

**Robin M. Gronsky**

Attorney at Law

315 North Pleasant Avenue  
Ridgewood, New Jersey 07450  
RGronsky@GronskyLaw.com

(201) 251-8001

Fax (201) 701-0407

**10 Business “Resolutions” To Make Now  
So You Avoid A Legal Crisis**

If you put these resolutions into action right now, you can help make 2011 a better year than 2010 for your business.

1. **I will have written contracts:** Written contracts, even if you are doing business with people you consider friends or family, are key to ensuring that there are no hard feelings about what was expected, how much it would cost, how long it would take or what happens if something goes wrong. Never do business on an “understanding” or a handshake.
2. **I will have clear rules for employees:** An employee handbook is one of the most needed documents if you have employees. It sets forth your expectations and lets them know (without guessing or assuming) what they can and cannot do while they work for you. If you write one yourself, have a business lawyer look it over to make sure that you are not breaking any laws.
3. **I will regularly consult with an experienced business attorney:** A lawyer who specializes in business can help you in so many ways. Your lawyer can keep you out of litigation, give you advice (even if you haven’t asked for it) to help you grow your business, and keep you updated on new laws that affect your business.
4. **I will regularly review how my business is doing:** Whether you had a good year or a bad year, it will help you going forward if you don’t look over your goals from last year and see if you’ve met your goals. Evaluate which marketing strategies worked, which employees are doing a great job and which may need to be let go, and how much money you made. Only when you see how and what you did in the past can you plan how to make changes so you do better in the future. If you had a good year, share that information with your staff.
5. **I will have a written shareholder/partnership agreement:** If you have co-owners in your business, it is imperative that you have an agreement that outlines what each owner will do, how profits and losses will be split, what happens if one of the owners get divorced, dies, or is disabled, or just wants out of the business. Don’t wait until you are fighting with your co-owners to get your shareholder/partnership agreement in writing.
6. **I will regularly consult with my accountant:** Every year the tax laws change and you may not be aware of those changes and how they affect your business. Schedule an end-of-year tax planning and profitability session with your

accountant. You should save or make enough money to more than pay for that session.

7. **I will avoid getting involved in litigation:** Legal fees are not cheap so never think that it is the principle of the matter. If you get sued because you didn't know you were doing something wrong, get better informed about the laws that impact your business. If you were wronged by a vendor or customer, evaluate with a lawyer that specializes in litigation how much it will cost to pursue your claim. In addition to legal fees, you will also need to factor in the time you lose while you are meeting with your lawyer, preparing for testimony, finding the documents you need to prove your case, and then going to court. It may not be worth it to start or defend the litigation until trial. It may be cheaper to just settle, even if you are right.
8. **I will know whether the person I hire is legally an independent contractor and not an employee:** It is extremely costly to misclassify an employee as an independent contractor. Yes, you save on FICA, unemployment taxes, and paying for employee benefits if you have an independent contractor. But if that person that you identify as an independent contractor is really an employee (check the IRS checklist), you could be liable for back pay, fines and penalties. And those costs could put you out of business.
9. **I will not extend credit to the wrong persons:** There's nothing worse than doing the work and not getting paid. Whenever possible, get your money up front.
10. **I will have insurance to cover my business risks:** Insurance can be expensive. Not having insurance can be more expensive if you run into a problem. Your business may need property and casualty insurance, liability insurance, business interruption coverage, professional malpractice or errors and omissions insurance, depending upon your type of business. Consult with an independent insurance agent who can find the cheapest premiums for the coverages that you need.

Although many of us make resolutions on New Year's Day, think about your business now so you can always avoid a legal crisis.