

## Top 10 startup tips for founders

Here are some top tips to consider as you start your startup venture. These steps may help put your company on solid footing and enable third-party financing.

- 1. Incorporate in Delaware.** Most startups that will seek angel or venture financing are formed as Delaware corporations for good reason. It is a good jurisdiction for business. A recommended course is to form your business in Delaware from the start. It is more expensive to reincorporate into Delaware later in a company's history.
- 2. Incorporate as early as you can.** One of the primary benefits of incorporation is to create a "corporate veil" or buffer which limits the personal individual liability of founders and other stakeholders.
- 3. Do not conduct business in your own name.** If you conduct startup business in your own name, then your personal assets may be at risk. Enter into contracts on behalf of the company.
- 4. Do not form an LLC.** LLCs may work well for some businesses but they have significant disadvantages for the traditional VC-backed tech company startup model. Among these disadvantages are challenges with granting equity incentives to employees and issuing preferred stock to outside investors.
- 5. Consult counsel.** A formation website will not remind founders about all potential filings, deadlines and forms required to start a business. Consult counsel for advice specifically tailored to your company.
- 6. Choose advisors and investors wisely.** Advisors and investors are ideally long-term partners. They may request board seats and protective provisions that give them rights to veto business actions. They may bring great networks and referrals to the table.
- 7. Create financials.** Keeping financials is critical to making sound business decisions. Obtain good accounting software so the financials are accurate and updated during all due diligence processes.
- 8. Start right.** Even if your current employment agreement does not contain non-competition or non-solicitation provisions, or you reside in a state where the non-compete is not enforceable, start off on solid ground.
- 9. Do not overcommit.** Leases are enforceable agreements. Right-size your initial office obligations so that your startup is not overcommitted.
- 10. Protect trade secrets.** Sign mutual NDAs with business partners, employees and consultants to make sure you're taking all possible steps to protect your IP. See our articles discussing [trade secrets](#), [employee inventions agreements](#) and [consulting agreements](#).

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