



The Inventor's Galaxy Guide™

The Inventor Lady

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This guide is meant to be a guide for a business strategy designed to help inventors navigate the frontier of taking an idea to market. For more information beyond this guide, please contact the Inventor Lady directly.

For more information on our sister company, Archimedes' Offspring, designed to be a mentoring and funding option for independent inventors, please visit our website:

www.archimedesoffspring.com

Archimedes' Offspring works in tandem with the Inventor Lady to assist inventors at any stage of getting from Mind to Market.

Unlike a traditional business plan, a good invention strategy **MUST** be done in stages using the information gathered in each step to develop the next. The traditional business plan is a waste of time and can be a disaster for the independent inventor.

Basic Truths to Start With

1. Inventing is hard work and you need to have a plan. This won't happen by "wishing" for it.
2. Ideas are free, Inventing is not. It takes money to get an idea to market.
3. Most patents issued these days are improvements to existing technology. This is actually a good thing.
4. Filing a well written patent is **CRITICAL** to success. Use a registered patent attorney. The **ONLY** thing that gives you power is the strength of your patent. This is not the step to skimp on.
5. Legitimate licensees will only license patent pending or patent issued products.
6. While Crowdfunding has gained a lot of popularity recently, it is **NOT** a blank check. Product PreSale Crowdfunding is **NOT** free or easy!
7. Determine your ultimate goal early on. Do you want to license or be a startup. The early steps are the same but the money requirements are very different.
8. Service providers are service providers. They are **NOT** partners. Protect yourself and your idea with written agreements and non-disclosure/non-competes.

Introduction

Educating yourself on the process of getting an idea to market is important. There are many resources available beyond this guide. For example, the NOLO books offer some great information. But try not to let yourself get overwhelmed or spend too much time learning the process and lose important time working.

Every effort has been made to make this guide as inclusive as possible, with all the pertinent information you will need, but keep in mind the primary focus of the guide is to offer instruction on getting to market via licensing and not as a startup. Because you may not be sure which path you want to take, we will begin by offering some insight on the differences between the two options to aid you in deciding which is right for you. Knowing which direction you wish to take will help you avoid unnecessary steps and wasteful spending.

We have recently begun work with our sister company, Archimedes' Offspring, in order to offer a mentoring and funding option for independent inventors. Mistakes are easy to make and can be very costly. Funding is often quite difficult to get. A section is included at the back of this guide that offers a more in depth explanation of Archimedes' Offspring and how it can be a game changer for the independent inventor.

Should You Proceed as a Startup or Plan to License?

As in any endeavor, determining your ultimate goal up front will aid you in making better decisions and potentially save you from wasting money. There are two typical approaches to handling an invention: treat your invention as a startup business or plan to enter a licensing agreement. Some inventors want to be a startup but just don't have the skill set it takes to do so. If you are thinking of being a startup, ask yourself if you have the following and be honest with yourself.

1. Business experience: Have you ever managed a business?
2. Marketing experience: There is a difference between marketing and selling. Can you do both well?
3. Manufacturing experience: Have you ever been responsible for making a product on a large scale.
4. Understand the "Barriers to Entry" in your industry. **Every** industry has them! For example, if you have a pet product, you need to know that ALL the shelf space in the US is already owned by just a few companies. Consequently, if you don't get one of them to buy into your product, you will never get into a store. Home Health Care has serious safety regulations. Learn your industry!!
5. How deep are your \$\$ pockets. You will put in everything you have and more before you qualify to even apply for VC or Angel funding.

The first 3 are each full time jobs. Which one are you and who can you find to do the other jobs? How are you going to pay them? Being a successful startup is quite complex and difficult. Many inventors have great ideas but fail to ever get them to market because they mistakenly treat their idea as a startup and spend too much money trying to get to market.

The second option is to license or even sell your patent. This can be the much better option if you are lacking the extensive qualifications it takes to be a startup. What does it take to license? A well written patent! That's it.

Some inventors know they want to license or sell their patent. But others just aren't quite sure which path to follow. Here are some comparisons between the two options to help you decide one way or the other. Once you've made a decision, you will be able to make better business decisions and get to work.

Facts to keep in mind: Licensing Versus startup

A legitimate licensee does the following:

1. Does NOT charge you anything up front.
2. Manufactures the product.
3. Markets and sells the product.
4. Most often pays to defend the patent.
5. Pays for product liability insurance.
6. Sends you a check.

A Startup does the following:

1. All Manufacturing.
2. All Marketing and Sales.
3. Pays to defend patent.
4. Pays all Product Liability insurance and claims.
5. Pays partners (co-founders)/VCs or Angels/contractors. (Service providers see you as an open wallet.)

As you can see, startups are complicated endeavors. They can be lucrative, but you will need a lot of money to make money. Licensing offers a more realistic option for the independent inventors who don't have unlimited funds to start.



A Quick Note On Understanding the Multiple of Five

Understanding what you can charge for your product, and thus what you can make, can also help you decide which option to choose.

Whether you are a licensor or a startup, the consumer is the one who determines the pricing of the product. It really doesn't matter what you want to sell the product for. It only matters what the consumer in the target market will pay.

The next step is to understand the "multiple of 5" concept. If your product is a \$10 retail product, the store bought it for \$5. A distributor bought it from you for \$2.50. (You CAN'T sell them ALL yourself.) That means you have to manufacture, package, ship and insure for \$2.00. That leaves you \$.50 per unit to pay for marketing, to defend the patent, pay for insurance and pay all your contractors as well as any interest to investors. For many inventors, understanding this reality helps you make the decision of licensing or startup.

As You Proceed...

This guide is designed as a workbook. Go through the steps so that you will know what information will be needed. If you know you want to license your patent, the information we have included will address ALL the topics you need to know about. If you want to be a startup, you will need ALL of this to do a traditional business plan, which VCs/Angels or the banks will require, so our workbook is helpful either way. But if you are planning on being a start up, you will need a lot more information beyond what we can offer.

How do you use the workbook? Go through each section so that you learn what the stages are and the range of costs. It is also important to learn what the issues are so that you know what questions to ask. Before you spend a single dime, you want to have a ballpark budget, know the issues and options.

In an effort to keep this strategic guide as organized and as easy to follow as possible, we outline the process into key phases. As previously mentioned, addressing these phases in order is critical as what you learn from each phase will assist you in planning for the next.

Key Phases

Phase 1: Due Diligence

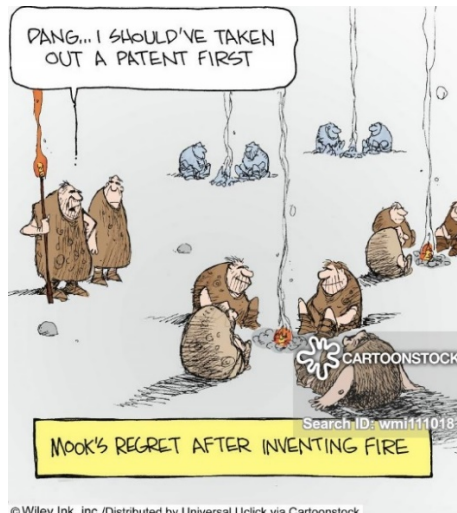
Phase 2: Money Plan

Phase 3: Intellectual Property

Phase 4: Engineering and prototyping

Phase 5: Product Launch

Phase 6: Licensing



Phase 1: Due Diligence in Searching for Similar or Competing Products and Ideas

The best place to start: Google It. You're looking for similar and/or competing products that may already exist. Once you're confident that you have something unique, or as we tend to say in the industry "new and novel", it is time to invest in having a professional search done by a neutral third party. Use a private company or an attorney who is NOT going to write your patent. It is a conflict of interest to have the attorney whom you want to write the patent do the search.

A good search should include a search of the USPTO database, an international search and a product search. *SearchQuest Patents charges \$499 for a comprehensive search. Sometimes the most valuable information you get is, "NO," don't move forward! Most searches come back with lots of questions. This is good. Most issued patents these days are improvements on existing products.

Once the comprehensive search is complete, it will be important to find a qualified Registered Patent Attorney (RPT). The RPT will have an initial charge to review your comprehensive search and set patentability parameters. I'll discuss patent attorneys in more detail in Phase 3.

An important note worth mentioning is to be wary of those advertisements you see on TV. There is NO one stop shop for everything you need done in this process. You pay as you go!

Phase 1 Active Items:

Find out who you prefer to use for the search and fill in the blank below.

Comprehensive Search: \$499 to \$2500

Your cost _____.

Search Review: \$720 to \$1500

Your cost _____



Phase 2: Money

Before you go any further into this process, money needs to be discussed as it is often the biggest challenge for independent inventors. My mantra as a licensing agent is:

Don't spend a dime before it's time!!

No one wants to throw away money because most of us have little to spare.

At this point, you have only invested in determining whether or not you have something “new and novel”, which should bring your out of pocket expense to between \$1,500 and \$3,000, depending on the service providers you use(d).

Assuming that the search comes back with good news and you really have something “new and novel”, the next step is to decide how you are going to pay moving forward. Do this before you indiscriminately start throwing money away.

Potential Funding Options

1. Yourself: If you have unlimited funds, good for you. This will be faster and easier.
2. Friends, Family and other Fools (the 3F's)
3. CrowdFunding can be a useful tool. However, you need to know that a good/successful campaign can cost over \$5,000 and take several months. If you don't know what you are doing, you can easily find yourself upside down after the campaign,

with an obligation to refund money you no longer have. Educate yourself before venturing down this rabbit hole.

4. Venture Capital Firms (if you plan to be a start-up): This is an application process. You still need to do the steps in this workbook and then the traditional business plan. You will need a ton of cash to get to the point of being able to successfully qualify for funding. REMEMBER: Today, virtually all VCs (or even Angels when they're part of a group) will require 10X their money back in 3-5 years. If you can't scale quickly just using money, forget it.
5. Archimedes' Offspring (AOS) (if you plan to license or sell your intellectual property): This is also an application process. You need to have both the comprehensive search and the patentability opinion done to apply for the funding. You do NOT need a business plan. AOS will be discussed in more depth later.

As we proceed with Phases 3-6, how your funds will be spent, regardless of origin, will be outlined in more detail. As most of us do not have a family fortune to play with, I try to keep my recommendations on the conservative side. I do NOT recommend wasting valuable funds on foolishness like exotic vacations under the guise of manufacturing research...



Do You Have One Of These In Your Back Yard?
The Inventor Lady

Phase 3: Intellectual Property

The ability to license or sell your invention is directly related to how good the patent is. If you take short cuts with your patent by using a discounted TV group or trying to do it yourself, your ability to license goes out the window. I can NOT express strongly enough how important the quality of your patent is. DO NOT DO IT YOURSELF!

Patent Truths:

1. No Patent –No License. Anyone who tells you that you can license your idea without a patent doesn't know what they're talking about. The ONLY thing that allows you to control the process is owning the patent and keeping the controlling interest in the patent.
2. You MUST use a Registered Patent Attorney (RPA). The hourly rate is the big variable.
3. Having an RPA file a Provisional Patent Application for you is a good strategy for budgeting and for testing the market.
4. A Provisional Patent Application is tricky and often misunderstood by the inventor. Technically an inventor could write out his/her idea on a roll of toilet paper and mail it to the USPTO. As long as all the paperwork is submitted, no one passes judgement on the merits of the actual idea. The issue is understanding that the purpose of the PPA is to protect your filing date while you develop the final product and test the market. The MAIN purpose of the PPA is to protect your filing date if you are challenged in court. In

order to do this, the PPA MUST have an enabling disclosure: claims and drawings. The best case scenario is that the PPA is the front half of the full utility patent filing. This means it protects your filing date, will stand up in court if challenged, give time to develop the product and test the market. It also helps with the budget because it is the first half of the patent costs.

5. When possible, have the RPA file a utility patent (also referred to as a non-provisional patent application).
6. There are times when a design patent might work, but it shouldn't be used if you can file the utility patent. In fact, sometimes you should file both. This is a question for your RPA.
7. Why should you NEVER file your own patent? There is a reason the RPA's went to school for so long. There is an art to writing a GOOD patent and most inventors don't understand the tug of war that happens between the attorney and the USPTO examiner. The inventor knows what the invention is and writes exactly what he/she knows. But that's NOT how a good patent is written. The attorney tries to push up against all the other patents that have been filed related to this new one and grab all the geography possible to be included in the new patent. It really is a dance of negotiations and the RPA is your most valuable asset.
8. The big variable is the billable hourly rate for the RPA. Always ask what the rate is. In this case: more doesn't necessarily mean better, it just means more! I have seen really

good attorneys at \$200 an hour and really bad ones at \$600 an hour.

The average cost of a nonprovisional patent application (Utility Patent Application) should be \$8,000 to \$10,000 depending on how complicated it is. Now understand that the big variable here is the RPA's hourly billable rate. If you decide to use one who charges on the high end or charges for every email and phone call, your total cost for the preparation of the patent documents can easily hit \$20,000 or more.

This is another area AOS can offer a lot of assistance. If you're not familiar with an attorney that you can trust, picking one at random can be a nightmare. AOS has quality service providers available that have been doing this work for years and that have gained the trust of our board members.

Phase 3 Active Items

Cost for Provisional Patent Application \$99 to \$6,000 (If you use the \$99 option, your PPA is probably awful.) Average is \$2,000 to \$4,000. Your cost \$_____

Cost for Utility filing \$8,000 to \$10,000. This depends on whether or not you had a RPA file a PPA and that cost is applied to the utility. In this case the utility filing should be \$4,000 to \$6,000 depending on the details of the PPA and if you had material changes to the product design since the PPA was filed.

Your cost \$_____

Phase 4: Engineering and Prototype

This phase has the greatest number of variables because how much you spend will depend on the material needed for your invention, how complicated it is and what you may be able to do yourself.

Engineering and Prototype Truths:

1. Insist anyone you work with signs a Non-Disclosure Non-Compete. If you need a Non-Disclosure Non-Compete, let me know. I give them away free.
2. Ask for quotes/estimates in writing.
3. Ask for timeframes and hourly rates.
4. Insist on references and take the time to check them out.
5. Use a Work for Hire agreement (if you don't know what that is, ask me).
6. Most good engineers will ask for a retainer. This is normal. It is usually applied to the hours needed if you contract with that engineer to do the job.
7. Do not give away part of your ownership in the patent to an engineer without understanding the true costs and their expectations.
8. Consider using a local engineering college to help. The costs will be lower, but the timeframe will be much longer.

This is a good time to remind you that these phases should be done in order. I have met inventors who have engaged an engineer before a comprehensive patent/product search was done. Talk about spending dimes too early. Because engineers will

do the best they can, but it isn't their job to worry about the patentability or if you are infringing on another patent. They are going to make what you ask for and charge you. Get your search done, have a registered patent attorney set the parameters and then go see the engineer so you can avoid wasting money on potentially needing to have work re-done and pay again.

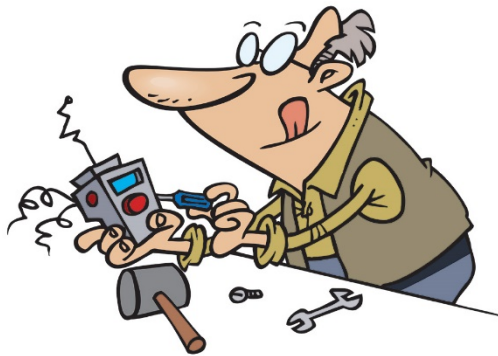
Phase 4 Action Items:

Please note that no range of costs is included in this step due to such a high level of variability.

This cost is often broken into a couple steps.

Engineering Design and Drawings \$ _____

Prototypes \$ _____



Phase 5: Product Launch and Marketing

Many options exist for aiding you when it comes to a product launch and marketing your product. This area can be a huge money suck if you don't make wise and cost effective choices.

I am a big proponent of attending professional tradeshow because it's where you get the most bang for your buck in regards to product launch and marketing. Although it will cost you the price of an exhibit booth, it offers you a venue to get market research, i.e. is there desire for your product, reseller interest, potential price points, etc. It is also an effective product launch environment because your target audience, i.e. licensees, will be in attendance. While you can't officially sell your product there, you can certainly put out feelers in regards to interest.

Tradeshow Truths

1. Don't go alone. There is no way that you can work your booth and work the floor alone.
2. Choose wisely in who you take with you. Don't just take a spouse or friend to have a warm body along. You want the person who goes to know what they are doing and truly be able to help you.
3. Don't overspend on booth "stuff" that you can't take with you for future use. Find out what if anything comes free with the booth and then bring what you can from home.

Exhibit halls can be extremely expensive. I've seen them charge for providing you a trash can.

4. Be wary of accepting help from people who work at the venue. Union people will offer to help you on site and then send you an invoice. So be careful.
5. Find out what marketing is legitimate for your particular show. Lots of hooligans will give you a hard pitch to sell ads and services. ONLY go through your show contact for this or you will pay dearly for very little benefit.
6. Look for reasonable accommodations at the show. A lot of times the venue has accommodations, but they come at a premium price. If you are working the show right, you will be too tired at the end of the day to go "out on the town" or care how fancy your room is.

While there are many options for marketing material, I'm going to focus on a website, videos and printed material. I feel like these options are valuable assets to have without breaking the bank. I recommend that you try and use local service providers to help you with these options. There's no need to get super fancy because that can get expensive fast. For example, with today's technology degrees, you can often find someone local to help build you a website or create a video without looking for someone who works in Hollywood. Universities are great places to look.

Website

Don't over spend on a website. You don't need a big fancy site yet. In the early stages you need a landing page with basic information and contact information. If your budget allows, you can get a simple WordPress site.

Videos

Again, don't overspend. In the beginning, these can be inexpensive. If you have to, use your smart phone and load the video to YouTube!

Printed material

Focus on the basics: Business cards and some flyers. Print 500 (usually the lower end of pricing options). Use good quality paper and color. This reflects on you.

Phase 5 Action Items:

Tradeshow

The dollar swing for this is \$2,500 to \$10,000.
Hopefully, you still have some money left in the bank
to go to one.

Your Cost \$ _____

Website

Budget \$500 to \$1000.

\$Your cost _____

Videos

Budget \$0 to \$5,000.

Your cost \$ _____

(If you spend more than \$5,000 or tell me you went
“on location,” I will haunt you in your sleep.)

Printed Material

Budget \$500

Your cost \$ _____

Phase 6: Licensing

As I previously mentioned, the main focus of this book is geared toward those aiming for licensing or selling their product. I am a firm believer that licensing is the more realistic option for those of us with limited funds.

Licensing Truths

1. No legitimate licensee will charge you up front. A few will even give you a small advance against future royalties. Some will pay you for existing inventory.
2. Don't make the mistake of trying to tackle licensing alone. Like any legally binding contract, licensing contracts are tedious and confusing and full of fine print that is designed to benefit the licensee.
3. Use a licensing agent to help negotiate the deal. Using a professional who is trained to understand the legal loopholes and fine print will prevent you from making costly mistakes or signing something you don't understand.
4. Like with any other service provider, choose wisely. Many licensing agents charge up front for their service regardless of success or not. There shouldn't be charges up front. The licensing agent should be paid based on success. If you have questions, please contact us.
5. Licensing agents are not the same thing as regular transactional attorneys. Attorneys rarely know what a real licensing agreement

should look like. All they see in you is billable time.

Manufacture a short run

One other thing to keep in mind is that manufacturing a short run of your product can be very beneficial. Inventors who can manufacture a “short run” (500 to 1000 units) enhance the ability to get a licensing agreement. There are several resources available for this step to keep the pricing manageable. This will be more about what dollars you can afford to spend and can range considerably. If you have questions or need referrals, ask me.

Phase 6 Action Items

Manufacture a Short Run

Budget \$5,000 to \$25,000

Your cost \$_____

Inventor Lady

Rita Crompton has been working with inventors for nearly 15 years, helping them to develop their ideas and successfully get their products licensed and on the market.

Her years of experience in the industry have allowed her to nurture good working relationships with numerous quality service providers, and from that, she has been able to guide inventors towards the help they need.

She has spoken at private inventor meetings across the country, and routinely takes a large group of inventors to the National Hardware Show in Las Vegas, NV each year for their product launches.

As a licensing agent she has assisted many of the inventors she's worked with in entering into lucrative licensing deals and even with a few out right sales.

Archimedes' Offspring

Archimedes' Offspring (AOS), the result of divine inspiration, is the brainchild of Ray Burrasca and Rita Crompton, their own Eureka! Moment. The concept emerged fully-formed and offered a controlled way to provide independent inventors with both the funds and the mentoring to ensure that they'd be able to get their invention, quite literally, from "mind to market".

In the past, funding options for independent inventors have, for the most part, been limited to government-based or backed programs like grants or, where available, SBA loans, or using your own personal credit line to finance the endeavor of getting the product to market. None of these, even in those few instances where they were actually available, were not great options. This led Ray and Rita to realize that if another option was available, many more independent inventors would have the opportunity to succeed.

With that in mind, they and several business partners have embraced the concept of basing funding solely on the merits of the invention and created a company to make it possible.

Archimedes' Offspring is the first and only NEW option for funding ideas and inventions of the

independent inventor. For once inventors have the ability to get funding that is NOT a payback option and has nothing to do with his/her own credit! It is open to everyone and the potential of the “idea” gets evaluated, not the person behind the idea.

AOS uses a vetting process, designed to be done as a submission on the website, to determine which ideas qualify.

After the vetting process is complete, approved inventors can receive up to 3 tranches of \$25,000 each to pay for early stages of the inventing process. The inventor doesn't get a check. Instead, the money goes into an escrow account and approved service providers are paid directly from the approved funds.

But the people at AOS didn't stop there. Not only does AOS offer a funding option, it also offers mentorship to the inventors who are accepted into the program.

They want the inventors they accept into the program to benefit from the many years of experience the committee members bring to the table. In addition, inventors will get the added benefit of being introduced to AOS-preferred service providers, individuals who have proven over time to be honest, dependable and affordable.

For those independent inventors who know they need help, with funding and with advice, AOS is a great option for you. Be sure to head to our website to learn more and to submit your idea to our vetting process.

www.archimedesoffspring.com.

Archimedes' Offspring



The BEST Way To Fund Your Invention

www.ArchimedesOffspring.com

Conclusion

Getting an idea from mind to market is a complicated and time consuming process. It is not for the faint of heart. But if you take the time to educate yourself and learn what resources are available to you, navigating through it can be much easier.

Hopefully the topics we've discussed have answered some of your questions and provided you with valuable insight no matter what stage of the process you are at.

If you want more resources or just have some questions, send me an email at

Rita@InventorLady.com or visit my website www.InventorLady.com.

If you are looking for funding assistance, please check out the Archimedes' Offspring website for more information on this new and innovative approach to funding!

www.ArchimedesOffspring.com.

We are here to guide, answer questions and offer resources to help you make the best decisions for success.

Good luck!

