DON’T GET SUED

Take steps to minimize your firm’s risk exposure

Staying out of court

Risks differ from business to business and industry to industry but there are relatively common risks that most companies face, for instance employment matters such as allegations of wrongful allegations of wrongful termination, harassment complaints or trade secret theft.

Legal liabilities are often influenced by the size of a business or the life events of a company. From corporate financing to growth issues to selling the business, many new businesses may be concerned about allocating shares of their companies to potential private investors and would need to think of future liabilities in drafting share agreements, Vasquez said.

“A lot of small businesses act like small businesses,” Rappaport said. “They do not keep records. Their contracts have imprecise and unprofessional language and often do not cover all the potential obligations and liabilities of each party or address all scenarios.”

Vasquez cautions clients against relying on verbal agreements of any kind. “Handshake agreements are never a good idea in business relationships even when you think you are dealing with honorable people,” Vasquez said. “You can have a misunderstanding with honorable people so it is always a good idea to document everything and have a written agreement.”