

The Players: Why Founders Need Protection Too

In today's corporate environment few are invincible. Even founders get fired. Founders are the men and women who follow their dreams, build companies from the ground up, often forgoing paychecks for months or years on end. Unfortunately, sometimes they are the ones who suffer most at the end of the professional relationship.

Founders' experiences run the gamut. There are many stories of entrepreneurs who rose to professional and financial success, sold their companies for millions and retired happily and professionally unscathed. On the other hand, hardworking founders are fired or backstabbed all the time by those they trust most. Some of these founders had protection – protecting their equity, guaranteeing severance, etc. – while others did not. Those with protection probably had more leverage and better outcomes at the end of their relationships with the companies they created.

Protection is as important in the start-up world as it is for an executive joining a new company. In many cases, founders should retain independent counsel at the outset of the start-up process – counsel for themselves, not just their new company. The founder's attorney's job is to represent the founder. By contrast, company counsel's job is to represent the company, not the founder. This difference in attorney responsibility and perspective may make all the difference to founders if later they ever find themselves being pushed, squeezed or forced out of their companies.