
START-UP UNIVERSITY™

Instant Download of LLC Forms at www.taxllc.com © LLC Tax Solutions, LLC 2017. All Rights Reserved

1. FIRST QUESTIONS TO ASK

How do I make money?

(Question repeated throughout lifecycle – If I can't explain in 3 minutes, I don't know what I'm doing)

Need Money; People; Product (and a moat)

Business Plan (begins with statement of vision and values); Budget

Threat Assessment – What stands in your way (and what can bring you down)

Whose Intellectual Property are you infringing upon (trick question – hopefully, none)

Imagine success – What is your exit strategy (as simple as “sell the stock”)?

2. CO-FOUNDERS: SELECT YOUR PARTNERS CAREFULLY

Must find compatible partners with shared passion, vision and values (who can live without money)

Ideally, you each bring something different to the table (with written roles and responsibilities)

Thoughtful assessment – real/assigned valuation of “property” contributed to entity:
(Must wrestle this issue to the ground: founder ownership interests likely not equal)

Commit to “stay in your lane” (both vertically and with founders): It's what you do, not what you say

Commit to active listening (so founders function as cohesive team) with ethical integrity

Mechanism for identifying, addressing and resolving disputes (choose arbitration over litigation?): Plan for eventual departure of founders (provide buyout terms in LLC operating agreement)

3. PACKING FOR THE TRIP

Find experienced legal and accounting professionals (who've already seen success and failure)

Choice of entity documents (if LLC, see www.taxllc.com to download LLC operating agreement forms)

Intellectual Property “IP” (assignment/license; creation; protection)

Mentor

4. LAUNCH

Finance (how much and when); Subsequent capital raise (remember to comply with securities laws)

Obtain EIN; Open bank account; Set up financial accounting system; Get business insurance

Tax review of entity (LLC with partnership tax Schedule K-1 flow-thru or corporate IRC §1202 stock?)

Implement “IP” plan (does everyone sign a Nondisclosure Agreement?). Don't wait for perfect

Gather feedback – Listen intently to vendors/customers/employees (ask, what am I doing wrong?)

Disclaimer: This is not a real university. This is general information and is not legal or tax advice. No attorney-client relationship exists or is formed. Please consult with your own legal or tax advisor before making any decisions concerning your matters.