

Early Stage Companies: Why You Should Run (and Re-Run) the Startup Version of the Scientific Method

Q What are some initial guidelines for launching a successful startup?

Adam Ghander: In a perfect world, a founder would have nailed the product/market fit—identified a significant need, shaped the “must-have” solution, and developed a great plan for sales. Of course, for most startups, the process is more of a spaghetti chart than a straight line. There will be multiple iterations of the business model and the final result may look completely different than where you started. However, the ultimate product will be stronger because of the process. The current version of Twitter, Pinterest, and a ton of other high profile companies was shaped by this process of repeated testing and strategizing.



Adam B. Ghander, Partner,
Co-Chair, Emerging Companies

617.439.2991
aghander@nutter.com

Adam Ghander is a partner in the Business Department and serves as the co-chair of the Emerging Companies Group and member of the Private Equity Group. He focuses his practice on mergers and acquisitions, private capital finance, and securities and corporate governance. Adam works extensively with middle market and emerging companies and in industries such as banking and financial technology, food and beverage, e-commerce and mobile applications, manufacturing, and professional sports.

Q What are the steps that founders should take to build an effective team?

AG: Building a team starts with assessing the skills of the core founder group. Do you have plenty of technical expertise, but need someone who understands sales? Do you have a CEO that can articulate a vision of the company, but need engineers to get things off the ground? Once you’ve gone through that exercise, you’ll see the biggest areas of need and you can supplement the core team with new employees and advisors—both mentors and service providers, like lawyers and accountants. And of course there’s an advantage to having versatile players. Team members that can cover multiple areas and adapt to new roles as the business grows lend stability and flexibility to the company.

Q Once an early stage company secures financing, are there any potential pitfalls?

AG: Founders are often prepared for the economic and control dilution that can come with outside capital, but it may take some time to align operations with investors’ term goals. Other people’s money means other people’s expectations, too. Investors hope for a multiple of return, meaning each dollar returns two, three, four dollars. Founders should take that into account when deciding the amount and form of money they will raise, how much runway that buys the company, and what everyone’s expectations are for Financing Round 2. For the same reasons, founders should choose investor partners with whom they’re comfortable taking advice and direction from. Just like investors expect a return, founders should search for value-add partners whose involvement with the company increases the chances of long-term success.

Q Are there any skills that founders should incorporate in their toolkit?

AG: Successful founders always seem to be running (and re-running) the startup version of the scientific method—hypothesis/testing/analyze/move forward. That process can be so iterative, and so easily lead to course-changing decisions, that companies should focus on small goals and be open to adjusting the big picture objectives. Also, founders should consider spend a few minutes each week reaching out to their network to inform them about what is going on. That keeps the company top of mind when mentors or professional advisors are making recommendations and helps the founders synthesize the mission-critical things happening.

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Press Contact:

Heather Merton
Senior Communications Manager

617.439.2166
hmerton@nutter.com

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