Legal cheat sheet

Lay the foundations with a solid business structure

Sole proprietorship - affordable, light on paperwork and you get complete control. But if something goes wrong, you’re solely responsible.

Limited liability company (LLC) - limits your liability. So if you’re served your personal assets are safe.

Corporation - limits your liability, but less flexible than an LLC. Good if your business is going global and you want investors.

Get the right permits and licenses

You may need state, as well as federal, licenses. Without them, your business could be at risk of:

- Financial penalties
- Suspension/closure of your business
- Loss of access to business premises
- Lawsuits
- Reputational damage
- Loss of income

Contact your local Small Business Administration (SBA) office to check your state’s requirements.

Sign on the dotted line

Don’t be tempted to just shake on the deal. Verbal contracts are difficult to enforce if you end up in court.

It becomes a case of ‘he said, she said’.

Other issues with verbal contracts

- It’s easy to forget, or lie about, what was agreed
- It’s easier to misunderstand what was agreed
- In some states a written contract is law

Always get it in writing

To minimize risk, get a written contract, drawn up by a lawyer and signed by all parties.

Check the small print

Clients want you to sign a contract? Read it through. Carefully. And because no-one wants a nasty surprise, check the small print too.

Bigger business, bigger risk?

As your business grows you’ll need new contracts.

Taking on a new business partner? Outsourcing work for a major project? Hiring an agency to help you with marketing?

All these scenarios increase risk.

If in doubt, have an attorney check it out.

Because only a legal expert can tell you how well a contract will hold up in court.

Find out more by downloading InsuranceBee’s free SMB risk guide