

GUIDE FOR START-UPS

1. **Business Plan** - a business without a proper plan fully describing the business and its management, market and competition, challenges and reasonable numbers will not likely succeed. Sophisticated investors expect professional plans prepared by independent sources. Expect to pay up to \$20,000 for a professionally prepared plan.
2. **Intellectual Property** - Require a nondisclosure agreement (NDA) for potential investors/partners/suppliers/etc., but only after getting a preliminary level of interest.
3. **Contracts**. Put all people working for the business under contract (employment, consulting, etc) which should contain provisions including "work for hire," confidentiality and limits on liability provisions and clearly define roles and responsibilities.
4. **Operating Agreement**. Define who owns what and the roles/responsibilities. No matter what type of company you form, this document is a necessary component to entities of two or more people. It should outline contributions, duties, ownership share, voting rights and many other items that will help you run your business with as little confusion as possible.
5. **Value your company or product or services**. This is a necessary step as you go out and either seeks investment or partners. Discounted cash flow is the preferred valuation method for Start Ups.
6. **Hire Experienced Professionals** - Few start ups are owned by people with much experience in building and exiting a successful business. Success in one industry is no guarantee of success in another. Start ups should retain professional advisors with extensive experience in all areas of business. An experienced investment banker can greatly enhance the likelihood of a successful capital raise. Expect to pay a success fee of 5-10% for start-up capital.
7. **Establish a process**- Set a timetable for each stage with deliverables and benchmarks. Regardless of the strength of your business, product or service, speed to market will determine your ultimate success or failure.

This article was written by William O. Inman, Chairman of The Inman Company, an investment banking firm whose principals have owned and advised hundreds of start up, early stage, and mature companies