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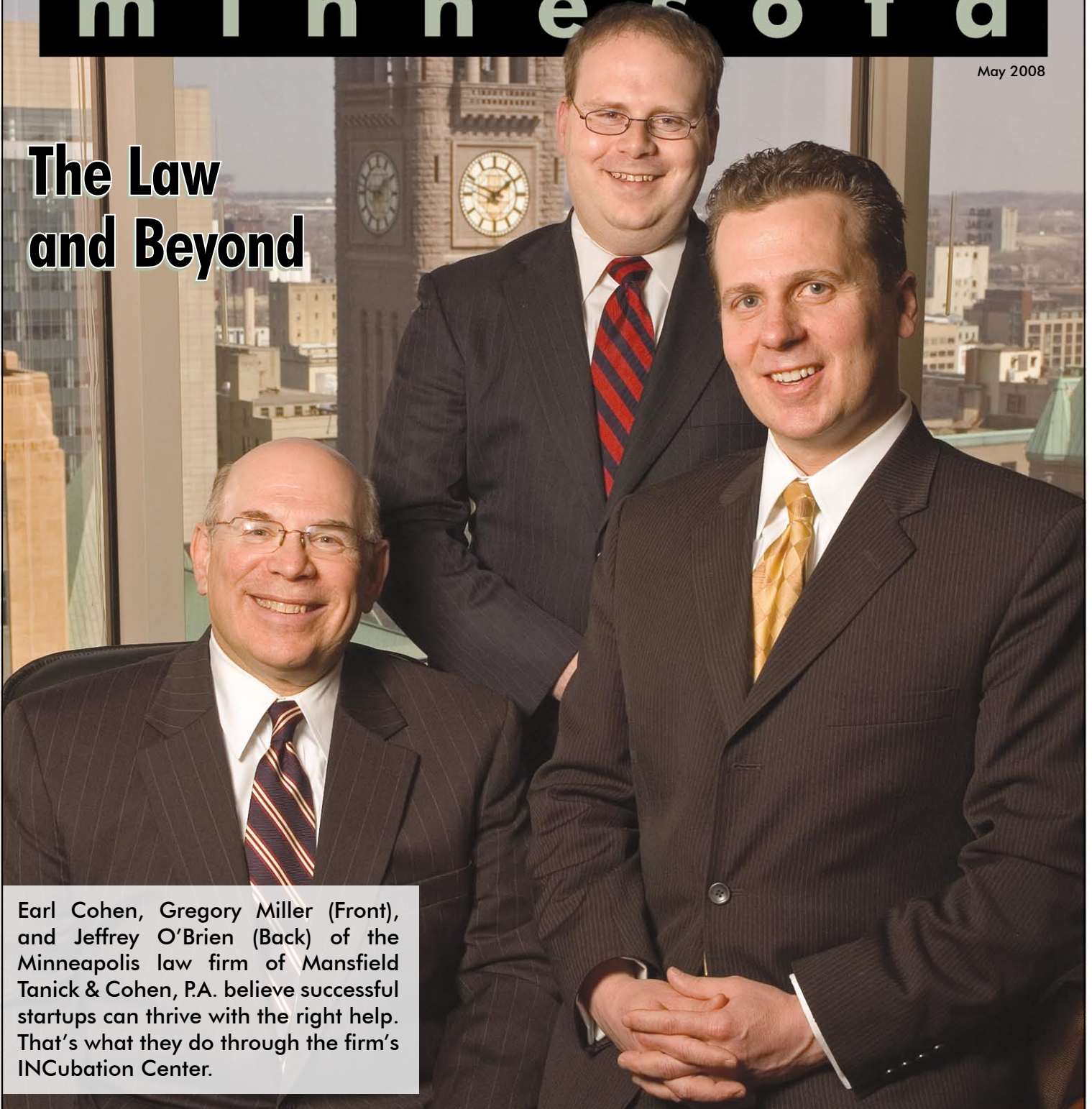
The Monthly Resource Guide For Startup Businesses

# NEW BUSINESS

# minnesota

May 2008

## The Law and Beyond



Earl Cohen, Gregory Miller (Front), and Jeffrey O'Brien (Back) of the Minneapolis law firm of Mansfield Tanick & Cohen, P.A. believe successful startups can thrive with the right help. That's what they do through the firm's INCubation Center.

# Choosing The Right Attorney for Your Startup Business

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## Your Attorney Can Be a Gateway to Other Essential Advisors



Photos by Paula Keller

Earl Cohen (foreground) believes startup companies need a strong team (Jeffrey O'Brien and Gregory Miller in the background), beginning with a law firm that not only provides the right legal answers, but also leads them to other needed professional resources.

**By Jeffrey C. O'Brien, Esq.**

*Special to New Business Minnesota*

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 fore-

go 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 that satisfy only the bare minimum requirements for a corporation or limited liability company, while missing significant documents and structure that 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 client 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, however, 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 place names and dates on 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 – this characteristic is applicable to both startup businesses and experienced businesses – is the ability to work with and defer, when necessary, 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 essential advisors he or she knows and works with.

Attorneys who are experienced with startups will be willing to put their clients in touch with other needed advisors or strategic partners, such as 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 make the introductions.

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. They will 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 businesses understand that spending too much time on a simple project and charging a high hourly rate will exhaust an entrepreneur's budget and lead to an unsatisfying result.

Startups are well advised to look for an attorney willing to "invest" his or her time, so to speak, in your new venture. Flat fees for basic corporate work and/or discounted rates during the infancy stage of a business indicates that the attorney wants a long term relationship so much so that he or she is willing to take less in the beginning to free up your funds for other uses.

## Conclusion

So, you ask, does such an attorney exist? The answer is Yes. Our firm, Mansfield Tanick and Cohen, has gone so far as to create a special program

specifically targeted to meet the needs of startup businesses. Our INCubation Center, founded in February 2007, combines flat fee and reduced hourly fee legal services with introductions to a team of "strategic partners" representing a broad range of professions (and including accountants, financial advisors, insurance agents, payroll specialists, and other needed business consultants) and educational opportunities for our startup clients. The INCubation Center demonstrates our firm's commitment to startup businesses and has successfully integrated the key criteria outlined herein.

*Jeffrey C. O'Brien is a senior associate with the Minneapolis firm of Mansfield Tanick & Cohen, P.A. He and two of the firm's shareholders – Earl H. Cohen and Gregory M. Miller – direct the Firm's INCubation Center, a comprehensive program designed to provide essential legal and non-legal services to startup businesses during their formative years. He can be reached at (612) 339-4295 or [jobrien@mansfieldtanick.com](mailto:jobrien@mansfieldtanick.com). For more information about the INCubation Center, see the advertisement on the back of this issue or visit [www.mansfieldtanick.com](http://www.mansfieldtanick.com).*

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Earl Cohen shares more than his legal knowledge about business formation with startups. His firm works closely with outside strategic partners to make sure his clients get all the right help they'll need during their formative stages

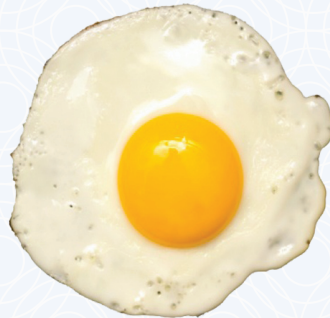
All business ideas start  
from the same place...



...some succeed...



...and others do not...



Helping Grow Your Business

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