

ADVISORS & STARTUPS

Growth Academy

LEXIA
Legal Excellence



WHY ADVISORS?

Advisors can significantly accelerate the business

- Bringing expertise
 - Domain / Industry Expertise
 - Experience
 - General Business Expertise
 - Develop an understanding of the business, market and industry trends
- Providing the directors and management with insights and ideas, support to existing ideas
 - with distance from the day-to-day operations
- Acting as an extra resource for executives and sometimes as a mediator

Leverage Relationships

- Business contacts
- Other Advisors, Consultants, Partners and Employees
- Investors and other Funders

WHEN ARE ADVISORS NEEDED?

Guiding start-up companies:

- Finding initial funding
- Strategy
- Product market fit

Creating a new product line

Moving into a new market segment or industry

Investment rounds

Restructuring and repositioning a company in the market

AGREEMENTS

Advisor Agreement

- Services / contribution
- Investment
- Compensation
- Assignment of IPR
- Right to use the name of the Advisor
- Confidentiality/NDA
- Non-competition

Shareholder Agreement

- Adherence
 - Minority SHA for advisors etc.?

Option Agreement/ Program

- Advisor Option Program?

ADVISOR AGREEMENT

Services / Contribution

- Attend quarterly meetings to provide feedback on Company's strategy for at least one hour
- Attend quarterly meetings of the Company's Advisory board / with the CEO
- Reasonable response to email requests by the Company

Additional services

- Promotion of the Company
 - Actively promote and make introductions through Advisor's overall network
 - Forwarding the Company's business plan and other materials etc.
- Fundraising
 - Advisor can act as a broker?
 - Equity compensation should not be tied only to fundraising or closing of an investment
- Etc.

ADVISOR AGREEMENT

Equity compensation

- Stage structure/Performance level
- Cliffs on vesting
 - 3-4 years as founders or shorter?
- Expenses
- Shares/Options
- Or Monetary Compensation / mixed

Termination

- Company has right to terminate agreement at any time
- Accelerated vesting?

RISKS?

Risks

- Advisor does not contribute and gets equity
- Advisor has bad reputation
- No common understanding of the business and future
- The agreement is “too good”

Every advisor and company is different

- Founders - and the agreements - need to be flexible
 - And you should always understand your agreements!



LEXIA ATTORNEYS LTD

Markus Myhrberg

Partner, Attorney-at-law

markus.myhrberg@lexia.fi

tel. +358 40 505 5343

[@markusmyhrberg](#)