

TOP 10 LEGAL TIPS FOR A SMALL BUSINESS

Running a business is often exciting. But without the right advice, it can also be a minefield, especially where legal matters are concerned. Prevention is always better than cure.

The following top 10 tips aims to help you guide through the minefield:

1. Don't put your personal assets at risk
2. Put it in writing
3. It pays to get proper advice early
4. Spell out your terms and conditions
5. Keep up to date with the law
6. Keep employment contracts clear and simple
7. Protect your intellectual property
8. Keeping proper corporate records
9. List down your rights and responsibilities
10. Getting involved in litigation

1. Don't put your personal assets at risk

Are you running your business together with your partners? If so, are you aware that under Singapore law, all partners are jointly liable for the debts and obligations of the business. So if your business does encounter any problem, not only all your investment in the business will be at risk, all your personal assets would also be at risk. Depending on your type of business, there are legal options that can help avoid liability – private limited company, limited partnerships, etc.

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2. Put it in writing

All your business agreements must be in writing. It is often difficult, if not impossible to enforce an oral agreement. This means that if problems arise, you may have no recourse for compensation or legal action. So make sure all your agreements are written in your favour and gives you flexibility and protection.

3. It pays to get proper legal advice early

There are many different types of law. So it is important that you find the correct lawyer to help you. Every growing business needs a business lawyer since they are experienced in representing start-up and emerging companies. The amount you pay for advice at an early stage are usually substantially lower in the long run since it saves you time, aggravation and money.

4. Spell out your terms and conditions

Cash flow is the lifeblood of any business. Make sure that you spell out your terms and conditions (eg terms of trading) to all your customers. In this way, you will not be at risk of being paid as and when the customers feel like it.

5. Keep up to date with the law

The scope of business law is very broad and as such no business owner can be expected to be well versed in every aspect of business law. However, you need to have a basic awareness to help keep yourself out of trouble. Basic awareness of the following topics is essential:

- (a) basic contract rules
- (b) major employer-employee laws (eg CPF contributions)
- (c) regulations of your industry

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6. Keep employment contracts clear and simple

It is important to set out your expectations and rules for your employees. No employer/employee is expected to be an expert in employment law. As such, it would be helpful to make sure your contract of employment is clear and easy to understand.

7. Protect your intellectual property

Do you have a secret formulae for your product? Do you think your competitors would love to get their hands on your secret formulae? If so, you must make steps to ensure that your “secrets” are protected. Such protection include trademark registration, confidentiality agreement and non-competition agreements.

8. Keeping improper corporate records

Small businesses are notorious for failing to keep records. Failing to keep proper records or improper keeping of records can cause problems with the ACRA and the IRAS. This may also result in personal liability or even hinder your ability to raise funds.

9. List down your rights and responsibilities

If you running your business together with your partners, have you considered what would happen if any one of the partners leaves the business or dies? Very often, partners or shareholders fail to sit down and list down their rights and responsibilities. When problem arises, this often result in costly litigation fees which drain parties both financially and mentally. Such problems can be simply avoid by having an agreement which deal with the following issues:

- (a) how much capital must each person contribute?
- (b) what happens if the business needs more capital?
- (c) what happens if one person leaves the business?
- (d) what happens if one person dies?

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10. Getting involved in litigation

Litigation fees can be astronomical. You should always seek your lawyer's advice for options such as mediation or arbitration to resolve the matter. If on the other hand, a suit is brought against you, call your lawyer immediately. Do not attempt to respond in any way without your lawyer's advice especially since the first response usually sets the tone of the proceedings.

What We Do

Business Law – We advise businesses in all stages of its life cycle - from start-up and growing it through acquisitions and restructures; to retiring from the business by selling or handing it over to the next generation. Your business too will face different funding, organizational and legal challenges as it goes through different stages of its life cycle.

Estate Planning – You have worked your whole life to establish your estate, why not take the time to protect it. A proper estate plan will protect your loved ones from having to deal with the troubles and costs involved with probate court. We make Estate Planning easy to understand. We help create a legally binding directive that helps your loved ones when it counts the most. We offer guidance to help simplify the process for your loved one. No matter the size of your estate, we provide an entire plan designed for your individual needs.

Our Approach

Our Approach is Simple

Personal. Honest. Decisive.

We provide frank, insightful analysis and practical solutions.

We don't believe in doing anything less.

The information contained here is only intended to provide general information on the subject covered. Nothing in this publication should be treated as specific professional legal advice concerning any particular business, operational or other situations with which you might be faced. Please seek professional advice before taking any action.

If you need a trusted legal advisor at hand to help you navigate the complexities of the law and to keep you safe from unsuspecting pitfalls, contact us.

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