTJ <i>Preclin Dev</i>
3.2% ENTP	8.1% ENFP	8.5% ESFP	4.3% ESTP
11.6%  ISTJ <i>Regulatory</i>	13.8% ISFJ	1.5%  INFJ <i>HR</i>	2.1% INTJ
5.4% ISTP	8.8% ISFP	4.4% INFP	3.3%  INTP <i>Researcher</i>

- Different roles require different styles of processing & communication
- A diverse team reduces blind spots
- Team alignment on goals is critical; MBT gaps can cause challenges

# Internal and External Options

*There are many ways to build your company and your team*



## **Brick and Mortar**

*Advantages:*

- Direct quality control
- Team is fully committed to your project

*Caveats:*

- Infrastructure- high initial costs



## **Incubators**

*Advantages:*

- Reduced cost
- Potential relationship w/ Pharma host

*Caveats:*

- Potential restrictions



## **Virtual**

*Advantages:*

- Flexibility, reduced cost

*Caveats:*

- Potential grant restrictions (e.g. SBIR)
- Team member(s) w/ multiple commitments

# Working with External Partners

## *Working with strangers*



## Contract Research Organizations (CROs)

### *Advantages:*

- Outsourcing to experts on “as needed” basis
- Reduces ongoing infrastructure & personnel costs

### *Caveats:*

- Cutting corners can be expensive
- Detailed work plan & monitoring are essential



## Consultants

### *Advantages:*

- Supplement gaps in team
- Gain a level of experience you might otherwise not afford

### *Caveats:*

- Can be expensive
- Multiple commitments may slow responsiveness

# III. Funding Your NewCo

## *Options and strategies*



**Government**



**Patient Advocacy Foundations / Venture Philanthropies**



**Angels / Venture Capitalists**



**Big Pharma / Biotech**

# Funding Your NewCo

## *Government Grants*



### **Advantages:**

- Funding is non-dilutive
- Provides external validation
- Stage specific programs – e.g. SBIR, IGNITE, BPN, CREATE Bio, BrIDGs, TRND

### **Caveats:**

- Lengthy funding cycles
- Difficult paylines
- The ratio of effort to return can be low in some cases

- **Talk with program officers – explore all opportunities, get feedback**
- **Talk with reviewers and applicants – learn successful strategies**



# Funding Your NewCo

*Patient Advocacy Foundations / Venture Philanthropies*



## Advantages:

- Access to KOLS and other resources
- Provides external validation
- Multiple stage specific programs

## Caveats:

- Lengthy funding cycles
- Difficult paylines
- Often requires milestone-driven returns or equity which VCs may disfavor

- **Talk with program officers – explore all opportunities, get feedback**
- **Talk with reviewers and applicants – learn successful strategies**

# Funding Your NewCo

*Angels / Venture Capitalists*



## Advantages:

- Funding may be more substantial than grants
- May provide additional expertise and connections
- Guidance through stages of company growth

## Caveats:

- Dilution of stock ownership
  - Reduced control of the company
  - May install new CEO & other officers incompatible w/ founder(s)
- 
- **Not all firms are equal, understand what you are giving up and getting**
  - **Have a good contracts lawyer on your side**

# Funding Your NewCo

*Big Pharma*



## Advantages:

- May leverage a larger experience pool
- Incubator relationships may provide infrastructure & relationship test
- Sponsored Research Agreements (SRAs) may lead to bigger partnerships

## Caveats:

- May restrict other collaborations
  - Management changes may leave you stranded
  - Relationship may change to competition
- 
- **Weigh the monetary and additional benefits against any restrictions**
  - **Have a good contracts lawyer on your side**

# Conclusion

*Maintaining balance*



**Reduce technical & commercial risk**



**Build a diverse internal / external team**



**Develop a strategic funding plan**