

CONTRACTS AND AGREEMENTS FOR STARTUPS: 4 MODELS YOU SHOULD KNOW

Today startups represents the majority of innovative developments and initiatives coming either from the research and development department of big companies or from young entrepreneurs. In the last years the number of startups has increased rapidly and legal aspects –between them contracts and agreements– have appear to support the entrepreneurs ventures.

These entrepreneurs make business growth and profit maximization their top priority; but most small business owners and startup founders are unaware of which contracts their businesses need to protect run a business legally, it is necessary and even more crucial today is to run a new business with proper legal documentation from the start.

In this article we explain the model contracts and agreements most commonly used by startups to reach agreements between partners and investors, to hire management services and employees to expand their companies, and to maintain confidentiality of key information and intellectual property rights of their businesses.

SHAREHOLDERS AGREEMENT FOR STARTUPS

The Shareholders Agreement for Startups is a type of contract which is executed between two or more co-founders (Entrepreneurs) who are to incorporate a new company and must agree of several key matters; it is also used when an already incorporated company wishing to give equity to investors in order to obtain financing to get the business off the ground or finance growth.

It is vital to draft a comprehensive Shareholder Agreement as it will be the go-to agreement in case of potential disagreement between the shareholders. Here are some key provisions that your Shareholder Agreement must include:

- Shareholder funding/contributions i.e. how much the shareholders have to contribute initially and in the future.
- Whether the Shareholders own equal shares or unequal shares Duties and Responsibilities of each shareholder.
- Procedure for issuing new shares/rights to buy additional shares Protections for Minority Shareholders.
- Dividend policy.
- Exit strategy if a shareholder wants to exit or terminate its interest in the Company.
- Dispute resolution mechanism.

[Model of Shareholders Agreement for Startups](#)

MANAGEMENT SERVICES AGREEMENT FOR STARTUPS

The Management Services Agreement for Startups is used when a startup outsources an independent professional -manager, director, consultant- to render services whose purpose is to improve and optimise the company's profits. The parties are independent contractors and therefore no employment relationship inter se. It is a type of contract widely used for the management and administration of startups in an international environment.

A Management Services Agreement includes:

- Scope of Services.
- Fees.
- Payment terms (including late payment fees).
- Refund policy responsibilities of both parties.
- Limitation of liability in case of the third party claim.
- Term of the Agreement.
- Rights of the parties to terminate the Agreement.
- Dispute resolution mechanism.

[Model of Management Services Agreement for Startups](#)

EMPLOYMENT AGREEMENT FOR STARTUPS

The Employment Agreement for Startups regulates the employment relationship between a startup and its employees, especially in an international environment, with employees from different countries. The agreement is normally used for the full time employment of junior or mid-level employees.

The employment contract is beneficial to both the employer and employee as it ensures that both parties clearly understand the scope of employment. This has the effect of minimizing the chance of future disputes. The employee will be aware of what is expected in terms of performance standards or unacceptable behaviours at work. If the roles involve handling sensitive information, the confidentiality clause in the contract will ensure the employee does not disclose any confidential information to others.

This agreement includes the following key clauses:

- Particulars of the Job (Job Position, department of work).
- Remuneration and benefits.
- Working hours.
- Probation period.
- Reporting management.
- Leave structure.
- Non-Compete Clause (restricting your employee to work for your competitors).
- Confidentiality Provisions.

- Notice period.
- Dispute resolution mechanism.

[Model of Employment Agreement for Startups](#)

CONFIDENTIALITY AGREEMENT FOR STARTUPS

The Confidentiality Agreement for Startups is geared towards protecting certain sensitive information (financial data, commercial or technological secrets) that is provided between the startup and other types of companies such as customers, suppliers, consultants, licensees, partners or investors, in the course of a negotiation. It is normally used in negotiations prior to executing contracts for this type of operations.

At various stages of conducting business with other parties, you will have to share information on intellectual property, private equity investments, business proposals, marketing strategies, customer lists, trade secrets, etc. Since this information is sensitive and crucial for the growth of your business, it is strongly recommended that you must require the other party to sign the Confidential Agreement before sharing any confidential information.

A good Confidentiality Agreement must cover the following key provisions:

- Identification of the parties as disclosing party/receiving party.
- What information is confidential?
- What information is not confidential?
- In what circumstances, can the confidential information be disclosed to a third party?
- What is the intended use of confidential information?
- How will the confidential information be handled?
- Whether it will be returned/destroyed?
- Confidentiality obligations of the parties.
- Consequences of breach of the Agreement and the remedies available.

[Model of Confidential Agreement for Startups](#)

In conclusion, entrepreneurs should have a reliable set of model contracts drafted by international experts for new business and startups that intend to operate internationally. Nevertheless, users of these model contracts will need to get legal counsel to ensure that any needed adjustments are bring the models to compliance with the requirements of the particular applicable law.

To get a set of model contracts for startups click on:

[PACK 4 MODEL AGREEMENTS FOR STARTUPS](#)

MODEL CONTRACTS

INTERNATIONAL CONTRACTS (ENGLISH, SPANISH, FRENCH, GERMAN & PORTUGUESE)

- International Sale Contract
- International Distribution Contract
- International Commercial Agency Contract
- International Sales Representative Agreement
- Intermediary Contract for Trade Operations
- International Joint Venture Contract
- International Strategic Alliance Agreement
- International Franchise Contract
- International Services Contract
- International Consulting Contract
- International Technology Transfer Agreement
- International Trademark License Agreement
- International Supply Contract
- International Manufacturing Contract
- International Buying Agent Contract
- Logistics Services Contract
- Export Contract
- Confidentiality Agreement
- Expatriate Contract of Employment
- Memorandum of Understanding for International Distribution
- Memorandum of Understanding for Joint Venture
- **Pack 10 Contracts in English**
- **Pack All Contracts in English**

BUSINESS CONTRACTS (ENGLISH, SPANISH, FRENCH, GERMAN & PORTUGUESE)

- Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Commission Contract
- Joint Venture Contract
- Services Provider Contract
- Consulting Contract
- Strategic Alliance Agreement
- Franchise Contract
- Supply Contract
- **Pack 12 Commercial Contracts (Premium)**

CHINA CONTRACTS (ENGLISH-CHINESE DUAL VERSION)

- Distribution Contract China
- Agency Contract China
- Commission Contract China
- Supply Contract China
- Manufacturing Contract China
- Confidentiality Contract China
- Memorandum of Understanding for Distribution Contract China
- Memorandum of Understanding for Joint Venture China

LETTERS OF INTENT (ENGLISH & SPANISH)

- Letter of Intent for International Sale
- Letter of Intent for International Distribution
- Letter of Intent for International Joint Venture
- **Pack 3 Letters on Intent**

LETTERS FOR EXPORTERS (ENGLISH & SPANISH) LETTERS FOR IMPORTERS

- Presentation to potential client
- Proposal for agent/distributor
- Proposal to form a strategic alliance
- Invitation to a trade fair
- Making a commercial offer
- Preparation of a contract
- Reminder of payment pending
- **Pack 15 Letters for Exporters**
- Request for information to an overseas supplier
- Offering as agent/distributor
- Reply to proposal for strategic alliance
- Making contact after a trade fair
- Renegotiation of a contract
- Complaint about delivery of faulty goods
- **Pack 15 Letters for Importers**
- **Pack 30 Letters for Exporters and Importers**

