



5 WAYS TO PROTECT YOUR BUSINESS

BUSINESS COMPLIANCE GUIDE



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The two primary reasons why small businesses end up in court is from problems with either (1) contracts or (2) employees. Here are 5 key steps you can take to protect your business.

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1. Avoid Contract Pitfalls

Protect yourself from what might go wrong and ensure your expectations are fulfilled. Businesses usually end up in expensive lawsuits over misunderstandings. No matter the type of business, contracts are crucial. Good contracts are hard to write because it takes significant skill and expertise to evaluate the needs of your business and determine what key legal language should be included or not, given the circumstances. The reality is that no one cares about the contract until there is a problem. When problems arise, every single word will be tediously examined to determine who prevails. Litigation can be costly. You risk owing damages or stuck in a contract with terms that are completely different from what you thought you were agreeing to. Even if you are a small or large business, putting the deals you make into a formal, written contract will give you the peace of mind that all parties know what they are binding themselves to. With quick information and forms on the internet, it's easy to think we can just download a form found online. Stop yourself before you make a mess of your business. As a business owner, it's essential to understand that there are some legal issues that absolutely require the assistance of an attorney. An experienced attorney can keep you from getting into trouble in the first place.

COMMON CONTRACTS FOR SMALL BUSINESSES

Client Services Agreement

Independent Contractor Agreement

Purchase Agreements for the sale of a business

Employment Agreement

Licensing Agreement

Operating Agreement

Shareholder's Agreement

Employee Handbook



2. Protect Assets with A Legal Entity

How you choose to set up your Company will influence everything from day-to-day operations, ability to raise money, your tax burden, the paperwork required, and how much you desire to protect your personal assets. You should pick a structure that will provide a good balance of legal protections and benefits. Choose carefully as there may be restrictions on converting to a different business structure later that could pose complications. Are you protected once your entity is formed? Business owners often choose to form a corporation or a limited liability company to avoid personal obligation for business debts and liabilities. While setting up a legal entity is essential to shield business owners from liability, it is not foolproof. The courts have the power to “pierce the corporate veil” under certain circumstances and put your Company and your personal assets on the line. It is possible to avoid a disastrous lawsuit by **MAINTAINING** an LLC or a Corporation. Maintenance starts with either an Operating Agreement for an LLC or the Bylaws and Shareholder’s Agreement for a Corporation. Care must be taken with these matters because there could be serious penalties for failure to comply.

3. Be Careful with Employee Compliance

You are obligated to know and comply with all state and federal laws that define your relationship with your employees. This includes hiring, onboarding, performance, termination, training, payroll record keeping, anti-discrimination, along with wage and hour requirements. Business owners can build goodwill and limit liability risk with: Hiring, Onboarding, Evaluating, and Terminating Employees. Every business is different and generic forms will set you up to fail when a claim is filed against you by an employee. It’s critical that the documents you use with employees (Employee Handbook, policies, and contracts) are drafted specifically to your business, your management style, and the particular circumstances. Failure to **TRAIN** your Supervisors and Employees presents a huge liability risk. Don’t let your workplace BE the next headline. Train your workforce about what is – and isn’t – acceptable in your office. **Training does not cost money, it saves money!** The regulatory environment is not as harsh for Utah employers, with fewer state regulations burdening employers than many other states. However, Utah employers must face reality and understand that **ignorance** of any employment regulation is not an excuse to get out of fines or penalties. Protect your business so you are not caught blindsided.



4. Practice Civility

Civility is paramount in the workplace as it cultivates the behaviors that promote mutual respect between coworkers, with our clients and others. Not everyone is going to like the coworker in the next cubicle or all of their team members. *Why is it so hard to be nice?* Political, social-economic, religious, ethnic, and personality differences can create conflicts. Inadvertent remarks, off-hand comments, fashion, food, cologne or perfume, hygiene habits, and even cheering one team over another can create tension and negative feelings between us. ***The bottom line: It is inevitable that your employees will have to stretch to maintain a professional relationship with a co-worker, client, or others.*** No one wants to show up for work knowing they are facing another day of hostile feelings and tension. As uncomfortable as it may feel, business owners and managers need to look inside themselves first to see if their behavior could be fostering an environment of incivility. Paying attention to civility is paying attention to our own behavior. *Have you ever been guilty of the following?*

- **Failing to respond timely to texts, emails, or voicemail messages.**
- **Failing to follow up with employees, customers, clients or anyone else who has discussed a problem, complaint or other issue with you, hoping the issues will go away or work themselves out.**

Keep in mind that we can only control ourselves. You cannot control other people. This means you have a choice with every single interaction. When we are responsive, attentive, smiling, and not interrupting others then that behavior will likely be reciprocated. Don't ignore complaints. Timeliness is a secret weapon to avoid small complaints from turning into full-blown lawsuits. Civility is good for business!

CIVILITY IS GOOD FOR BUSINESS!



5. Document Everything & Seek Legal Advice Early

There are simple ways to start protecting your business today. First, get in the habit of documenting conversations by sending a follow-up email. Emails provide a timestamp, give the other party an opportunity to clear up any misunderstanding, and puts it in writing. Save these emails in a place where there's no chance of data getting lost, in case you might need them. Having a stack of emails to support your version of events will go a long way to minimize the damage when a hiccup occurs with a client, employees, or someone else. Or most importantly, these emails could get you out of an expensive legal mess. Second, it's a lot less expensive to ask an attorney for advice earlier rather later. If you wait too long, then you might find yourself in a desperate situation where you won't have choices. As a business owner, your job is to protect your business so don't put off spending some money now to avoid a costly lawsuit later.

Protecting your business should be of utmost importance to you as a small business owner. Following these guidelines are the first steps in ensuring that your business is safe, and you can avoid court. Reach out to attorneys if you have questions on how to further protect your small business!

