

## How the Right Legal Documents Can Help You Save Thousands in Legal Fees

October 2, 2018



Coach Kirk Ferentz handed out our playbooks on our first day of practice in college. He explained that to perfect our offense we needed to master the foundation of our offensive schemes. We needed to understand where to line up when certain formations were called, and which way to block when certain plays were called. Without a firm understanding of our offensive foundation, our offense would have floundered on Saturdays.

The lesson Kirk Ferentz taught us so many years ago regarding the importance of understanding the foundation of our offense applies to today's business world. To properly run a business today you will need to have a firm understanding of your foundation and it needs to be written down. Much like we had a written playbook, your business needs a written foundation. Failing to have the adequate legal foundation for your business could create problems for you down the road that may end up costing you thousands of dollars in litigation fees and other legal costs.

Business disputes in Florida are often litigated because of differences and misunderstandings between business partners, customers, or vendors. Often these disputes hinge on disagreements that focus on misunderstandings since the parties failed to take the time to properly write down their agreement.

Here are some critically important and fundamental documents that all businesses should have in place to operate that will help avoid litigating certain issues at a later date, or aid your litigation position should you have to go to court.

### 1. Incorporation and Operating Agreements

Before any business can lawfully do business in Florida it needs to **be properly incorporated**. If the business has more than one member, then the business should have an operating agreement in place to help dictate the duties and obligations of all members. The business should also ensure that it is complying

with the operating agreement and maintaining all necessary corporate formalities. Failing to comply with these obligations may trigger certain unexpected liabilities and expenses.

## 2. **Employment Policies and Agreements**

Your business should have written policies establishing what is expected of its employees. Therefore, you should have an employment handbook. You should also have certain documents prepared to help protect your confidential information such as non-disclosure agreements and non-solicitation agreements. Non-compete agreements are also a good idea in this ever changing market place. Failing to have any of these agreements could leave your business exposed and subjected to unnecessary or unwanted litigation.

## 3. **Insurance Policies**

Insurance is one of those things that you **don't need until you need it**. Insurance is a large expense especially for a start-up. But insurance is one of those products that is necessary and should be purchased. But not all insurance products are the same and not all companies need the same insurance. Speak with an experienced insurance agent to understand what products are best tailored for your business needs and speak to an experienced legal advisor to ensure that you have adequate coverage for your risk.

## 4. **Risk Management/Disaster Recovery**

If you live or do work in Florida you understand that Hurricanes are a fact of life. You should have a plan in place to address business interruption issues associated with a major storm including the need to purchase business interruption insurance. You should also address business interruption issues associated with the **inevitable cyberattack**.

Just going to Google and finding a "free form" won't suffice. That may even get you in more trouble. For instance, that "free form" document may dictate that any dispute needs to be litigated in Alaska. But you are located in Florida. Not only won't you have the necessary clothing to stay warm in Alaska, but you probably don't even have the legal team in place to assist you with your dispute in Alaska.

Avoiding problems and preventing future litigation involves planning. Do your business a favor and create a plan for future prosperity by ensuring that you have your legal documents in order. Failing to do so may result in thousands of dollars in unnecessary and unwanted legal fees down the road. Save the money now and do things right today. Feel free to call me should you wish to discuss these issues further.