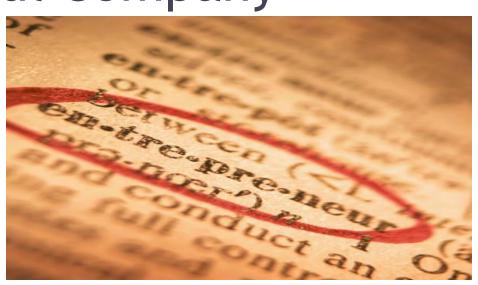
Transforming Your Idea into a Successful Company

- 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 businessincluding 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

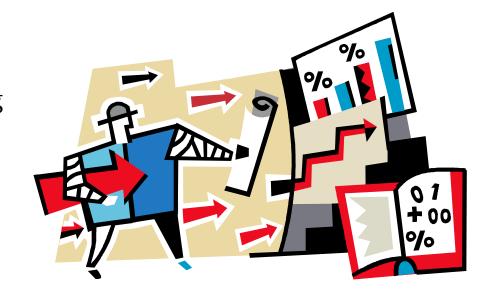
- 5. Build a team
- Equity and fairness; share success
- Convince others to join you –
 see
- Build a Board of Advisors or Directors – Key resource for your good fit

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

- 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



- 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

- 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



- 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

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



- 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

- 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

- 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

- 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

<u>For Service Providers</u>. 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.

<u>Publications.</u> 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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