

Statement of Principles

Mission Statement

The CED Venture Mentoring Service (CED VMS) is a program designed to support entrepreneurial activity within the CED community. The CED VMS believes that the active support of entrepreneurial activities improves the quality of the experience for those who want to start and grow a company, strengthens the chances for those companies to succeed, reduces “one-offs” by building stronger entrepreneurs, and strengthens the region as a leader in innovation.

CED’s VMS program consists of volunteer mentors, who are overseen and supported in their mentoring role by seasoned volunteer members of the corporate and entrepreneur community. Mentors are selected for their experience in areas relevant to the needs of new entrepreneurs and for their enthusiasm for the program. Relationships between mentors and entrepreneurs are formed based on the needs and preferences of the entrepreneur and the interests of the available mentors.

Guiding Principles

The CED VMS recognizes that promotion of its goals requires careful adherence to principles that, at their heart, put the interests of the entrepreneurs ahead of the volunteers and staff serving the CED VMS.

- (a) The program manager, staff and mentors of CED VMS shall be responsible, foremost, for acting consistent with law and CED policies, and for promoting the best interests of entrepreneurs who have formed a relationship with the CED VMS.
- (b) The available resources of the CED VMS shall be offered without charge to all members of the CED Community who are actively connected to a venture as a founder/principal or executive/officer. Members of the CED Community are defined as entrepreneurs starting or growing a company within the Research Triangle Park area of North Carolina. The CED VMS experiences multiple demands on its resources and volunteers, meaning that the CED VMS may, on occasion, decline to participate in requests for assistance.
- (c) The resources of the CED VMS shall be made available without regard to gender, race, religion, color, national origin, or sexual orientation.
- (d) The CED staff, volunteers, and mentors shall adhere to CED policies.
- (e) The program manager shall oversee the formation of each relationship between mentors and entrepreneurs.
- (f) Mentors select company relationships based solely on the needs of the entrepreneur, the experience they personally bring to bear. Any recommendations made by CED staff or volunteers are based on the best available mentor for the needs identified.

- (g) The program manager, staff and mentors shall maintain strict confidentiality over any proprietary information entrusted to them by CED VMS entrepreneurs. All information (including the identity of potential investors) and advice generated or received in connection with mentoring activities is presumed to be confidential and should be treated as such. The entrepreneur alone determines whether to make a disclosure of confidential information. For entrepreneurs with unpatented technology, mentors may be requested to sign an NDA for patent protection, especially if the entrepreneur intends to file international patents in the future.
- (h) No mentor associated with the CED VMS may accept, for himself or herself, or any related party, a primary financial interest or financial relationship with a venture associated with the CED VMS without first formally recusing himself or herself, with 30 days advance notice, from the role as a CED VMS mentor with respect to that venture. See Operating Principles (s) for financial interest restrictions.
- (i) The CED VMS and its mentors serve on a voluntary basis as requested by those seeking help. Given CED's scope, it is possible that the CED VMS may be asked to serve ventures that are potential competitors. When the CED VMS becomes aware of a potential conflict, both parties will be informed. If the second party wishes to seek help, the second party will be assigned separate mentors.
- (j) No CED employee or any related party may invest in any CED VMS mentored venture, or be so invested nor may accept for himself or herself a primary financial interest or financial relationship with an CED VMS mentored venture.
- (k) All CED VMS staff, volunteers and mentors must disclose to the program manager any potential known secondary conflict of interest where success or failure of an CED VMS venture which they assist or oversee would potentially have material impact on any entity in which that person or related party is significantly invested or is a principal or for which such a close relationship is contemplated. In such cases, separation from the CED VMS or from the venture may be the remedy chosen if the program manager deems the conflict substantive.
- (l) The CED VMS does not provide recommendations or valuations to potential investors regarding purchase or sale of CED VMS ventures.
- (m) In addition to their mentoring responsibilities, volunteers and mentors are encouraged to participate, as time permits, in appropriate teaching and *pro bono* opportunities made available to and by the CED VMS.
- (n) Mentors provide mentoring services, including the provision of inventions or opportunities for invention, without compensation, direct or indirect, from the mentored venture or CED. Any arrangement for compensation, due to excessive time investment of a mentor, is subject to the recusal provisions herein.

Operating Principles

The CED Venture Mentoring Service provides this statement regarding the principles under which the service operates. The CED VMS is a program managed by CED and is subject to the rules and regulations of the organization.

Program Manager

- The Program Manager is responsible for overseeing operations, which include recruiting and screening potential volunteers, mentors and entrepreneurs, identifying potential mentor matches, monitoring CED VMS/entrepreneur relationships, and conducting the daily operation of the service.

Mentors

- Mentors are volunteers with relevant expertise in business formation, management, or technical fields, who wish to mentor entrepreneurs in general and/or specific areas.

Entrepreneurs

- Entrepreneurs are those persons with innovations, business plans, or desire to start or grow a venture, who wish to form a mentoring relationship with the CED VMS to pursue development of a business.

Venture Team

- Each venture being mentored ordinarily has an Entrepreneur, a Lead Mentor (responsible for managing mentoring provided to the venture, including compliance with these Principles), and one or more additional Venture Team Mentors.

Principles of Governance

- (a) The Program Manager will be responsible for making an annual report to the CED Board of Directors on activities related to the CED VMS, and for providing regular updates to the CED Executive Committee on volunteers and active mentors, a statement of the operations and the ventures supported by the CED VMS, and a statement of the income and expenditures of the CED VMS. These reports will briefly assess the overall success of the CED VMS in realizing its mission.
- (b) The Program Manager will oversee the process of reviewing applications for any person to act as mentor, including applications by CED staff and volunteers. CED staff and volunteers will be assigned to perform reference checks, and/or other adequate analysis of background and experience, on each such applicant. Approved mentors will sign a statement agreeing to be governed by the principles of the CED VMS.
- (c) The Program Manager will assure that records are maintained on each mentor who has volunteered services to the CED VMS, and make relevant data available to potential entrepreneurs.
- (d) Potential entrepreneurs complete a questionnaire to provide basic information about the venture. The Program Manager or designee typically will spend one to two hours with a potential entrepreneur to understand the needs of the applicant, to discuss the available resources of the CED VMS, and to formulate a written description of the proposed venture.
- (e) Entrepreneurs are responsible for providing the CED VMS, to the best of their ability, accurate information regarding their ventures, and for identifying any current or potential claims against, or liabilities of, their business.
- (f) The Program Manager will oversee the process of reviewing available mentors and identifying prospective entrepreneur/mentor matches. Mentors are then contacted regarding the desirability of forming a relationship, and mentors may decide whether to accept an assignment. Typically, each venture will maintain more than one mentor. There will be no mentor-entrepreneur relationship without an assignment.
- (g) CED maintains confidential records on each potential entrepreneur who has requested services from the CED VMS.
- (h) The Program Manager or designee will be assigned to each mentor/entrepreneur relationship to ensure compliance with the CED VMS reporting responsibilities.
- (i) Mentors report to the Program Manager regarding the agreed framework of each mentoring assignment, including the nature of the mentor-entrepreneur relationship and the proposed time commitment.

- (j) The Program Manager reviews the compatibility and appropriateness of any relationship between CED VMS and the entrepreneur.
- (k) Lead mentors, with assistance from the entrepreneur, provide periodic written reports to the Program Manager on each relationship, generally on a monthly basis.
- (l) The Program Manager or designee collects information from mentors regarding the status of relationships with entrepreneurs, including the approximate amount of time being spent by those mentors.
- (m) The Program Manager will assure that records are kept of the names of current CED VMS entrepreneurs, their ventures, and mentor assignments.
- (n) The Program Manager or designee responds to any request for re-assignment and to any complaint that a mentor has acted inappropriately, including accepting responsibilities without proper competence.
- (o) Any person acting as a mentor shall provide, no later than 30 days before consummating any such arrangement, a memorandum to the Program Manager describing the nature and terms of any proposed financial, equity, or compensated business relationship (including employment) with an CED VMS entrepreneur or venture, or with a relationship with third parties that would create a potential conflict of interest with an CED VMS entrepreneur whom they assist or oversee. Before discussing any proposed financial, equity, or compensated business relationship with a mentored entrepreneur, the involved mentor first must advise the entrepreneur of the need for the mentor to recuse him/herself and of the need for the entrepreneur to seek independent advice regarding the proposed new relationship. The Program Manager may review and discuss the nature and terms of the proposed arrangements with the entrepreneur.
- (p) Any mentor who enters into a business, financial, equity, or compensated relationship with a CED VMS entrepreneur whom they are mentoring must resign his or her position as CED VMS mentor to the entrepreneur and/or venture involved. CED VMS will, if appropriate, assign a new mentor to work with the entrepreneur.
- (q) CED shall disassociate from any volunteer, mentor, or entrepreneur who fails to comply with procedures or to uphold appropriate standards, and will inform those involved in the CED VMS relationship with that person of the action of the CED VMS.
- (r) With CED VMS permission, CED VMS entrepreneurs may include the CED Venture Mentoring Service name in their written business plans or company descriptions, or mention the CED VMS in their written fund raising presentations. Names of individual mentors may be used if permission for such use is given by the individual mentor.