

Legal Pitfalls to Avoid

I see it over and over. Small business owners make decisions that they think are in the best interest of their business. Unfortunately, and especially in times of economic desperation, these decisions can lead to critical legal mistakes for entrepreneurs that can come back to haunt them. In some cases, the fallout from the most innocent of mistakes can put a growing company out of business completely.

Knowing which disastrous pitfalls to watch out for in your everyday business dealings can make all the difference in seeing your business flourish or flounder. Here are some of the more common legal missteps I see in the small business world:

Not Having an HR Manual.

Without setting clear expectations and rules for employees, how are they supposed to be held accountable for their actions? No matter if your business has two or 202 employees, your guidelines and expectations of employees should be outlined in a written human resources manual or standard operating procedure. Make sure to indicate that your staff is employed "at-will," meaning they can quit or be terminated at any time without exposing your business to liability. The manual should also set forth specific rules regarding a zero-tolerance policy for discrimination, sexual harassment, and other illegal acts.

Not Putting it in Writing.

Ingrain this in your mind: All important business agreements must be in writing. No exceptions. An oral agreement you make out of good will with your brother-in-law probably won't be enforceable and could leave you with no recourse for legal action if things go wrong. Make sure your contracts are well thought out, drafted in your favor, and provide your business with flexibility and protection.

Ignoring Intellectual Property Issues.

Does your company logo or an important part of your product line have a registered trademark attached to it? Do you put copyright notices on your Web site information? Even small businesses that don't have a focus on technology need to take into consideration various intellectual property issues that may be important for your future success.

Not Consulting with an Experienced Attorney.

Every company has issues encompassing those listed above, which all require an attorney experienced in representing small businesses or start-ups. The money you spend on experience could save you time, aggravation and more money in the long run.

Your business venture is an investment and should be treated as such. Without taking into consideration the matters above from a legal perspective, you could be setting yourself up for trouble down the road.