

THE TOP TEN TIPS FOR PROTECTING YOUR BUSINESS

By Attorney Judy Gedge

Every business can benefit from a legal 'tune-up'. The first quarter of the year is a good time to review your business practices and procedures to make sure you're properly protecting your business. Here are my top ten tips for protecting your business.

1 Legal Structure. If you're operating as a sole proprietor, make sure this structure is appropriate for your business in its current state. Maybe a sole proprietorship made sense in the start-up phase of your business, but have you 'outgrown' it?

2 Minute Book. If your business is structured as a corporation or an LLC, is your minute book up to date? Your corporation needs to have annual meetings of shareholders and directors (yes, even if you're the sole shareholder!). Your LLC needs an Operating Agreement (yes, even if you're the only owner!) Compliance with these legal requirements will maximize your protection from personal liability.

3 Confidentiality. Make sure you're adequately protecting the 'tricks of your trade'. Your customer list, prospect list, database, marketing plan, etc. all need to be safeguarded. Would you want your competitors to get hold of this information? If not, make sure you've got confidentiality agreements in place to protect the information.

4 Contracts. Review the form contracts you're using with your clients/customers, employees, contractors, etc. Are they complete? Do they reflect the way you really do business? And do you use them all the time?

5 Business Name. Check your marketing materials to make sure they reflect the full legal name of your business - 'Smith Associates, LLC' not 'Smith Associates'. This includes your business cards, letterhead, website, etc. If you fail to hold yourself out to the public as a limited liability entity, you may lose the liability protection.

6 Secretary of State Filings. Check the Secretary of State's website to find out what information is publicly available about your business entity - www.concord.sots.ct.gov. While you're there, make sure the information is complete and accurate and that you're up-to-date on your Annual Report filings.



7 Insurance. Make sure you're carrying appropriate insurance for your particular business- check your coverage, deductibles, exclusions and exceptions. If you're a service provider, do you have 'errors and omissions' coverage? Probably easiest to schedule a 'check-up' with your business insurance agent to help you review your needs and your coverage.

8 Succession. Who would take over the business if you weren't there to run it? Are you 'grooming' one or more employees to be able to step into your shoes? We often think of catastrophic events like death or disability triggering a need for succession planning. But retirement or sale of the business (both more cheerful events!) will go more smoothly if you have staff ready and able to actively run the business. Oh, by the way, your well-trained management may also be a potential buyer of your business.

9 Team. A well-run business needs a solid team of professionals to support it. Make sure your team includes at a minimum, a business accountant, a business attorney, a business banker and a business insurance agent. Your professionals should have expertise in helping business owners like yourself.

10 Business Successes. How many of us focus on the work we haven't had a chance to get done - the incomplete project or the stack of papers in our 'to do' box? We all need to take the time to acknowledge how much we have done in growing our businesses. It's not easy running your own business. Make sure you enjoy a well-earned pat on the back for all you have accomplished!