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Determining (co)Founder Equity & Compensation

Learn the importance of having the tough discussions early on



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Meet our speaker



Natasha Allen
Managing Counsel, Atrium

Today's discussion

Consideration when allocating shares

- Defining what's critical to decide upfront
- Tips for managing your cap table
- Founder stock split & compensation
- Equity-based comp & early exercise options
- Q&A



Consideration when allocating shares





Defining what's critical to decide upfront

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- When will your co-founder be added? Before or after incorporation.
- What will a co-founder contribute to the future growth of the business?
- Impose time-based vesting.



Tips for managing your cap table

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- Set the option pool after you've allocated the founder shares.
- Upon incorporation the majority of the shares should be allocated to the founders with a small portion going to the option pool.



Founder stock split & compensation

Founder stock split & comp

- Salary replacement
- Idea generation
- Startup stage
- Seed capital



Equity-based comp & early exercise options

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- Early-exercise options allows an employee to exercise their option shortly after grant and before the stock appreciates in value.
- 83(b) election to lock in lower value

Q&A



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