

Transforming Your Idea into a Successful Company

- What it takes to be an entrepreneur
- Steps to launch a product business
- Steps to launch a service business
- Legal Aspects of startup companies



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Entrepreneurial Profile: Do You Have What it Takes?

1. Introduction

- High Rate of Startup Failures
- Hard to Succeed
- Don't start for wrong reasons

2. Passion for your business

- Commitment, sacrifice, confidence
- Optimism, reasons why it will work
- Resilience

3. Knowledge of your market and place

- What is really unique about your business
- Need: Selling morphine, not vitamins
- Business Model
- Where are you playing: dominance over your market
- Recurrent Revenue-fixed cost leverage
- Competitive advantage

4. Working with others, Facing Change

- Sharing, fairness, team building
- Adapt and change-learn and grow from your mistakes
- Scaling the business-including when to fire yourself

5. Putting yourself out there, on the line

- Giving of yourself
- Networking
- Relationship building, nurturing

Launching a Successful Product Business

1. What is a Successful Business?
 - Producing good return to you and your stockholders
 - More money coming in than you are putting out



Launching a Successful Product Business

2. Have a Plan: How will you create value for others

- Find a “pain” in the market – providing a solution
- You can’t create demand- you want to fill supply
- Establish your brand based on filling a compelling need



Launching a Successful Product Business

3. Know your customer, know your market
 - Start local and build - small, fast, cheap
 - Keep testing-figure out what works and doesn't
 - Keep your database, access it
 - Develop a sellable model/market and test product



Launching a Successful Product Business

4. Build a company

- LLC or Corporation- entity, limited liability, credibility
- Stock for others

• 5. Build a team

- Equity and fairness; share success
- Convince others to join you – see
- Build a Board of Advisors or Directors – Key resource for your good fit

Launching a Successful Product Business

6. Build a prototype, sell something
 - It doesn't have to be perfect
 - Selling-feedback and gets \$ coming in
 - Establish further proof points of viability, credibility
7. Develop and protect your IP
 - What you can protect and what you can't
 - Strategize IP protection- IP assets
8. Bootstrapping and Commercial Contracts

Launching a Service or Consulting Business

1. Your Market: Research and Determination
 - Self Skill assessment (“looking in mirror”)
 - Who are your customers? Finding them...
 - Listening to customers/match skills to need



Launching a Service or Consulting Business

2. Selling Service and Selling Yourself

- Selling Payback you can deliver customer
- Promotions – articles, talks, advertising ...
- Lead Generation, building your network

3. Building a Trade Name and Identification

- Name, Logo for Recognition / Distinction
- State, Federal trademarks as bus. Assets

Launching a Service or Consulting Business

4. Compensation, Pricing & Collection Planning

- Fees- By Rate, Commission, Lump sum
- Payment Installments – Periodic, Milestone
- Security – deposit, Security Interest, Penalty
- Reimbursement or Payment of Expenses
- Currency of Payment – Cash, Stock, Other



Launching a Service or Consulting Business

5. Production, Costs and Delivery of Services

- Quality Control; Repeat Bus, best marketing
- Cost Control, start small

6. Sales and Limitations on liability to customers

- Sales Terms to limit commitment, Forms Battle
- Upfront Liability Bar: Corp, LLC in operation
- Backend Liability protection via insurance

Launching a Service or Consulting Business

7. Staff, Subcontracting & Handling Overflow
 - Staff & contractors to expand capacity, reach
 - Subcontracting work- Terms & Non-poaching



Legal Aspects of Launching a Startup Company

1. Choice and Formation of Business Entity
 - Business Merits of Corporation (S or C), LLC, LLP
 - State of Formation, Qualification of foreign entity
2. Taxation of Business
 - Double v. Single Level taxation; payroll taxes
 - Pass Through of losses / income; 1202 stock opportunity
 - Complexity of capital structure

Legal Aspects of Launching a Startup Company

3. Intellectual Property and Proprietary Protection
 - Patents - Provisional and full utility patent
 - Trademarks – ITU and use based filings
 - Copyrights and Trade Secrets
 - Assignment of rights and NDAs
4. People – Contracts among Service providers and Owners
 - Employees / Contractors, consultants, “Virtual Companies”
 - Board of Advisors / Board of Directors
 - Equity Participation – Options, Restricted, Phantom stock
 - Shareholder Agreements – Share transfer, management, succession

Legal Aspects of Launching a Startup Company

5. Products and Markets

- Production Arrangements / Supply contracts
- Sales / Distribution – Dealer contracts, sales terms
- Product and IP licensing

6. Money: Raising Capital and Securities Law Compliance

- Bootstrapping, family and government grants
- Angel and Venture Capital Finance / Securities law compliance
- Loans, collateral, guarantees and debt finance

Legal Aspects of Launching a Startup Company

7. More: Other important legal aspects of your business
- Home; Office / facility and store leases
 - Zoning and environment regulations
 - Regulatory compliance for your products
 - Business insurance



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For Businesses. Adelson designs and implements Business formation; VC and angel finance; Stock, options, vesting plans; Shareholder agreements; Trademarks, trade secrets and IP protection, licensing; Software and product development and distribution; Partnerships, Joint Ventures, M&A

For Service Providers. Adelson negotiates employee terms sheets, employment contracts, NDAs, Noncompetes, Stock, options, Phantom stock; Relocation, Severance, retention, termination agreements; and for consultants, service and subcontracting agreements; Entity choice, liability protection; trade identification, trademark, IP protection.

Publications. Mr. Adelson is a frequent lecturer, with numerous articles in those fields, including articles published in *Boston Business Journal*, *Darwin Magazine*, *Mass High Tech*, *Family Business* magazine, *Genetic Engineering News*, *Small Business Opportunities* magazine and *The Culpepper Letter* (serving the software industry). His work as a prominent Boston business and tax attorney has been recognized in articles in the *Boston Globe* and *Boston Herald* and in a chapter of the book, published in 2000, *The End of Shareholder Value*. A member of the Massachusetts and New York Bars, Mr. Adelson is also Vice-Chair of ENET - Boston Entrepreneurs' Network and Advisory Board member of the 128 Innovation Capital Group.



Thank You!

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