

Legal Do's And Don'ts For Small Businesses

by Alan S. Kopit, legal editor of *lawyers.com*

(NAPSA)—Doing a little legal legwork is an important first step in starting a small business. That's because there are a number of different ways entrepreneurs can succeed. Before taking the plunge into entrepreneurship, consider:

Business Form Selection

An entrepreneur must decide the best legal form for his or her new enterprise. Different forms carry different costs, and each has various legal and financial ramifications. Consider:



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- A sole proprietorship is the most basic business form, where one person owns the business and is personally responsible for all business debts.

- A corporation is formed by filing certain documents in the state of the new business. In this business form, only the shareholders' investments in the business are at financial risk, not their personal assets.

Employment Issues

Employment agreements help businesses keep key employees. They provide other benefits as well:

- The agreements can assist in the protection of the firm's trade secrets by requiring the employee to protect such information.
- The agreements can provide that if an employee leaves your business, he or she won't compete in the same field for a specified period.

Exit Strategies

The time to consider your exit strategy from any business is at its inception. Remember:

- Decide if your goal is to ulti-

Legal Issues Small Business Owners Must Address

- What is the correct legal form for my business? Should it be a sole proprietorship, partnership, corporation or some other type of entity?
- Will I need employment agreements with my sales staff? How about top management? Someone in a new position?
- Do I need to register a trademark or patent to protect my product?
- If I create an alliance with another company, what legal steps do I need to take to protect my business?
- How can I make sure my business' operations comply with state, federal and local laws?

mately sell the business, take it public or plan for an appropriate business succession. Each plan has tax issues to consider.

- If you do not have an exit strategy, you may find it difficult to attract investors, who want to know how and when they are getting their money back.

You can find more legal tips and business information in a free booklet called *Getting Started On Your Legal Legwork*. It's available at www.lawyers.com/lawyers/handbook.php. Search lawyers.com's free database of 440,000 attorneys and firms worldwide to find an attorney to answer your small business questions.

Alan S. Kopit is the author of Getting Started On Your Legal Legwork. He is also the legal editor for lawyers.com, where he answers questions on consumer and small business legal issues. In addition to his law practice, Kopit is a regular contributor to NBC-TV's Today show.