



**INCUBATOR STRUCTURES,
GOVERNANCE AND TENANT
RELATIONSHIPS**

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PRESENTATION SHAPSHOT

1. INITIAL CORPORATE STRUCTURE

It's a business and needs to be built like one.



PRESENTATION SHAPSHOT

2. GOVERNANCE

The funder isn't always the person who should control operations. Where does control lie and are they the right hands?



PRESENTATION SHAPSHOT

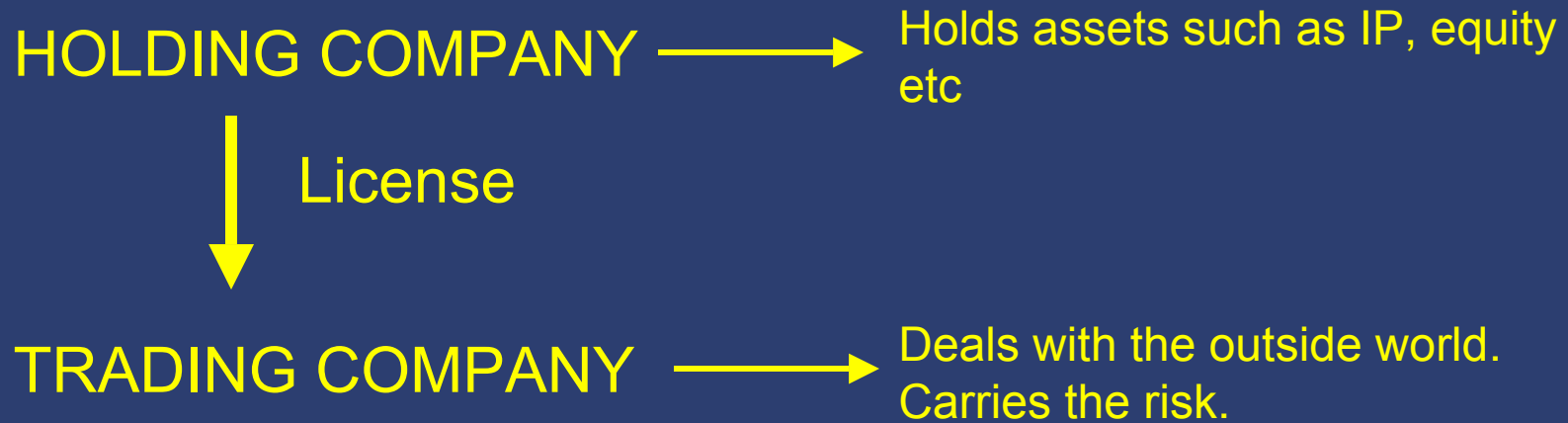
3. YOUR TENANTS

Its more than just a cheap lease, they are **CLIENTS** who consume more than space and want more than just “networks”.

What are the documents you need to put all this together?



STRUCTURE



It is important to ensure that wherever possible, given individual circumstances, valuable assets are protected from general trading liabilities.



GOVERNANCE

- Control at a strategic level
- Operational control
- The Managing Director or CEO needs to run it as a business
- Competing priorities – politics, profit, other agendas
- The board, its powers and the autonomy of the Managing Director/CEO.



AGREEMENTS WITH YOUR CLIENTS

- Non-Disclosure Agreements
- License and Service Agreements
- Royalty Deeds
- Share Option Deeds

They must work together so everyone knows what is expected and how it all fits together.



NON- DISCLOSURE AGREEMENTS

- Short
- Easy to understand
- Tailored – you are not just another service provider!



LICENSE AND SERVICE AGREEMENTS

- Virtual and on site
- Main points to cover



TERMS AND CONDITIONS – LICENSE AND SERVICE AGREEMENTS

- Fee
- Term
- Right to occupy –
 - virtual?
 - flexible.
- Mentoring Services
- “Service Proposal” – tailored and cross referenced. What extra’s do they pay for?
- Obligations of the client.
 - follow directions
 - comply with Guidelines and Code
 - keep informed
 - use
 - maintenance and repair
 - insurance and indemnities
- Share and Royalty Deeds



ROYALTY & SHARE OPTION DEEDS

- How do you combine them and why?
- What do you need to deal with?



ROYALTY & SHARE OPTION TERMS AND CONDITIONS

Royalty

- **How calculated**
- **Payment**
 - **starting when**
 - **finishing when**
 - **amount**
- **Records and bookkeeping**
- **Non-circumvention**



ROYALTY & SHARE OPTION TERMS AND CONDITIONS

Share Option

- **Why an option and not shares now?**
- **Which company**
- **Client's structure**
- **Conduct of business**
- **“Window” to exercise**
- **Shareholders Agreement – attach it.**



ADVISORY NETWORKS

- Structured for maximum efficiency and accountability
- Code of conduct
- Roles and responsibilities



3 KEY THINGS

- If a incubator is intended to be run as a profit making business, it must be structured, controlled and operated as one.
- Client Agreements must be simple, clear, but comprehensive
- All of the pieces must fit together and be flexible for client's specific needs and circumstances.