

Are You Setting Yourself Up for Disaster? Four Areas in Your Business that Demand Legal Attention

Running a business is rewarding, but it's also demanding. Every day, there are a myriad of priorities clamoring for your attention: production problems, marketing decisions, client service, employee training, and the list goes on. If you're like most business owners and high level managers, you can't remember the last time that you've checked off every single item on your to-do list and found yourself with no demands on your time.

One consequence of this fast-paced environment is that it's easy to overlook certain issues - especially if they aren't loudly demanding your immediate attention. "The squeaky wheel gets the grease," as they say. Legal matters often fall into this category. It is very easy to ignore legal concerns right up to the moment that you find yourself facing a lawsuit, or government penalties, or until an employee jumps ship to a competitor and takes your intellectual property with him.

Legal matters may not seem to be as pressing as your more immediate concerns, but neglecting important matters could have a devastating impact on your business. That's why it's so important to have a lawyer on your team. If you lack the resources or the need for full-time, in-house counsel, I can help. I've structured my practice so that I can provide the legal services that California businesses need in order to succeed...at rates that make sense.

This report will identify four areas within your business that should demand legal attention. Failing to think through each of these areas leaves you and your business vulnerable.

1) Entity Selection and Formulation

One of the most-crucial points in the life of your business comes at the very start. You need to choose the right type of entity based on the specifics of your business, and also need to be sure all paperwork is done correctly at the inception and all along the way.

Four types of entities exist that cover almost all organizations that are formed – Sole Proprietorship, Partnership, Limited Liability Company, and Corporation. What is right for one person's business model isn't necessarily right for another, which is why consulting with an experienced lawyer right from the beginning is important. These choices have a profound impact on matters like taxes and personal liability, so a mistake at this point in the process could prove to be an expensive and damaging one. Don't make the mistake of just guessing which type of entity is best for you or risk missing a step when setting everything up – consult with a lawyer and get the answers you need. If you've already established your business but aren't certain that you've structured it appropriately, please contact me - I can help!

2) Contracts and Agreements

Many business owners feel that they don't need to have contracts with their clients, suppliers, or partners - particularly when these contracts would necessarily be entered into with relatives, friends, or those whom you have other personal relationships. This is a big mistake! Generally speaking, you should have a contract or legal agreement in place with all of your clients, suppliers, and other key parties that you do business with. Most of the time, your business relationships will proceed smoothly and the contract won't come into play. However, for those few times when the contract needs to be enforced, you will be thankful that you took the time to negotiate it, especially when your personal relationships are involved. Failure to have a contract or legal agreement means that, in a dispute, your case could be left up to the interpretation of the court - a frightening and costly scenario for any business.

It's important that your contracts are written specifically for your business. Generic contracts are easy to acquire on the internet and elsewhere, but they often prove to be less than helpful should a dispute arise. With a well-written contract that was created by an attorney who knows your business, you can be confident that you are in good legal standing if the terms of the contract or the agreement should be challenged.

3) Intellectual Property Protections

As technology progresses, intellectual property has become more valuable than ever. Almost all businesses have some level of intellectual property, and it is important that you protect it. While this is obviously true for tech companies who rely on the unique benefits that their products provide, it's important that non-technical businesses protect their intellectual property as well. Logos, websites, customers lists, marketing strategies - all of this information should be protected. If competitors are able to copy your methodology with no legal repercussions, you could find your business pushed out of the marketplace in a hurry.

The fact is that if you are making money within your field, your competition is going to take notice. And, if you leave yourself vulnerable, sooner or later a competitor is going to make you pay. Is your intellectual property protected?

4) Employment Policies and Procedures

Hiring employees is a great sign that you are growing as a business – but also can be a potential legal hazard if you are not careful. As in every state across the country, the state of California has specific laws and regulations in place to protect the rights and the safety of employees. If you are in violation of those laws, you could find yourself facing significant legal consequences.

An important first step is to create and implement employee policies and procedures - and then to require that your employees read them in the form of an employee manual. It's important, especially in a state as tightly-regulated as California, that your employment policies are created specifically for your business. Your business model and the particular industry that you operate within demand specific policies and procedures. And if you are in a position that you have hired independent contractors you need to be even more careful. Too many businesses make missteps that lead to time consuming and expensive mistakes due to misclassifying or violating the rules relevant to independent contractors.

In Conclusion

As a business owner, you already have enough on your plate. But you can't afford to overlook key legal considerations for your business. That's why it's so important that you have a lawyer on your team who can ensure that your

business has all the necessary pieces in place to operate on a solid legal foundation. If you'd like to learn more, please email us at info@integratedgeneralcounsel.com or call (925) 399-1529 (1LAW). We look forward to speaking with you!