



www.microFunding.co.uk

The microFunding® Exchange: Guidance Notes for Managers

What is the microFunding® Exchange?

The microFunding® Exchange is a unique new three-way funding process. It introduces...

Thousands of **Inventors** seeking funding with **brilliant ideas** but no time, or little business experience and money

To

Thousands of **Managers** with **proven skills and experience** of making serious money for other people, and who now want the chance to have a real interest in a business

To

Thousands of **Investors** - 'Business Angels' - with the **money and motivation** to back exciting early stage opportunities, when they are managed by a highly skilled and experienced marketing team

...with the idea that they all make as much money as possible - quickly!

What is in it for me?

Got great business skills, and experience in growing start-ups to exit? And want to do it for yourself next time?

Managers have to use their experience and expertise to identify, create and run a business, often without any significant additional input from the Inventor beyond the initial idea. It is entirely up to the Manager what happens, how it happens and with whom it happens; control is with the Manager.

The Manager plays the Key role in the microFunding® process. It's his job to make the money, to take an idea and make it happen.

...and if the project succeeds, the Manager gets 30% of the company to recruit his team and grow the business.

And the sooner and more successfully you create a profitable exit, the better it is for all...

How do I qualify?

The two main criteria for Managers are experience and skills. Sector experience is important, but which sector is irrelevant because there are so many diverse opportunities available. microFunding® will wish to take up professional references from satisfied clients with whom you have worked and professional references from your lawyer or accountant.

In addition, because you will have access to a great many opportunities which are subject to Confidentiality Agreements, microFunding® requires two character references from respected peer group Managers.



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What do I have to do?

To apply to become a Manager on the microFunding® Exchange, simply go to http://www.microfunding.co.uk/register_manager.htm and send us an email with your contact details, a brief description of your reason for interest, your CV and references. As soon as we have checked you out we will create a user account for you. We will email you back (normally within two weeks) with your log on name and password.

You will then need to log on to the www.microFunding.co.uk website and complete your details on the 'my account' page.

What is the microFunding® process?

Inventors post their ideas confidentially and securely, without having to commit to any future involvement in starting growing or managing the future business - but keeping a large stake in it.

Managers have secure access to these ideas, and subject to strict confidentiality select those that in their judgment and experience have the best profit potential.

The critical part of the process is the Proof of Concept Project. By eliminating less viable inventions and identifying the winners early at little cost, the Proof of Concept Project gives Investors the chance of real Rewards at reduced Risk. So the Manager's first task, at his own time and reputation risk, is to specify what the 'concept' is and its proof by whom, by when, at what cost and to what criteria. The Manager is expected to use approved suppliers for much of this work, and while he will also cost his time it is unlikely that he will attract investors if the project's cost is excessive.

Investors from *Angels Den* - again securely and confidentially - have access to those projects pre-selected by the Managers, and lend the necessary funds to the projects they choose. By using debt, again they enhance their risk-reward ratio. And by backing the skills and experience of the Manager, rather than the idea alone, they further improve their chances of successful investing and so have a far better chance of profit while absolutely limiting their downside.

The responsibility for the success of the project and ensuing business is wholly up to the Manager. He has sole discretion over the strategy and its implementation, including personnel. The Inventor will no doubt contribute his own ideas about how things could develop: but it is up to the Manager.

Investors are guaranteed to be able to follow up their early debt-backing of successful Projects with further equity investment, or if they wish they can sell their equity investment rights for an early, smaller, profit.

If a project is successful, Inventor, Manager and investor each have a minimum guaranteed share of the success. In order to become commercially successful both Manager and Investor have to risk more time effort and money, the guaranteed minimum share is 30% for each of the three parties. The Managers' shares are held as options for two main reasons: firstly options are much easier and cheaper to use as recruitment tools, and secondly options can't be realised before achieving a cash exit and so all Managers have a real incentive to work towards this goal as early and as profitably as possible.

If however the Manager can arrange a profitable Licensing deal, with considerably lower risk for himself

and the Investor, only half is split into three so the guaranteed minima of the ensuing business are that the Inventor takes 60% and the Manager and Investor 15% each.

The process – in detail from the Manager’s point of view

- The Manager wishes to be involved in developing a successful microFunding® business.
- The Manager applies to microFunding® with a copy of his professional CV and his credentials and references are checked and confirmed. microFunding removes all personal and contact details from the CV and files it for future use.
- The Manager reads and agrees to the microFunding® terms and confidentiality and is invited by microFunding® to register through any introducer’s website. The site can be accessed only with unique user name and password. Once on the site, Managers have access to all Inventions, including those in the Inventions Library.
- The Manager visits the microFunding® List Inventions pages in order to identify Inventions that might be of interest.
- Every time a Manager visits the List Inventions pages, this is logged to provide overall activity feedback, and
- Every time a Manager opens the details pages of an Invention, this is also logged so Inventors can get feedback about the activity and interest their ideas are generating.
- The Manager registers his interest in an Invention on the website and explains his Reason for Interest. After signing a new Invention-specific Confidentiality Agreement and re-confirming his agreement to the microFunding® terms and Conditions, is introduced to the Inventor.
- The Inventor receives a copy of the Manager’s CV from which all personal and contact details have been removed, and the inventor also re-confirms agreement with microFunding®’s Terms and Conditions.
- The Inventor and Manager contact each other and agree whether or not to work together under microFunding®’s Terms. Each must independently advise microFunding if they agree.
- If the Manager decides for any reason that he will not work with the Inventor, he is obliged to inform the Inventor in writing (email) without delay, stating his reason.
- The Manager is responsible for keeping the microFunding® website updated with the progress - or otherwise - of the Project.
- At his own time and reputation risk the Manager specifies and costs a ‘Proof of Concept’ Project; note the charges for Legal, Audit and Project administration, and the preferential charge out rates of microFunding®’s preferred suppliers. VAT must not be forgotten; all Projects will be VAT registered and net VAT reclaimed, but it is important in the cash flow.
- The ‘Proof of Concept’ Project is written using the [microFunding® Project template](#). This is the definitive Project plan, and also acts as the basis for the Angels Den Project Summary and Full Proof of Concept Project Plan.
- The Manager needs to register as [‘Looking for Funding’](#) on Angels Den before being able to post the Project Summary. This need be done only once, no matter how many Projects the Manager is involved with.
- The Angels Den Project Summary is written; it is based on the microFunding® Proof of Concept Project but with any confidential or sensitive information removed. It is posted on Angels Den to attract Investors. For details of the Angels Den posting fees see www.angelsden.co.uk. This will cost (currently) £99.00 + VAT
- [View Guidance notes on how to use the online Project Summary template](#)
- [View an online Project Summary example](#)
- The Manager and Inventor will agree between them how the fees are to be funded.
- ‘microFunding®’ is invited from Investors on the Angels Den website in units of £2500
- If any Angels show interest in the Project Summary, the Angels Den ‘Full Proof of Concept

Project Plan' is completed and posted on Angels Den; this is effectively the same Project Summary, with the addition of an Executive Summary, a Reason for Interest and management credentials. For details of the Angels Den posting fees see www.angelsden.co.uk. This will cost (currently) £400.00 + VAT

- [View Full Proof of Concept Project Plan](#)
- [View Full Proof of Concept Project Plan guidance notes](#)
- [View Full Proof of Concept Project Plan example](#)
- Angels interested by the full Proof of Concept Project Plan will be required to agree to the microFunding® terms and conditions, and sign a Project-specific Confidentiality Agreement
- Only after receipt of the above requirements are you safe to disclose the detailed microFunding Proof of Concept Project with interested Angels.
- If sufficient funds are raised, subscription agreements are completed by microFunding®'s in-house solicitors. Investors have priority rights to subscribe to next stage
- The Manager has sole responsibility for the Project specification, delivery, timing and personnel; he is answerable to microFunding® for performance against his own specification.
- Neither Inventor nor Investor have the right to be involved in the Project or subsequent business, and will be involved only if the Manager at his sole discretion so decides.
- A new Company is formed for the Project and all existing rights of any nature are assigned to it.
- The Project is independently supervised, and is audited by a firm of Chartered Accountants
- The Manager has sole responsibility for the success of the Project and may choose to use his prospective share of the business to recruit and motivate an excellent team.
- From this point on, the Manager's role continues as described in 'The Project'.

What documentation is required?

To apply to microFunding®:

- CV
- 2 management (client) references
- Accountant reference
- 2 Peer references

To apply for a Project:

- Sign a Project specific Confidentiality Agreement
- Re-confirm agreement to the microFunding® Terms and Conditions
- Explain your reasons for interest in the project

To post a project on Angels Den:

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| Project Summary template completed on Angels Den | Help Notes and example Available |
| Angels Den 'Full Proof of Concept Project Plan completed | Help Notes and example Available |

To manage a funded project

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| Subscription Agreement documents completed between Inventor Manager and Investor(s) | All documents prepared by solicitors B P Collins of Gerrards Cross and available for inspection |
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