



High-Tech Startup Checklist

Key People and Resources

- As appropriate, select:
 - A good CPA (visit the American Institute of Certified Public Accountants web site <http://www.aicpa.org>).
 - A corporate and IP attorney (visit the Martindale-Hubbell web site at <http://www.lawyers.com>).
- Form a core group of key individuals to develop the plan. In addition to a corporate attorney, IP attorney and CPA, consider:
 - Retaining an adviser with business savvy who can bridge the gap between scientists/technologists and venture capitalists and who can sell the business plan to venture capitalists.
 - Utilizing technical and academic consultants, etc., as appropriate to prepare the business plan
 - Forming a scientific advisory board, if appropriate.
- Speak to individuals who have started up similar businesses for their advice and input.
- Consult with local organizations and community colleges, such as Raritan Valley Community College (<http://www.raritanval.edu>), which offer programs, services and guidance for start-up businesses. In New Jersey, other community colleges such as Mercer County Community College (<http://www.mccc.edu>) offer services, programs and training to the business community. You can also contact the NJ Commission on Science and Technology (<http://www.nj.gov/scitech/>) and the NJ Technology Council (<http://www.njtc.org>).
- Contact local business incubators. Check the web site for the National Business Incubation Association (<http://www.nbia.org>) for listings.
- Research local, state, national and international resources available on the web, as appropriate.

Business Plan

- Develop a succinct, well thought out, flexible business plan. Clearly define business goals, strategy and critical success factors up front.

- Clearly define the novel proprietary technology that will drive the business and summarize its IP protection.
- As appropriate, include sections describing the business, products and/or services, sales and marketing, operating requirements, financial management and a summary.
- Include backup plans and alternatives to address areas where problems might arise – use a brainstorming session to examine “what if” situations and modify your business plan if required.
- Identify your competitors and understand their technology and how it relates to yours.
- Determine the amount of capital you will need to start the business.
- Identify and talk to venture capitalists and/or angel investors.
- Consider applying for a Small Business Innovation Research (SBIR) grant (visit the SBIR web site <http://sbir.dsu.edu>). New Jersey has an agent in Washington, DC, who can help (visit <http://www.nj.gov/scitech/>).

Business Formation

- Contact an attorney, accountant or your nearest Small Business Development Center to determine the legal structure most appropriate for your business (sole proprietorship, partnership, C-corporation, Limited Liability Corporation, etc.). In New Jersey, visit the New Jersey Small Business Development Center (<http://www.njsbdc.com>) for free counseling.
- Apply for your federal business number on Form SS-4.
- Register your business name. To check on the availability of a business entity name and/or to reserve or register an available name for use in the State of New Jersey, visit <http://www.state.nj.us/treasury/revenue/checkbusiness.shtml>.
- Register the business with the state for tax and employer purposes. In New Jersey, register online at <http://www.state.nj.us/treasury/revenue/gettingregistered.shtml>.
- Comply with the legal requirements affecting your type of business.

- If a partnership, written Articles of Partnership are recommended even though not required by law.
- If an LLC, file a Certificate of Incorporation and prepare an appropriate operating agreement.
- If a corporation, register the necessary documents, i.e., articles of incorporation, bylaws and shareholders agreement, operating agreement, etc.
- Provide for the following in the shareholders agreement or operating agreement:
 - Death of one or more shareholders
 - Physical or mental disability
 - Outside offers to purchase the shares
 - Irreconcilable conflict
 - Termination of employment and resignation
 - Retirement and key person insurance/business insurance
- If a corporation desires to obtain federal Sub-S Corporation status, contact the Internal Revenue to receive the appropriate application [Form 2553]. To obtain New Jersey S Corporation status, see the NJ Division of Taxation publication “S GIT-9S, Income from S Corporations,” available at <http://www.state.nj.us/treasury/taxation/pdf/pubs/corp/git9s.pdf>.

Market Analysis and Marketing Plan

- Determine whether your product or service fills a real market need.
- Define the market segment for your product or service
- Determine whether this market segment is large enough to support your business at start-up and for the long term.
- Realistically assess whether your business is truly differentiated from your competition.
- Identify specific advantages that your product or service offers over those of competitors.
- Identify the potential for growth in this market.
- Determine whether the market is accessible through existing advertising media at an affordable cost.
- Determine who your customers are, where they are and how you are going to get them to know about your product.
- Determine which advertising media are most suitable. Consider a public relations consultant.
- Determine what selling methods and techniques to use.
- Determine how you will promote your products.
- Develop pricing that is appropriate for the market and for your costs.

- Determine the best methods of distributing your product in this market.

Goals and Objectives

- Set clear goals and objectives for the business.
- Break the objectives down into achievable projects with a practical timetable for completion.
- Assign responsibilities for meeting these objectives to key personnel.
- Establish reporting procedures that enable you to monitor progress toward these objectives.
- Review your goals periodically to see if they are being met. If not, determine why and take steps to remedy the situation.

Financial Management and Record Keeping

- Retain the services of an accountant.
- Discuss your preliminary financial needs with your banker.
- Choose a bank with reputable foreign corresponding banks if appropriate.
- Establish a credit rating.
- Put in place the ability to send and receive wire transfers to and from your bank.
- Negotiate necessary contracts with franchises, suppliers, etc.
- Develop a workable system of records management (sales, purchases, personnel, inventory).
- Develop an appropriate credit policy for customers.
- Establish a procedure to collect your receivables.
- Develop a procedure to repair and replace your fixed assets.
- Develop an inventory control system.
- Establish contracts with the suppliers with whom your firm will be dealing.
- Establish a procedure for purchasing inventory, equipment and supplies.
- Identify alternative sources of supply for major purchase requirements.
- Develop an accounts payable procedure.
- Establish credit terms with key suppliers (payment terms, credit limits, discounts and finance charges).
- Determine your potential return on investments in this business, and whether it is acceptable.
- Have enough ready cash to pay your bills during the early months.
- Allow for monthly operating expenses in your financial planning (rent, utilities, etc.).

- Determine your borrowing requirements for start-up and the first year.
- Complete a projected balance sheet, income statement and cash flow for the first year of operation.
- Insure your business against major risks it faces, e.g., directors and officers insurance, liability insurance, etc. Talk to a good business insurance agent early.

Intellectual Property

- Protect unique inventions, processes or designs used by your firm with patents.
- Consider filing provisional patent applications early. Make sure this is done before the one-year statutory bar occurs.
- Search, clear and register your trademark with the U.S. Trademark Office (<http://www.uspto.gov>) or, at least, with your state.
- Enter into licensing agreements as soon as possible to bring in needed technology if appropriate.

Licenses and Permits

- Obtain information about environmental, health and safety issues. In New Jersey, visit the following web sites to determine what registrations, approvals, permits and/or certificates are required by the New Jersey Department of Environmental Protection (NJDEP) and/or the New Jersey Department of Community Affairs (NJDCOA):
 - <http://www.state.nj.us/njbiz>
 - <http://www.state.nj.us/dep/depbusiness.html>
 - <http://www.njcat.org>

Taxes

- Arrange for registration and payment of federal taxes.
- Obtain a state sales tax license if required.

Attracting and Keeping Employees

- Review agreements with former employers with respect to restrictive covenants and noncompetitor provisions that might prevent new employees from accepting employment.
- Determine which employees you need to start the business. Do they have proven complementary skills?
- Determine what additional employees will need to be hired in the event of growth.
- Decide on qualifications and specifications for each position that must be filled.

- Decide on how to find the people you need to fill these positions. Consider a professional recruiter. Check with local Chamber of Commerce for useful competitive salary information.
- If competing for scientists/technologists in the New Jersey pool, do you know what your competitors are offering with regard to salaries, benefits, signing bonuses, stock options, incentives?
- Determine the practices and methods you will use to hire/fire. Determine whether they are legal.
- Establish a policy on wages and salaries.
- Decide on employee benefits, including pensions, group insurance, profit-sharing, etc.
- Develop a method for evaluating your employees' performance.
- Consider retaining a benefits consultant.
- Develop an employee manual.

Location, Facility, etc.

- Negotiate lease agreements for premises and/or equipment.
- Determine whether employees are within easy commuting distance of new facility location.
- Identify any legal restrictions that might affect your business at this location, e.g., zoning codes.
- Determine whether the location will allow for future growth.
- Are there provisions for security? Building and fire alarms? Fences? Adequate outdoor lighting?
- Is parking readily available?

Research

- Institute guidelines for maintaining/witnessing lab notebooks so that they can be relied on in court. Notebooks should be signed and witnessed daily if feasible.
- If notebooks are electronic, ensure that research understands what is legally acceptable regarding witnessing.
- Institute a policy dealing with publication/presentation of research results.
- Put in place provisions for security, i.e., sign in/out books, badges, etc.
- Develop a safety policy to be adhered to by all researchers. Check out OSHA requirements.

Personal

- Discuss the start-up with your spouse to determine whether he/she can support you and your company if times get difficult.
- Develop and maintain skills to lead and motivate your employees.
- Establish a corporate philosophy that is basic enough for your employees to follow.
- Develop and maintain effective communication with your employees.
- Manage your own time commitments to the business.
- Allow for a reasonable income for yourself.
- Know enough about this business to operate it effectively.
- If you have not worked in this type of business and experienced the practical problems that may be encountered, fill the gaps in your knowledge.

New Jersey Web Resources

- State of New Jersey Home Page
An excellent resource for anyone considering a start-up in New Jersey <http://www.state.nj.us/njbiz>
- New Jersey Small Business Development Center
Offers free counseling, affordable training and information services to assist small businesses and prospective entrepreneurs in all areas of small business management. Check the web site for the location of the 11 regional centers and additional offices in every county throughout New Jersey. <http://www.njsbdc.com>
- New Jersey Economic Development Authority, 36 West State Street, Trenton, NJ 08625, Phone: 609.292.1800, <http://www.njeda.com>
- New Jersey Commission on Science & Technology, PO Box 832, Trenton, NJ 08625-0832, Phone: 609.9841671, Fax: 609.292.5920, <http://www.nj.gov/scitech/>
- New Jersey Technology Council, 1001 Briggs Road, Suite 280, Mount Laurel, NJ 08054, Phone: 856.787.9700, Fax: 856.787.9800, <http://www.njtc.org>
- New Jersey Corporation for Advanced Technology, c/o New Jersey EcoComplex, 1200 Florence Columbus Road, Columbus, NJ 08505, Phone: 609.499.3600 – extension 3, Fax: 609.499.3647, <http://www.njcat.org>
- Research & Development Council of New Jersey, 400 Morris Avenue – Suite 222, Denville, NJ 07834, Phone: 973.627.5330, Fax: 973.627.8410, <http://www.rdnj.org>
- New Jersey Entrepreneurial Network, 600 College Road East – Suite 4400, Princeton, NJ 08540, Phone: 973.451.1100 or 609.688.9252, <http://www.njen.com>
- Stevens Institute of Technology, 610 River Street, Hoboken, NJ 07030-5053, <http://www.stevens.edu/sit>
- Trenton Business and Technology Center, 36 South Broad Street, Trenton, NJ 08608, Phone: 609.396.8801, Fax: 609.396.8603
- The Biotechnology Council of New Jersey, <http://www.newjerseybiotech.org>



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