



The Pre-seed Builder Fund (or Builder Fund) was created to financially and operationally support the development of startup companies run by entrepreneurs who demonstrate a socially or economically disadvantaged background that hinders access to traditional forms of capital and executive networks at the pre-seed stage. Companies selected for a Builder Fund investment will also receive executive support to better position the company to receive follow-on, professional investment in 12 – 18 months. The Builder Fund differentiates itself by identifying exceptional investment opportunities in markets that are often overlooked by traditional funding organizations, by advancing the development of those opportunities, and by making valuable introductions that can lead to the next stage of investment. This program supports TEDCO's overall mission of discovering, investing in, and helping to build great, Maryland-based companies that grow and last.

Many of today's startup funds make investments in businesses that have a strong growth potential and that are run by entrepreneurs who are already connected to the investment community. Yet, the full range of innovative, scalable ideas extends well beyond those funds' existing networks. To capture the full range of exceptional opportunities from the diverse, competitive, startup ecosystem, TEDCO has launched a next generation funding program focused on building operational excellence in startup companies. The program takes an unprecedented initiative of formally pairing seasoned executives (Operations Support) with company founders to facilitate knowledge transfer and to introduce executive experience to the best ideas at an early stage of development. The program includes education, team building, and a pre-seed investment that seeks to institutionalize the conventional friends and family round to fill a gap in access to capital commonly experienced by entrepreneurs from socially or economically disadvantaged backgrounds. The program will also serve to expand the State of Maryland's pool of high-quality, fundable companies.

Funding Levels

\$50K cash as well as \$50K in-kind per deal.

Who Can Apply

The Builder Fund is seeking scalable, startup companies (typically less than 2 years old) commercializing a product or technology. The company must have founders who can demonstrate a lack of access to conventional funding due to a socially or economically disadvantaged status and must have a principal place of business in Maryland. Companies should welcome active involvement from TEDCO's network of outsourced executives. Companies receiving an investment are required to have at least one founding manager working in the company on a full-time basis.

Program Structure

Companies receiving an investment must participate in a formal program as follows:

Part I: Investment

Part II: 12-week educational intensive

Part III: Second 12-week operational intensive

Part IV: Progress checks at 38 and 52 weeks, post investment

Part I: Investment

Companies who are accepted into the program will receive an immediate investment in the amount of \$25,000 using TEDCO's standard, convertible note agreement with 8% interest and a 5-year maturity. A second investment of \$25,000 will be made to companies at TEDCO's sole discretion contingent upon successful participation in the program and the achievement of pre-determined milestones. These milestones will be established prior to an initial investment with input from TEDCO program management, the Operations Support team, and the company founders. This collaborative alignment process is critical to the program mission as stakeholder buy-in is absolutely essential to encouraging the Operations Support team's and founders' commitment to program participation and achieving the specified milestones.

Part II: Educational Intensive

Following the investment, a 12-week program will provide a set of interactions necessary to improve the competitive capacity of founders and their companies. Companies will convene 1 day per week for the duration of the program. Structured programming will be offered in the form of 45-minute, one-on-one sessions in the morning and guest speaker sessions in the afternoon followed by a networking event. These fast-paced, jam-packed days are meant to set an upbeat pace and tone for the program, to enable tracking of company developments and needs, to establish a culture of accountability, and to hustle and foster close familiarity across the cohort and broader entrepreneurial community. Companies will otherwise be free to work from any location they please for the remainder of each week. Companies will also work with the Operations Support team during this period to progress toward achieving milestones.

In addition to weekly meetings and working with Operations Support, company founders are also expected to follow a rigorous, customized learning plan developed by TEDCO and the Operations Support team during the 12-week educational intensive. As company needs will vary based on business plans and founder backgrounds, each founder will only be assigned courses specific to their needs. Each learning module will also have required deliverables relevant to the company's operations that demonstrate the founders' comprehension of the subject matter. Examples of such deliverables might include a complete set of pro forma financial statements or a media buying plan for a Do-It-Yourself digital marketing module. Companies will be encouraged to complete immersive learning requirements rapidly, but the drop-dead date is at the end of the 12 weeks.

Part III: Operational Intensive

The game changing aspect of this program is the merger of novel talent and ideas with seasoned talent and credibility in a hands-on way that extends beyond mentoring and fosters a real connection and teamwork. As such, TEDCO will source and engage seasoned executives (Operations Support) to work directly with companies on day-to-day management level activities to accelerate the operational success of cohort companies. The program seeks to commission diverse talent in strategy, business development, sales, finance, operations and marketing to establish a resident C-Suite of sorts. The Operations Support team will be expected and encouraged to spread their time across cohort companies so each company will have access to the unique experience of each member of the Operations Support team.

The availability of Operations Support is paid for by TEDCO and is provided as an in-kind contribution to companies, which are each allocated 150 hours of Operational Support over the course of 24 weeks. The expectation is that companies will use less Operations Support time during the first 12 weeks as they develop and start to execute operational plans, and rely more heavily on the usage of the Operations Support in the second 12 weeks as they focus more consistently on implementation of their plan and building their businesses.

Part IV: Progress Checks

At the end of the 24 weeks, members of the Operations Support team are welcome to continue their interactions with the companies, either by entering into an arrangement directly with the companies or as part of TEDCO's Advisory Services. TEDCO will track company progress via separate company and Operations Support interactions during the second 12 weeks. Company milestones will be tracked at 9 and 12 months to ensure the companies are progressing toward a viable seed investment opportunity.

When to Apply

The Builder Fund makes investment decisions twice a year. Application deadlines are July 15th for a cohort that will run in the fall (Sept. – Dec.) and January 15th for a similar cohort that will run in the spring (Mar. – Jun.).

Entrepreneurs can apply for the program by completing an application and submitting a short (2-page) executive summary. To be competitive for the program, applicants are encouraged to utilize resources such as [PitchCreator](#) to ensure that their executive summary includes the needed information and is presented in a way that is generally required by investors. This program is highly competitive. Applicants are **strongly** encouraged to spend time developing a solid business model and executive summary before applying. TEDCO has a variety of [resources available](#) to help applicants prepare for an application submission.

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