

CHOOSING THE RIGHT ATTORNEY FOR YOUR STARTUP BUSINESS

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INTRODUCTION

Successful business owners will be the first to tell you that behind any successful business is a team of competent advisors. While you, as the owner, are the expert in your business (be it an auto body shop, a consulting firm or a restaurant), you will need professionals, including accountants, financial advisors and attorneys, to advise you on the legal, tax and financial aspects of the business – allowing you to better focus on what you do best, ultimately bringing positive results to your bottom line.

Choosing the attorney for your team can be the key to your business' success. Not only are you looking for someone knowledgeable in the areas of law pertaining to startups – choice of entity, employment agreements, lease negotiations and the like – but your limited startup funds demand a cost effective solution as well.

Too often, entrepreneurs decide to go it alone, choosing to forego seeking legal advice and instead preparing their own formation documents or having another professional (such as their CPA) assist. The end result is usually documents which satisfy only the bare minimum requirements for a corporation or limited liability company, while missing significant documents and structure which only an attorney can provide. More importantly, the business owner who foregoes using an attorney will have missed an opportunity to add other qualified advisors introduced to them by their attorney.

Simply put, your attorney can be a gateway to other advisors, and any attorney seeking to work with new businesses should be willing to open up their contact list and introduce his/her client(s) to other advisors.



FOUR KEY CRITERIA

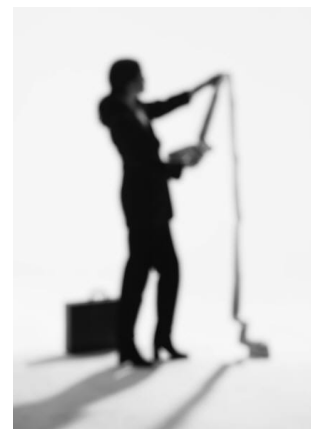
Proper legal counsel is essential to a business' long-term success. Most law firms from Minneapolis to Moorhead practice "business law" to some degree. Being qualified – and willing – to work with startup businesses requires a skill set which goes beyond simply practicing business law. Here are some guideposts for selecting an appropriate attorney for your startup business:

1. Counselor, Not Scrivener. Perhaps the most common myth about business law is that it is merely a forms practice. In other words, the attorney charges a pricey rate to replace names and dates into a set of form documents. Nothing could be further from the truth. While organizing an entity does follow a fairly standard form of documents, each situation requires discussions between attorney and business client in order to determine the type of entity to be formed before any documents can be prepared. Furthermore, everyone has their own unique



desires when it comes to business organizational structure. For example, a business to be owned by three people may be funded primarily by two and the third will be providing "sweat equity." It will be the attorney's job to craft language within the entity's governing documents that carries out the desires of the three owners as to issues including allocation of profits and losses among the owners. The advice and input from an experienced attorney is integral to the process of establishing your company structure and explaining what the various required documents mean.

2. Team Player. Another key characteristic of a good business attorney – and this characteristic is applicable to both startup businesses and experienced businesses – is the ability to work with and, when necessary, defer to, your other professional advisors. Just as a CPA or financial planning professional should not prepare legal documents, neither should an attorney usurp the roles of others who are better qualified in their professions. One such example is the determination as to choice of entity. This decision involves significant tax issues, and a wise attorney will be in contact with the client's CPA and the two should agree together on the appropriate entity (i.e., corporation, partnership, limited liability company).



3. Access to Other Essential Advisors. Perhaps the most important advice your attorney can provide – beyond establishing your business entity – is to connect you with other necessary advisors your attorney knows and works with. Attorneys who are experienced in working with, and willing to work with, startups will be willing to put their clients in touch with other needed advisors and/or strategic partners for their clients' businesses. An attorney comes in contact with other professionals on a daily basis. These advisors include CPAs, financial planners, consultants, bankers, public relations firms, payroll services and the like. A savvy attorney will be able to recognize a client's need for these services and will be willing to make the introduction between advisor and client. Particularly with startup businesses, attorneys recognize that if the client succeeds, the attorney will have succeeded as well by having a long-term, loyal and successful client. The attorneys who seek to focus their practice on assisting startups expect to take the affirmative steps necessary to craft a team of advisors who will guide the client and the client's business in the formative years.



4. In for the Long Haul. Attorneys provide professional services for compensation. What that compensation is, however, can vary from situation to situation. Attorneys seeking to work with startup business understand that spending too much time on a simple project and charging a high hourly rate for that work will exhaust an entrepreneur's budget and lead to an unsatisfying result. Clients are best served by a business attorney who understands the financial pressures that accompany a new business venture and works with their clients to craft a reasonable budget for legal fees (and, most importantly, sticks to that budget).

CONCLUSION

So, you ask, does such an attorney exist? The answer is yes. Lommen Abdo's team of lawyers are experienced business counselors who have advised companies from inception to IPO. We bring a strategic perspective to our clients' business transactions and leverage our extensive networks to achieve strong business minded results. We look forward to guiding your emerging business down a pathway to success.

Jeffrey C. O'Brien is a shareholder with the Lommen Abdo Law Firm, with offices in Minneapolis and Hudson. He has extensive experience in working with startup businesses in Minnesota and Wisconsin. He can be reached at 612-336-9317 or via email at jobrien@lommen.com.

For more information about the legal services offered by Lommen Abdo, visit our website at www.lommen.com.



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