

Why small businesses need lawyers more than big businesses

For small business owners, it can be tempting to cut costs by handling all of your own legal affairs, from incorporating your company without legal advice to preparing contracts on your own.

On the other hand, big businesses and long-established companies are usually armed with a contingency of lawyers who are consulted on virtually every aspect of the company's operations. The irony of this is that small businesses actually stand to benefit the most from the knowledge and expertise of a qualified lawyer.

Just as most of us would sooner pick a fight with David over Goliath, people and entities are more likely to take advantage of smaller businesses than larger companies. If, for example, an employee discovered a secret recipe for a patented coffee blend sold by Starbucks, it is almost certain that he'd be far less inclined to breach the restrictive covenants of his employment contract by disclosing that recipe than if he were employed by a boutique coffee shop owned by a sole trader.

The sheer weight and branding power of big businesses, along with the assumption that there are dozens of hot-shot lawyers at their beck and call, can be enough to deter anyone from breaching contractual agreements, whether it is disclosing confidential information, or defaulting on the duties of a supplier contract.

With small businesses, however, there is typically the presumption that there will only be minor repercussions to a contractual breach, if any at all. Consulting with a lawyer means you'll be fully aware of your legal rights at all times, and that any contracts or legal documents will be prepared with a view to being easily enforceable in Court and fully protecting you and your business interests. This way, if anyone defaults on a contract, you will have the legal support to make a claim and seek compensation, so your business won't suffer from the misconception of having less legal weight than a bigger business.

If you're operating a small business without the advice of a lawyer, it is easy to make mistakes. Setting up the wrong legal entity for your business, incorrectly wording your website privacy policy, or forgetting to include a clause in your partnership agreement are all examples of crucial errors that are easily made without the right legal guidance.

Unfortunately, the repercussions of these types of errors can range from legal claims being filed against your business, to tens of thousands of pounds in penalty fees. While big businesses may have the resources to withstand these types of setbacks, small businesses with fewer resources and less capital can easily be crippled or even made insolvent as a result.

Having a lawyer is therefore of the utmost importance to ensure that your business is fully compliant with all relevant rules and regulations, so that all of your legal documentation is properly prepared, protecting you from possible liabilities which may be detrimental to the success or survival of your business.

Similarly, solicitors will stay abreast of any changes to law, so your business will be able to easily adapt its operations and policies to suit, without ever running the risk of non-compliance.

It's also no secret that a smaller business will have a lesser budget for legal costs than a large business. This is usually the stumbling block for otherwise prudent entrepreneurs, driving them to take matters into their own hands instead of seeking legal advice. To have a level of transparency and control over costs, ask for an itemised breakdown of what you will be charged for, and a payment plan for services. This way you can decide which legal matters are a priority, and which you can seek advice on later down the line.

There are many legal considerations and complexities that come into play when starting and running a small business; rather than going it alone and risking the consequences, contact us at Carter Bond for a free initial consultation to discuss how we can help protect your business the legal way!

For more information, or for expert advice on business or personal legal issues, call us on 020 3475 6751 or via email at info@carterbond.co.uk

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