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[Business](#), [Employment](#)



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NanoGene Technologies, Inc. In November 2001, the team of Tompkins Mark Masterson, Ravi Rhoota, and Gary Gary Garfield met to formally incorporate NanoGene. They discussed a number of important issues including equity splits, salaries, funding strategies, and naming Tompkins CEO. The founders decided a salary of \$120, 000 and split the equity equally. NanoGene closed a deal with an angel for \$600, 000, and their own stock would be 20% immediately, 20% at the end of the first year and the remaining 60% at the rate of 2% per month. In September 2002, Tompkins met with VCs seeking \$10 million in series A financing. After doing several due diligences on the company, the VCs had serious issues with the decisions the founders had made. First, it was the large founding team, the fact that split the equity equally, the salary, and none of them had experience as a Chief Scientific Officer of an established firm. According to the VCs CEOs usually have 7 to 10% equity and makes about \$250, 000 salary, and senior scientist \$95, 000. Another issue that the founders had was that they wanted to hire Miller as VP but they were not agree with the salary she was asking. Mean while she agreed to do some consulting projects for NanoGene. Miller did help the team do some hiring process and with the compensation policy. Evaluate the founders' decisions regarding the split of equity and compensation level. The decision of the split equity, and compensation seemed fair when NanoGene was founded. As the case stated, Will Tompkins did not see himself more important than his co-founders, and because they all started together and were agreed about it. But once the founders started working, things changed as they performed different duties and responsibilities. I t is logic that

salaries and compensation should go according to their performance in the company. There exist guidelines to follow on how NanoGene should go with the market salary for the some jobs. In terms of the compensation level, it can be considering as a no dynamic. It would be better to consider multiple options for compensations that would be a dynamic workforce. As a potential investor, these decisions would be a concern for me. When doing evaluation of the potential company the distribution of salaries among the founders is important because as an investor I would see the CEO as not aggressive enough to run the company and who is not ready or willing to take appropriate salary. Also would see the CEO as not being confident with his ability, which it would be important for the business to be successful.

Evaluation of the size and composition of the founding team. It is a problem when the founding team at NanoGene is larger than the average team. Also it is relevant that when trying to negotiate with a big group of founders brings disagreements between founders and investors. It is clear and easy to deal with one or two people than with a group of people that would have different opinions and points of views. Furthermore, there could negative results as none of the founders have any business experience. It would be logic that when creating a company at least one of the founders has some experience. In terms of the composition of the founding team, it would be better if the founders own different amounts to make the correct decision control. There is a big difference between being a founder and early employees. A founder owns percentage of equity, has more ties to the company, does the job by directing, works harder, has to be involved with meetings of the company, and it is uncertainly the time in terms of getting

pay. While the early employee just has opinions, does the work, have less risk, and get pay from day one. Evaluate Paige Miller as an addition to the team, the addition of Paige Miller to team would be a great value to the company since she had the experience in management and operations field that none of the founders would have to manage NanoGene. As Will said, Paige would contribute a lot the company doing the job of management while the founders can focus on the science. In terms of her compensation demands, salary and equity are reasonable since she asked and knew what her market value is. She had ample knowledge of her work and how much she worth. As such, her compensation demands are logic, and I would hire her if she would contribute and bring value to the company and need her. I would not be hesitating paying what she asked. But since NanoGene is a developing company, hiring Paige would be not necessary, and also would be loss of fund at this time. Consequently I would probably hire her to do some consulting projects for NanoGene. Assess the company's progress on each of the specific issues discussed in the last section of the case: In the hiring process, first of all it would be better that each senior scientist identifies the position and skills needed for his or her department. This way the scientist can have an idea and the vision of the person they need. In order to recruit the potential employee, NanoGene needs the process of doing advertising through news paper, web-site or/and job fairs. In the process of interviewing is the decision to select the most qualified candidate. The compensation policy provides a set of basic principles and guidelines that are designed to enforce end direct the company. NanoGene should comprise with more options basing on the potential candidates' backgrounds and experience.

Also it is very important to set clear goals for each department, and give some freedom which would be the successful of each employee as well as for the company's future. Also the company's culture is very important to maximize its ability and achieve its strategic objectives as NanoGene must understand its ideal culture. This would be helpful when doing interviews to better accomplish its needs. As culture encourages employees to work hard but also to have fun while doing so. Furthermore its culture entails respect for others employees in terms of understanding the company's culture works reciprocal with strategic NanoGene was founded with a large group of members, salaries and split were unusual way, and they were pure scientists but none of them had experience as CEO. The team should reduce the number of the members, and hire someone who has ample experience as Chief Scientific Officer. Also change the salary and split based on the guides in order to be performance oriented and be successful business.