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## Practical Tips for Your Business

Small/medium sized business face a number of challenges including: planning for the future, protecting company assets, navigating the ever-changing laws related to employees, maintaining profits in changing markets, and avoiding costly litigation. Smart business owners have plans that:

### 1. Include a robust succession plan for the business

- Many small/medium sized businesses do not adequately plan for the future - resulting in failure if a key person dies or leaves
- Required whether your desire is to transition a family business to the next generation or sale the business and enjoy retirement
- Should be integrated with your overall estate plan

### 2. Ensure compliance with the requisite business formalities

- Avoid commingling business and personal assets and debts. **(especially for limited liability or corporate business structures)**
- Maintain accurate records, including tax records

### 3. Document partnership or operating agreements

- Described how the business will make decisions, handle disputes among owners, or close when an owner leaves the business
- The lack of an agreement can result in significant losses, including litigation expenses.

### 4. Adequately identify and protects trade secrets and proprietary information

- Trade Secrets:
  - information that “derives independent economic value” from not being generally known and
  - “reasonable efforts are used to maintain its secrecy
  - Can be formulas, techniques, customer lists, etc.
- Consider using non-compete, non-solicitations, and non-disclosure agreements to protect your company’s proprietary information

### 5. Maintain up to date employment/personnel policies

- Employment laws are constantly changing (broader protections)
- Policies should address social media (Facebook, LinkedIn, etc.)

### 6. Properly classify independent contractors (if used)

- Multiple test used to determine whether a person is an employee or independent contractor (*varies by agency*)
- Presumption is that an individual is an employee
- Penalties for misclassification can be significant

GBL3 Law provides legal counsel to businesses; for specific advice on a business or employment law issue contact GBL3 Law or your attorney.

**Disclaimer: The above information is general in nature and does not constitute legal advice for any specific situation.**