

## Three Things to Remember for Emerging Businesses

By Elijah Hartman

New business ideas can arise quickly and starting a new business can be a seemingly simple task. However, ensuring that your new business remains viable beyond the first year takes more than quick thinking. It takes planning, research, analysis, and help. This blog post provides emerging businesses with three simple steps to help ensure business success.

Number One: Develop a viable business plan. Catchy slogans, popping logos, and intriguing product names, do not guarantee business success. A start-up's first priority is to develop a sound and well-developed business plan. The question you should ask is: *how is my idea going to generate revenue, in both the short term and long?* If you are unable to reasonably identify significant sources or revenue, then it is a strong sign that your business plan may need more work.

To develop a good business plan, first, you have to examine what makes businesses successful. In short, you must research. Successful businesses, no matter the field, provide some added value or ease to others that isn't already provided. This value added is your business purpose and is central to your plan. Importantly, however, this added value should be, well, valuable. Meaning, that someone is willing to pay for it.

Therefore, second, it is very important to identify, and respond to your audience. To be successful, not everyone has to patronize a business or even like it. A business need only identify some group or segment of the population that could benefit, and to direct efforts towards them.

Third, write it out. A good business plan should include a written breakdown of your anticipated investments, operating costs and overhead, staffing needs, potential obstacles, and short and long-term revenue and growth projections.

Fourth, amend, revise, and start again. A good business plan will have evolved and improved and may take a much different form in the end than the beast it was when it started.

Number Two: The Pen is Mightier Indeed. Contrary to what you may believe, Apple and Microsoft do not sell computers and mobile phones. They sell contracts and license agreements. A successful business has a panoply of legal documents drafted for their protection and benefit. Written contracts guarantee payment, set forth performance obligations, and provide remedies in the event that one party doesn't follow through, which is common.

Yes, you must have a written contract— for everything. Rather than viewing this as an impediment to your business, I invite you to redefine your view of business. Providing a client with your written contract not only signals your professionalism, work ethic, and experience, it also serves as a strong litmus test for what it will be to work with that person. If they

react negatively to being presented with your agreement, are overly nitpicky over contractual language, or disregard it entirely, congratulations, you just dodged a bullet. Gracefully thank them for their time and move on.

A good contract is professionally drafted, detailed, and tailored your specific transaction. And a good contract, like a fine wine, gets better with age. Memories fade, situations change, and as such, a good contract becomes more valuable over time. If your main concern is fitting the contract on one double-spaced page, you are setting yourself up for disappointment. Your signed contracts become a substantial part of your business' value, and it is important to appropriately invest by having your own legal counsel draft, review, and revise them.

Number Three: Get help. No one ever became successful alone. Similarly, you don't know what you don't know, and what you don't know can hurt you. Finding and developing relationships with those with different experience and perspective, is truly invaluable, and you should be your initial focus.

However, it is important to avoid the temptation of getting help by selling shares to your friends, family, or even the local barista. Obtaining business investors has significant legal implications that must not be overlooked. For example, the federal Securities Exchange Commission, and various state agencies, regulate the sale of investments in business, and place registration requirements on a multitude of transactions. Additionally, such off-the-cuff sales substantially increase to risk of future liability, and can make business management a nightmarish task, as it is frequently much more difficult to get rid of an investor than to obtain one.

As a start-up, you should look for and develop a healthy working relationship with legal counsel that both understands your business needs and is willing to work with you to help you navigate any hidden hazards. Schedule a call with an attorney to review your business plan, legal documents, and liability protections. And importantly, no matter what your business does, you should set aside 10% of your revenue for attorneys, accountants, and other legal professionals, which will be necessary to help your business succeed.

Whether you are creating a new business, or expanding an existing one, having good legal help makes a difference in your business success. As a full-service business law attorney, with experience with start-ups, intellectual property, contract drafting, licensing, and civil litigation, I strive to work with you to protect and advance your business' success. To learn more about how I can help, schedule a free initial consultation today.