Entrepreneurs: When Is It Time To Call In a Lawyer?

For any entrepreneur attempting to get his or her business off the ground, managing costs is of the upmost importance. There are many ways to cut costs and implement savings so that your startup is running lean. However, having competent legal counsel as your startup grows is a service that can be critical to making sure your company succeeds. So how do you know if it's time to engage legal counsel?

For some simple company structures, entrepreneurs do not necessarily need an attorney from the beginning of the formation process. For instance, if you are the only founder, there are many fewer issues to consider regarding the structure of your company. However, many entrepreneurs choose to engage an attorney right from the beginning, so that they can get good, personal advice on which entity to use and other important details. Where there are multiple founders, an attorney can help you navigate critical issues such as what happens if one founder wants to quit, or things don't work out. The more the company develops, the more an attorney becomes an important advisor.

For example, when negotiating investment terms with angel or venture capital investors, an attorney can provide insight and an understanding of investment terms that can often be confusing or overwhelming for a first-time entrepreneur. A skilled attorney can help to make sure that entrepreneurs are protected in this process and they get the most favorable terms possible.

Protecting intellectual property is another area where a lawyer can be critical for startups. Intellectual property can be the most valuable asset a company has, and securing ownership of the IP, as well as protecting trademarks, copyrights, trade secrets and patents should often be done as soon as possible. By utilizing an attorney who focuses in this area, entrepreneurs can ensure their IP is protected from the start.

Employment issues are complex and often need the assistance of competent legal counsel. Having an attorney assist in development of your offer letters and other employment agreements, employment policies and procedures, as well as your training, will help to avoid problems down the road. An attorney can also provide counsel should any employment-related issues arise.

Customer agreements are often another area where a company needs help. Especially when selling to larger companies, the agreements can be complicated and initial drafts can contain onerous terms. Having an experienced attorney can help a company both understand the issues in the contract, and negotiate to improve the terms.

Finally, an attorney should also be a part of a startup's exit strategy, both in terms of developing that strategy, and in the negotiation of . Whether looking at an acquisition or an IPO, having legal advice

throughout the entire exit process can again help to ensure that an entrepreneur is protected and exits the company in the most successful way.

This is of course not an exhaustive list. Startups will face numerous issues as they grow, and an attorney specializing in these unique issues facing emerging companies can prove to be an invaluable advisor in helping navigate the long and sometimes bumpy road to success.