

J.Muir & Associates

A Business Law Firm



**EIGHT CONTRACTS
THAT EVERY BUSINESS
NEEDS TO UNDERSTAND
AND USE**

If you were buying a house, would you be trust that the sellers will fulfill their obligations based on a handshake?

If you were renting out property, would you feel comfortable leasing to someone without having them actually sign a rental agreement just because they told you they would follow your rules and pay their rent?

Would you take a car salesman at his word about the condition of a car without having any paperwork to back it up or protect you if it breaks down five miles down the road?

The answer to these questions should be a resounding “NO!” If something in life is important, you should always take the time to make sure it is protected from unexpected or unscrupulous developments through the use of legally binding contractual agreements.

Why would you treat your business any differently? Far too many business owners are either ignorant of the contracts and agreements they should be using, or they errantly believe they will be fine without them—that is, until it’s too late.



Every business needs protection from exploitation by the people who interact with it, no matter how much you think you trust those people. Successful business owners leave nothing to chance, which is why you need to have rock-solid contracts in place wherever possible to protect your company and your personal interests in it.

Building your company on a strong legal foundation can help prepare you for any possible eventuality. Life has a nasty habit of throwing us curveballs when we least expect it, but if you take the time to properly prepare legal protections for your business before you actually need them, you can help ensure at the very least that your company won't strike out.

In the following pages, we've detailed eight crucial contracts and agreements that every business needs to understand and use. This free resource does not constitute legal advice for your specific situation, so please contact the law office of J. Muir & Associates for help creating and enforcing the specific agreements that are needed for your business.



Employment Contracts

It is important that you put agreements in place to protect your company from anyone who would do it harm, including your own employees. Hiring, firing, and everything in between can be incredibly complex and risky if you don't follow numerous federal and state labor laws and regulations.

An employment contract can clearly set forth the specific terms of a new hire's employment and eliminate any possible "grey areas" could result in a lawsuit in the future. More importantly, you can include noncompete and nonsolicitation clauses to further protect your investment.

A noncompete clause states that an employee cannot go to work for a rival business after leaving your employment for a defined period of time. It can help prevent having your employees get poached by competitors or having a disgruntled employee try to cause you harm by helping a competitor. A nonsolicitation clause will disallow employees from using their business relationship with your clients and customers to solicit them for their own outside business interests.



Partnership Agreements

If you are going into business with more than one owner, it is essential that you establish a thorough and clearly defined partnership agreement, no matter how much you trust your business partner(s).

A partnership agreement dictates the responsibilities, distribution of profit or loss, rules for transfer of ownership, and numerous other terms regarding every owner involved in a company. It can detail how you will resolve disagreements in the future as well as what happens if an owner dies or becomes incapacitated.

Even if your co-owner is a spouse, you need to prepare for any possible outcome of your business partnership, and this contract gives you the legal foundation to do so. Otherwise, you risk losing everything you are working to build.



Confidentiality Agreements

Also known as nondisclosure agreements or NDAs, confidentiality agreements are put in place to legally and enforceably protect your trade secrets and intellectual property from being shared with outside sources or competitors.

You should require all your employees to sign confidentiality agreements, along with anyone else who is given access to information that you want to remain confidential such as contractors, vendors, or other third parties.

Vendor Agreements

If your company depends on outside vendors for any reason, such as office supplies or other goods, services, or materials needed to conduct your business, you should utilize contracts that clearly define your relationship with the vendor, your expectations of their services, and what recourse is available to you if the vendor fails to satisfy your expectations of their services.

This can help you avoid a legal battle if you ever have an issue with your vendor in the future.



Terms of Use Agreements

This is a broad category of agreement encompassing SaaS (software as a service) or digital services. If you have a website, then you need to establish a strong “Terms of Use” agreement that all users on the website must agree to before utilizing your digital service.

This legally binding document can serve as a disclaimer to mitigate your risk for illicit behavior on your website and can detail specific things like expected behavior, privacy policy, how to opt out, or payment details if needed. Similarly, SaaS contracts dictate how those in possession of your software are required to use it and whether or not it can be shared with or distributed to others.

Prenuptial Agreements

If you own a stake in a business, then it is important you create a prenuptial agreement before you get married that protects your ownership rights and financial interests in your company should you ever get divorced. No one expects to get divorced, but if it ever happens and you don't have a prenuptial agreement, you could lose your company entirely.



Investment Contracts

If investors are interested in purchasing equity in your existing company, then you will need investment contracts. These agreements define important aspects of the investor's relationship and rights within your company, such as how many shares they will receive, how dividends will be distributed, and how much, if any, say they have in managing the company.

Celebrity Endorsement Contracts

Celebrity endorsements can be an effective way to build your company's brand and add credibility to your business, but you need to clearly define the terms of your relationship with the celebrity before allowing them to represent you.

These contracts give you the legal standing to prevent the celebrity from endorsing a competitor or to release you from your obligations to the celebrity should they act in a way that is detrimental to your brand. If you want to use a celebrity to endorse your business, you have to make sure you have legal protections in place in case things backfire.



This is not an exhaustive list of the agreements that your company might need to use. Any time there is risk of potential legal issues, which is often, your business needs to leverage legally binding contractual agreements for its protection. And keep in mind, scribbles on a napkin with a couple signatures doesn't cut it. You need a knowledgeable attorney to build these complex documents for you.

J. Muir & Associates is a law firm with expertise when it comes to creating contracts that will protect your business from risks the future may hold. Whether you are a new entrepreneur just getting started, or you are a seasoned business owner who wants to better protect his or her investment, please give us a call and let us create for you the contracts and agreements your business needs to thrive.

ABOUT JANE MUIR

Jane Muir has been a Florida attorney since 2009, and her practice includes litigation and general counsel for associations. She has served on several non-profit boards of directors, and has been elected to leadership roles, including president of the Miami-Dade Bar Association.

Disclaimer

The information provided herein does not constitute legal advice and must not be used as a substitute for the counsel and services provided by a licensed attorney.

