

Organizing the Business Enterprise

Brown Forum for Enterprise
October 21, 2004

Presentation by
Roger P. Glovsky, Esq.

© Law Offices of Roger P. Glovsky 2004

Choosing Legal Counsel

- Team Building Process (Internal vs. External)
- Criteria:
 - Attorney practice that fits the business
 - Industry knowledge, contacts
 - Experience with similar businesses
 - Cost effective, fast turn-around
 - High quality!
- Big Firm vs. Small Firm

Start-up Legal Issues

- Business model will drive legal issues
 - Centralized vs. decentralized management
 - Bootstrap vs. financing
 - Fast growth vs. slow growth
 - Cash vs. equity incentives
- Build infrastructure, but retain flexibility
- All businesses are not the same!

Example 1: Product Development

- Goal: leverage products and/or services
- Business model
 - Sale/licensing of products and related services
 - Decentralized management: multiple owners, boards
 - Financing: external, angel investors, VCs
 - Fast growth: 10-15 employees/year
 - Typical form of entity: Delaware Corporation

Example 1: Product Development

- Drivers: Financing & Timing
- Legal Needs
 - Formation of business entity
 - Founder equity (allocation, vesting, incentives)
 - Intellectual property protection (NDAs, Pat, TMs)
 - Employment/consulting agreements
 - Financing transactions
 - Office/equipment leases
 - Distribution & sales (OEMs, VARs, Customers)

Example 2: Consulting Services

- Goal: leverage knowledge & salaries
- Business model
 - Sale of time-based consulting services
 - Centralized management: few owners/partners
 - Financing: internal, bank loans, credit cards
 - Slow growth: 1-2 employees/year
 - Typical form of entity: domestic LLC

Example 2: Consulting Services

- Drivers: Ownership & Control
- Legal Needs
 - Formation of business entity
 - Owner's buy-sell agreement
 - Employment/consulting agreements
 - Bank loan/credit facilities
 - Strategic relationships
 - Protection against liability

Maximizing Legal \$\$

- Attorney's practice aligned with business needs
- Client's understanding of legal issues
- Prioritization of legal issues (both)
- Attorney's practical suggestions
- Client's timely responsiveness
- Revisit priorities as business changes
- Set expectations in timing & budget

Contact Information

Law Offices of Roger P. Glovsky

(781) 676-1900

roger@glovskylaw.com