

Introduction

The law increasingly affects every aspect of a small business operation, from relationships with landlords, customers and suppliers to dealings with governmental agencies over taxes, licenses and zoning. Being surrounded by legal issues places most small business owners in an unhappy dilemma—either buy expensive legal help from a lawyer or go without.

Here is another alternative: a self-help book designed to answer most of the legal questions you're likely to ask in starting and running your business.

Fortunately, understanding and coping with most small business legal issues isn't akin to doing your own brain surgery. In truth, it's more like taking an aspirin when you feel a headache coming on.

No self-help law book, no matter how good, can eliminate the need to consult an attorney once in a while. But armed with the practical legal information you'll find here, you'll be able to make most day-to-day decisions on your own, seeking professional advice only when you truly need it.

If you understand basic legal issues, you can avoid basic legal problems. But staying out of trouble shouldn't be your only goal. Whether you're a retailer, professional, craftsperson, distributor or small manufacturer, a good understanding of the law can help you fashion policies and strategies that will pay off.

For example, suppose you want to lease a building. Typically, you'll have two worries. If you sign a long lease and your business doesn't succeed, you'll be stuck with an unneeded space. On the other hand, if you choose a very short lease and your business is the big hit you hope it will be, the landlord may jack up the rent.

Fortunately for the legally knowledgeable, there is an easy detour around this dilemma. It's called the lease option contract. Typically, for a small payment or a slightly increased rent, you can start with a short lease that gives you one, or even several, options to renew at an agreed-upon rental amount (often, the original rent plus an adjustment for inflation) if your business does well.

Dealing with customers is much the same. If you know the law that regulates advertising, refunds and warranties, you have a strong basis to establish policies that tell your customers you really do put their interests first. Seen this way, legal rules do not define how you'll treat customers. Instead, they form the foundation on which you build a more generous relationship, which will convert one-time customers into regulars and regular customers into advocates for your business.

Finally, a personal note. I'm a small business lawyer and legal writer based in Ann Arbor, Michigan. I advise many people with dreams and aspirations much like yours. Much of what I tell them day to day is in this book.

There is one thing I'd like to emphasize right here at the beginning. You're about to take charge of your legal decision-making in an exciting new way. In fact, you'll begin to look at law differently—not as an enemy to be feared but as a fact of business life that you can grasp and be comfortable with. In business, as elsewhere, knowledge is power, and this book helps you put the power of law in your hands.