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# Legal Basics for Your Business

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# Your Speakers

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# Legal Issues for Newcomer Entrepreneurs

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# Pro Bono Ontario

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Our mission is to bridge the gap between lawyers who want to donate their services and low-income Ontarians whose legal problems do not attract government funding.

Recently we have merged with another Charity, Connect Legal which provided legal assistance to newcomer entrepreneurs.

We have expanded on the work done by Connect Legal to ensure that all newcomer entrepreneurs in Ontario have access to free legal support, regardless of geographic location.



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# Importance of Legal Help for Entrepreneurs

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Starting a business is very exciting and most people place a lot of emphasis on designing their brand, logo, website and product. However, legal implications of operating your own business is often overlooked.

Whatever the reason, experience shows that most people:

- Believe they do not have sufficient funds for a lawyer; or
- Believe seeing a lawyer is not necessary until something goes wrong
- Are unfamiliar with the legal requirements of operating a business in Ontario

# Importance of Legal Help for Entrepreneurs

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If you don't address complex legal issues early, it can slow the growth of your business and inhibit your ability to turn an idea into a reality.



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# New Businesses and the Law

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All new business have legal implications. Understanding and planning accordingly can save a lot of time, money and effort as you grow your business.

The law can be a tool to help business owners create an organized and orderly system in which expectations are anticipated and planned for.

Unfortunately, newcomer entrepreneurs usually face challenges that are unique to their situation.



# Common Problems Faced by Newcomer Entrepreneurs

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Lack of funding

Lack of support (from the government)

Cultural differences

Familiarity with regulatory framework in Canada

Government red tape

Finding qualified workers and building markets

# Most of these issues can be resolved with early level legal information and support

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Lack of funding - Having a proper legal structure can help legitimize your business and attract private investment and allow you to access small business loans.

Lack of support (from the government) - Having a proper legal structure can also make you eligible for a number of government supports.

Familiarity with regulatory frameworks in Canada - Understanding the legal implications for your particular business will help you gain a familiarity with your industry and help you grow your business.

Government red tape - Understanding your basic legal obligations and requirements makes navigating your sector far easier.

# Risk Identification Index for Small Businesses

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What sort of business are you going to operate?

What assets (value) do you want to protect?

Who will your most important contracts be with?

If someone sued you, who do you think it would be?

If someone didn't pay you, what would you do about it?

If you got sick, what would happen to your business?

# Risk Identification Index for Small Businesses

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Every new business owner, especially newcomer entrepreneurs should always use this index when first starting their business.

Their answers will not only help identify their early legal needs but it will also help influence the structure, and growth trajectory of their particular business.

# Risk Identification Index for Small Businesses

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# Common Legal Questions for Newcomer Small Business Owners

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What kind of business structure should I choose? (Sole proprietor, partnership, incorporation)

What are the legal requirements for operating in a particular sector? (Shipping, import/export, daycare, food based business, consulting)

What should be in a standard contract?

Can I register my company in multiple jurisdictions?

How do I protect my business name and reputation?

# The Importance of Law and Business

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As previously mentioned, all new business have legal requirements.

Business owned and operated by newcomer entrepreneurs often have particular legal issues that can seem insurmountable. **BUT THEY ARE NOT!**

Building a strong legal foundation will greatly increase your chances of success.

Get help early! Do not wait for something to happen before you talk to a lawyer.

# Pro Bono Ontario

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# SUCCESSFUL BUSINESS PLANNING AND WHERE LEGAL PLANNING FITS

Jon E Worren  
Sr. Director & Entrepreneur in Residence  
MaRS Discovery District

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Hello,  
I'm Jon

Immigrated to  
Canada in  
**2004**


Founded  
**3 Companies**  
Including 2 in Canada

Worked with  
**1,000 Ontario Entrepreneurs**  
in current role



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# DISCLAIMER

- The content of this presentation are opinions based on my personal experience
  - I do not have a law degree
  - Nothing I say in this presentation should be interpreted as legal advice
  - If in doubt, please seek appropriate legal advice
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# Contents

Business Planning:  
Key stages of the company creation process

Early-Stage legal issues

Growth Stage legal issues

Q&A



# The Key Stages in Starting a Business

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## Startup Phase

Entrepreneurial  
Management

Traditional  
Management

Growth Phase

# Issues by Stage

## Early Stage

- Maxim: Search, Learn & Iterate
- Product & IP
- Incorporation
- Co-founders?

## Growth Stage

- Maxim: Execute & Grow
- Employees?
- Financing?
- Customers?
- Partners?

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# EARLY STAGE

## IP

Key question:

Have you made a discovery that can be patented?

Provisional patent filing (US) – gives you 12 months protection

## Incorporation

Key question 1:

Do you need to protect your family's assets from business risks?

Key question 2:

Do you anticipate needing to raise funds to finance the growth of your business?

## Co-founders

Key question:

Do you have/need business partners?

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# GROWTH STAGE CONSIDERATIONS

**Key consideration:**

The right legal practices makes growing the business easier – it protects your interests and facilitates the addition of customers, employees, financing and partners.



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# GROWTH STAGE

## Employees

- Employment contracts
- Confidentiality & non-disclosure agreements
- Non-compete provisions


## Customers

- Relationship protection
- Revenue protection
- Liability

## Financing


- Is your business an “investable asset”?  
Selling a share of the company to raise funds

## Partners

- How do you share obligations?
  - How do you share gains?
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# CHOOSING A LEGAL COUNSEL

- Don't think of legal counsel as an expense only
  - Choose a legal counsel in the same way you choose a business partner
  - Other than legal expertise they often bring a reputation and connections
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# *Q&A with Presenters*

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# Questions?