## Getting Money for Your Startup: The Good, The Bad, and The "Keep What You Started With"

### The Big Question: How Much More Ownership Do You Want to Give Up?

When you're starting a company around UVA technology, you're already sharing ownership with the University through your licensing agreement. So the real question becomes: do you want to give up even more of your founder stake to get funding, or can you find money that doesn't cost you additional equity?

### Non-Dilutive Funding = You Keep What You Started With

This is really valuable funding because you get the cash you need without giving up any MORE ownership of your company. Since you're already sharing equity with UVA through your licensing agreement, you want to hang onto as much of the remaining ownership as possible. It's money that doesn't cost you additional equity.

When do you want this? Pretty much always, especially when you're just getting started. Use this money to prove your concept works, build a prototype, or run those crucial early experiments - all without diluting your founder stake any further. Other non-dilutive options may include innovation competitions, federal contracts, or even customer pre-sales if your product lends itself to early adoption.

### Dilutive Funding = You Share Even More of the Pie

This means investors give you money in exchange for a piece of your company - on top of what UVA already owns through the licensing deal. You get more cash than you might from grants, but now you have even more partners who own parts of your business and might have opinions about how you run it.

When do you want this? Usually after you've proven your concept works and you need serious money to scale up. Or when you need expertise and connections that come with experienced investors.

### Where to Get Non-Dilutive Money

**Federal Grants (SBIR/STTR):** These are government grants specifically for small businesses doing innovative research. SBIR is for small businesses, STTR requires you to partner with a university (hello, UVA!). The amounts can be pretty substantial - we're talking hundreds of thousands to millions of dollars. The catch? Lots of paperwork and competition. These programs can be game-changers, but be prepared for rigorous timelines, matching requirements, and submission cycles. You’ll likely need help navigating them, so loop in LVG or your department's grant administrator early.

**Philanthropic Grants:** Foundations and charitable organizations sometimes fund startups, especially if your work has a social impact angle. The money's great, but you usually need to show how your work benefits society.

**UVA's Own Pots of Money:** We've got some great options right here on campus:

- **Ivy Foundation Fund:** Helps translate research into real-world applications
- **Coulter Foundation Fund:** Focuses on biomedical innovations that could help patients

These are perfect for early-stage work because they understand the academic world and don't expect you to have everything figured out yet.

**Where to Get Dilutive Money (When You're Ready)**

**UVA's Seed Fund (LVG):** This is venture capital that lives right here at UVA. They know the university scene and can be great first investors. They'll take equity, but they also bring expertise and connections.

**Local Angel Networks:** We've got some solid options in Charlottesville:

- **CAV Angels:** Local investors who like to support UVA-connected startups
- **CAN (Central Virginia Angel Network):** Broader regional network with more diverse expertise

Angels are usually successful entrepreneurs or executives who invest their own money. They often bring valuable advice along with their cash.

**Institutional Venture Capital:** These are the big leagues - professional investment firms in Virginia and beyond. They write bigger checks but also expect bigger returns and more control. Usually better for later stages when you need millions to scale.

**The Smart Play**

Most successful faculty startups use a mix. Start with non-dilutive funding to prove your concept and get some early traction - this helps you hold onto more of your founder equity. Once you've shown it works, then consider dilutive funding to really scale up, but you'll be negotiating from a stronger position.

Remember: you're already sharing ownership with UVA through your licensing deal, so every additional piece of equity you give away means less for you in the end.

Remember: every situation is different. What works for a biotech company might not work for a software startup. And what's right for someone who wants to stay mostly in research might not be right for someone ready to become a full-time entrepreneur.

The key is to think strategically about what you need the money for and what you're willing to give up to get it.