

15.391 Early Stage Capital F10

Find a Lawyer

Premise: You and your team members have made the decision to start up a new venture, Black Box, Inc. You are hard at work on your business, and simultaneously hard at work on your business plan and financing strategy, you are looking for space to rent, a few employees and key executives to hire, thinking about an operating budget, calling places to lease office equipment, and figuring out where to put the coffeemaker. You also need to get a lawyer.

Finding a lawyer is neither the most nor the least important part of creating a new venture. It is a necessary, secondary task in establishing a new firm.

The **goal** of this exercise is to gain simple, practical experience in thinking through and accomplishing some of the extraneous but critical components involved in creating new companies. It is also a warm-up exercise for team members to begin working with each other.

Task: You and your team members need to meet, discuss and form a strategy for finding an appropriate lawyer. Your definition of “appropriate” is one of the key things to discuss:

- What legal issues do you think are most important?
- Which are you most worried about?
- Do you have special legal concerns:
 - intellectual property/patent issues?
 - messy ownership structure?
 - immigration status worries for founders?
- What, besides legal advice, do you want in a lawyer:
 - local VC contacts?
 - introductions in other places?
 - A designer label?
- How technically sophisticated do you want your lawyer to be?
- How big or prestigious a law firm do you think you need? Are you sure?
- Do you want a lawyer with a serious, all-business attitude, or someone who feels (and dresses) like part of your team, or something in between?
- How much experience do you think your lawyer should have? Are you willing to pay for that experience? Are you comfortable with someone your age (or younger)?
- What is the range of lawyers’ costs in your area? Do you need or want the most expensive?
- How eager should your lawyer be to consider deferred billing, “sweat” equity and other payment alternatives?

Likely Resources:

People: Seek out the filters and proxies you respect.

Places: Start with MIT/Sloan/Entrepreneurship Center cluster of alumni and clubs

Web: Useful mostly after you have some names and concrete ideas.

Work Product: Prepare the following summaries, each **less than one page**:

1. Basic fact pattern (who, what, where you are) and brief needs analysis (what and how much you need). Conclude with a one-sentence goal. (E.g., Black Box, a Cambridge-based, wireless security software start-up venture, is looking for a well-known but smaller Boston-based law firm with heavy experience in advising early stage start-ups and some IP expertise; cost or alternative billing options very important.)
2. Resource list and plan of attack (identify the tasks and who's in charge of what within your team)
3. Results of resource search and investigation; explanation why the finalists are appropriate choices for your team's needs (identify a shortlist of 3 or so firms, and a specific lawyer within each firm)
4. Interview talking points (the rough script/criteria you would use to interview your shortlist)

Assumptions and Ground Rules:

- This exercise is only concerned with identifying needs and likely candidates. Once you have identified and justified your shortlist, your assignment is complete. *Don't attempt to actually contact or retain a law firm.*
- Inject Black Box with the characteristics of your choice. If you are involved in a real venture, or have concrete interests (and can persuade your team members to agree), use facts as close to real-life as possible. For example, Black Box can be a Route 128 software firm, a cloud computing concept in Silicon Valley or a clean-tech play in China. Regardless of your assumed identity, your task is to identify the aspects of your characterization that would be material to your choice of lawyer and integrate them into your search process: do you care how near they are to 128?; does it matter if they have significant intellectual property and patent expertise?; how important is it that they have an office in China or that they have native speakers on staff?
- There is no "right" law firm or "correct" search process. For example, if you know the general counsel of A123 and she recommends someone to you during a 5-minute conversation, that may well constitute a reasonable, thorough search process. Your task is to justify that conclusion by describing why the A123 GC is an ideal filter for your firm's needs.

Important:

- For the upcoming simulation rounds, you will be provided with a fictional fact pattern involving a different company. Your Black Box fact pattern applies **for this exercise only**.
- The law firm you work with in your simulation round is a function of a separate sign-up process and is **not** related to this exercise.
- One more time: *Don't attempt to actually contact or retain a law firm.*

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