

## **Frequently Asked Questions**

### **Columbia's Conflict of Interest Policy as It Relates to Startup Companies**

Entrepreneurship among faculty and graduate students is an increasing trend, both at Columbia and at many of our peer institutions. Columbia offers a number of programs to support these initiatives, and you may learn about them at <http://entrepreneurship.columbia.edu>.

The establishment of a faculty or graduate student startup company may raise issues concerning potential conflicts of interest. If conflicts are not appropriately managed or reviewed, they could leave you and the institution vulnerable to charges of bias in your research, and may also raise regulatory concerns. For companies based on University intellectual property, the Office of Research Compliance and Training (RCT) works closely with Columbia Technology Ventures (CTV) to ensure that such issues are flagged early and addressed so that the startup can move forward as smoothly as possible.

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#### **Question: What Constitutes a Conflict of Interest?**

Both of the following factors must be present in order for there to be a potential conflict of interest:

- *Relatedness*: the activities of the startup company relate to the faculty member's research at Columbia; and
- *Financial Interest*: the faculty member has a financial interest in the startup company.

Relatedness is a fact-specific assessment, and depends on the potential for the Columbia research to affect the company. This analysis may require a review of ongoing research and how it relates to the licensed intellectual property, the company's R&D plans, and other relevant facts.

Some examples of financial interests include consulting arrangements with the startup or Columbia employees' ownership of equity in the startup. Importantly, any equity in a private company, even a small company that is difficult to value, is considered a "Significant Financial Interest" under Columbia's Policy on Financial Conflicts of Interest and Research.

#### **Question: What Steps Must Be Taken to Address Potential Conflicts?**

##### **A. Disclosure**

Under Columbia's Policy, if the startup company's activities relate to a faculty member's institutional responsibilities, and if the faculty member also has a financial interest in the company, the faculty member must update his/her Financial Interest Report in Rascal. For example: if Columbia is planning to license technology discovered in your research to your startup company; and you plan to continue to conduct research that relates to the technology

being licensed; and you own any equity in the company, then you must update your Financial Interest Report in Rascal and disclose these facts.

#### **B. Review**

Once you have updated your disclosure, it may require review by the Committee on Financial Conflicts of Interest and Research. The Committee is composed of faculty voting members and administrative non-voting members. There is a CUMC sub-committee, chaired by Dr. Henry Spotnitz (Department of Surgery), and a non-CUMC sub-committee, chaired by Prof. Stephen Penman (School of Business). The Office of Research Compliance and Training provides administrative support to the Committee.

Upon review, the Committee can decide either that there is no conflict, or that there is a potential conflict that must be managed. There is no one-size-fits-all approach to conflict management. Rather, each case is assessed on its own facts. If it is determined that there is a potential conflict, management strategies typically require disclosure of the potential conflict to members of the research team and in relevant publications and research reports. Management may also include additional reporting to the Committee as the research progresses, independent validation of the research, or other strategies. In some cases, such as those involving testing of a new drug or other technology that could present a risk to public safety, management may involve a choice for the faculty member between limiting a financial interest and full participation in the research project.

#### **Question: How Do I Alert Columbia to My Potential Startup?**

The Office of Research Compliance and Training is here to help faculty and graduate students navigate this process. However, it is worth noting that the Committee meets only once per month, and it may take more than one meeting to gather the information required, review it, and finalize a management plan. Accordingly, all Columbia employees who are considering a startup are encouraged to update their Financial Interest Reports as early as possible prior to the company formation.

Addressing potential conflicts early protects you and the institution. Early discussions between faculty and the Office of Research Compliance and Training focus on the “relatedness” of the company’s work to ongoing Columbia research, the intellectual property licensed to the company, and the nature of the faculty member’s financial interest(s) in the startup. Discussions may include the potential impact of choices you may make in structuring the company and your Columbia research.

If you would like to schedule a meeting to discuss these matters, please contact Anderson Smith in the Office of Research Compliance and Training at [aps2180@columbia.edu](mailto:aps2180@columbia.edu).