

HELPFUL TIPS FOR BUSINESS RELATED PROBLEMS

Tips to Avoid Lawsuits

The majority of business lawsuits are created by employee complaints, business related problems, or customer satisfaction issues. Here are some hints which may help you avoid these situations before they arise.

Deterring employee complaints

Recognize workplace complaints that fall under the Equal Employment Opportunity Commission (EEOC), such as discrimination, sexual harassment, workers' compensation claims and wrongful termination.

- **Hire smart.** Complete thorough background checks of potential employees, check references, credit, education claims and criminal activities
- **Know the law.** Become familiar with federal and state employment rules
- **Stay on top of things.** Listen to your employees, set up procedures for employees to bring issues to managers or owners and ensure complaints are resolved in a timely manner
- **Create a paper trail.** Retain employees' written complaints and fully document the steps taken to address them
- **Consider outsourcing human resources.** Using a professional employer organization (PEO) or an outside human resources company is one way to shift responsibility for compliance with workplace laws

Avoiding business-related problems

Recognize workplace actions by third parties other than employees and customers which arise in the course of business, such as injuries or violation of intellectual property rights (trademark infringement).

- **Be proactive.** Take necessary steps to avoid legitimate claims from happening (clear sidewalks, restrict individuals from climbing ladders, remove obstructions from walkways, etc.)
- **Be aware of intellectual property rights.** Avoid claims to trade secrets, patent violation, or copyright or trademark infringement
- **Make sure the company's facilities are in compliance.** Ensure the office space is free from violations of the Americans with Disabilities Act (ADA) and guarantee handicap access

Satisfying customers

Recognize unhappy customers, address any problems that arise and take steps to ensure customers' satisfaction.

- **Put things in writing.** Be clear up front about your responsibilities and obligations
- **Create contracts.** Depending on the nature of the business, contracts or terms of use may need to be considered as part of the routine
- **Bond employees.** In cases where contractors are visiting customers' homes, bonding is recommended so that issues can be addressed without litigation and expenses covered by insurance

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Understanding Service of Process

As a small business owner, you face the risk that your business may be sued and thus served legal documents, also known as Service of Process. These documents are typically served by a third party to the registered agent address on file with the state.

Tips on Handling Service of Process

Receiving this documentation is not only frightening but can also have serious financial consequences. It is important that the complaint is addressed professionally, efficiently and in a timely manner. Some recommendations on how to handle these situations are provided below.

- **Stay calm.** Receipt of these legal documents can be very stressful and it's natural for a business owner to panic. Keep in mind the lawsuit could be frivolous in nature or the Service of Process could have been delivered to the registered agent in error. In either case, it's important to get in touch with your attorney to assess the situation and determine a plan of action.
- **Contact an attorney.** It is highly advised to discuss any pending lawsuits with an attorney. The attorney will help you determine the appropriate plan of action and the steps necessary to resolve the lawsuit
- **Inform your insurance company.** If you carry insurance under which the lawsuit may be covered, immediately notify your carrier. Additionally, you may be subject to legal representation through the insurance provider. Failure to notify the provider could result in forfeiture of any coverage
- **Respond to the summons.** You must answer the papers you've been served regardless of whether you believe the lawsuit is legitimate. In most cases, there is a specified response time indicated on the papers. Be sure to provide your response within that required timeframe to avoid further legal consequences.

If the Service of Process is legitimate and your business is subject to a lawsuit, be prepared for a long haul. In some situations, lawsuits can continue for months or years.

One option for resolving the lawsuit more quickly is to consider settling out of court. A settlement allows the parties involved to resolve the issue by negotiating a middle ground for both the plaintiff and defendant. The option to settle should be discussed with your attorney and in most cases, it is not advised to settle if you feel the lawsuit is frivolous in nature.