

KEEPING YOUR BUSINESS OUT OF THE COURTROOM – Part I

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As a business owner, do you want to become well acquainted with the inside of a courtroom? Of course you don't; lawsuits are expensive and time-consuming, and you have a business to run. You want to keep your courtroom experience limited to reruns of 'Law & Order', or perhaps the occasional daytime viewing of 'Judge Judy'. While you cannot completely avoid the possibility of first-hand courtroom experience, there are a number of things you can do to reduce the likelihood of finding your business in court. This is the first article in a four part series on staying out of court.

INTRODUCTION

Generally, there are three groups that might bring a lawsuit against your business:

1. Businesses with whom you do business ("Other Businesses");
2. Your employees; and
3. Your customers.

Other Businesses

If you are open and honest with other businesses (vendors, creditors, etc.) you are less likely to get sued by them. To further reduce the likelihood of being sued by other businesses, maintain accurate records of transactions, and get agreements in writing. Make sure that the documents you use in your business-to-business transactions comply with applicable laws. Paying your attorney to review your frequently-used documents and to advise you of the legal ramifications of significant business decisions is much less expensive than paying your attorney to defend you if you get sued for something relating to these documents. Part II of this series will examine the topic 'Other Businesses' in more detail.

Your Employees

The best way to prevent your employees from suing you is to be fair, honest and up-front with them. Consider adopting an employee handbook to outline office procedures and job expectations. This way, you and your employees will be on the same page (no pun intended). Additionally, beware of laws against discrimination, do not tolerate any sort of sexual harassment in the

workplace, and do not retaliate if an employee reports you for an alleged violation of some law. We will examine this topic in more detail in Part III of this series.

Your Customers

Business owners who are good to their customers are less likely to be sued by their customers. (Do you sense a theme here?) Still, as the old saying goes, 'you can't please all the people all the time'. Besides, today's marketplace is quite different from the days of the corner drug store, when you knew most of your customers fairly well. In addition, many consumers are just looking for any excuse to sue a business, in an attempt to make some easy money. So it only makes sense for business owners to protect themselves from unsatisfiable customers. Make sure you have sufficient insurance coverage; talk to your insurance agent about your particular situation. For significant consumer transactions, you might consider including a mediation/arbitration clause in the documents to be signed by the customer. Part IV of this series will examine the topic 'Your Customers' in more detail.

If you do the things outlined in this series of articles, you can significantly reduce the likelihood of having to defend your business in court – keeping your courtroom experience limited to 'Law & Order' and 'Judge Judy'.