



GROW



Protect Your Ideas When Presenting To Investors

Contracts and common sense will help you keep your secrets safe.

You've just developed a revolutionary product, and you're ready to search for investors. There's just one problem: You're worried about someone stealing your idea. If you give an in-depth presentation on your business to investors, what's stopping them from capitalizing on your idea without you?

If you're wrestling with this Catch-22, the following suggestions can help you maintain confidentiality during your quest for capital.

- **Ask them to sign on the dotted line.**

Prepare a confidentiality agreement, and ask investors to sign it before you disclose any confidential information. You can obtain standard confidentiality agreements from contract attorneys or, for less money, you can do an online search and download an agreement from the Web. Unfortunately, fear of future lawsuits may make some investors reluctant to sign confidentiality agreements. If you come head to head with an investor who doesn't want to put pen to paper, take a step back and think about other alternatives. You could protect your idea, name or invention with a federal trademark, copyright or patent. Or you could try less costly and time-intensive strategies. Read on.

- **Go fishing instead of hunting.**

Try luring potential investors and partners with tantalizing snippets of your business idea. Don't tell all -- at least not yet. Once you've piqued their interest, ask them to sign a confidentiality agreement -- they may be more willing to do so once their curiosity is roused. One method for generating interest in your business idea is to prepare an executive summary that excludes proprietary information.

- **Find a witness.**

When you present your idea to an investor, make sure you have a witness in the meeting -- someone other than your business partner or a family member. You can then preface your presentation by saying that you are unveiling the following information in confidence. If you can get the investor to acknowledge that confidentiality, you then have a third party who can testify in court that there was an oral confidentiality agreement, should legal action become necessary. After the presentation, follow up with a letter that reiterates the oral agreement.

- **And remember this simple advice:**

Make sure you do business with reputable professionals. Confidentiality agreements provide a layer of protection most of the time, but they won't protect you from crooks. Thoroughly research potential investors before you share any secrets.



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