

5 Top Tips for Startups

1. Filenote conversations

When talking with potential investors, customers, employees, partners etc., make a brief note of what was said, date it, and file it.

You will find that people's memories of a conversation will differ wildly – your investors will remember that you guaranteed their investment, your customers will remember that you promised them your technology as well as your product, your employees will remember that you offered them twice as much stock and a fixed bonus, too.

Having a contemporaneous filenote can calm everyone down before things go too far. And if they *do* go too far, your filenote will work in court, as well.

2. Use NDAs wisely

An NDA (non-disclosure agreement, confidentiality letter) is not only a useful legal instrument, it is the usually the first formal piece of work a potential investor, partner or customer sees from you. Use the opportunity, therefore, to make a good, professional first impression by presenting a well-drafted, tailored and appropriate NDA.

For more on this, see:

<http://admurrayassociates.com/pages/ndaintro.html>.

3. Think IP critically

Intellectual property is typically a vital component of a business plan. But IP is an intricate area of law more than usually resistant to common sense. Make sure you think carefully through how *all* the various forms of IP (patents, copyright, trade secrets, trade marks, registered designs, database rights, etc.) could advance your business. Remember: there's more to IP than patents, which are notoriously expensive, time consuming, and often provide little protection to a startup anyway.

Finally, make sure you know the IP situation in your industry better than your VCs do.

4. File for due diligence

Early in the life of your startup you're going to start generating a lot of paper (or bits) that need filing. Fairly early in its life you're going to have to make comprehensive disclosures as part of a due diligence exercise by an investor. Kill two birds with one stone by aligning your filing system with the due diligence checklist of your target VCs.

5. Leverage your contacts

Especially for professional service providers (lawyers, patent attorneys) you are a nightmare client: needy, a bad credit risk, and overwhelmingly unlikely to give rise to any further work. But you will want to use good-quality advisers – not only for the work product, but for the aura of professionalism they'll give you.

So, use well-connected well-wishers (angels, advisory board members, kindly uncles) to give you a reference. And remember that professional advisers can be a big cash drain, so manage them carefully.

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