

TRANSCRIPT

On Your Terms



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Episode #: 161

5 Reasons Why You Can't Wait to Legally Protect Your Business

Sam Vander Wielen:

Hey, and welcome back to On Your Terms. I'm your host, Sam Vander Wielen. And today, I'm coming back from Vermont as you're listening to this. So, I love the day that we come back, on the one hand, because we always, like, meander our way south through Vermont and I like to go through Woodstock because it's just the cutest little town.

I think that Woodstock is not very Vermont-y if you've spent a lot of time in Vermont because, I don't know, it's busier and there's a lot of shopping and hustle and bustle. And what I really love about Vermont is the greenery, and the relaxed farm vibes, and the open space. But Woodstock, Vermont has the cutest downtown. And there's this insane cafe that I love to go to right in the downtown. It has the best healthiest food, I love it so much. And then, we just kind of meander our way through Massachusetts and then through Connecticut, and then we get on the ferry and, boom, we're home. It's a really beautiful trip, especially this time of year. But I'm always so sad to leave Vermont. So, as you're listening to this, that's what I'm doing.

So, today, we're talking about whether or not legal can wait. And sometimes the Philly girl in me, the Philly born and bred girl in me just always wants to give it to you straight and be like, "Actually, it can't." I would love to sit here and sugarcoat a lot of things for you. And I feel like I do try to spend a lot of time here talking to you about when you talk about legally protecting your business, certain things are overblown. And I'll be the first one to admit that or I'll be the first one to tell you like, "Hey, people aren't running around getting sued all the time. The goal is to not get sued or we're trying to prevent that."

But I'm not a fear-driven person, and I hope that you feel that for me because I really try to bring that to you here and everywhere else that I do this online. But at the same time, there are some realities that I do

feel a little frustrated about of I know everybody wants to push legal to the end of the to-do list, whether it's because it's expensive, it's not fun, you feel like it's not important, you're just burying your head in the sand, it's intimidating, it's annoying, it's overwhelming. It's all of the things, which it is, but it's also necessary and it's important and it actually can't wait. A lot of parts of it can't wait as long as you'd probably like them to.

So, today, we're going to talk about why waiting to legally protect your business could put you at unnecessary risk and some of the things that you're giving up if you choose to go that route.

I really believe in the power of knowledge and just access information, so I'm here just to tell you like, "Hey. Here's what can happen if you wait." I'm laughing because I'm on video right now and I have Huddy in my office and he wants to leave, I think, and so he's laying by the door. He's, like, desperate to get out of here. So, I'm just laughing because I could see him in my camera.

But I understand why we want to wait and all that good stuff, and it's just that I want to give you the information so that you can make an informed decision. Like if you choose to wait, then just do so knowing what you're risking. And I don't want you to put this off, put this on the back burner thinking it's not a big deal or not understanding what you're risking, and then you're making an uninformed decision. So, that's really the goal.

And that's the problem that I see, is that people are making uninformed decisions where they're saying, "Oh. I heard that it's not a big deal if I wait until later for this part or that part or to get a contract or to get an LLC." And then, it turns out that it's not. And other times I see people rushing to get things done and treating them like they're super important and they're not, then we're wasting time and wasting money and delaying starting our businesses.

So, I've got five reasons for you why waiting to legally protect your business can mean trouble for you, potentially, in the future. Number one,

and probably the biggest that just is going to trickle down through our entire conversation, is that legal protection is not retroactive.

So, when you get legal protection in place, whether it's an LLC or a business insurance or having contracts, they protect you from the day that you get them in place moving forward. So that means that client that you worked with six months ago, the person who read your Instagram post last month, the person who visited your website last week, none of that stuff is protected. If they sue you or if something happens from any of those interactions or consumption or purchases, you're not covered.

So, legal protection is not retroactive. It's only going to apply from today moving forward or whenever you get it in place moving forward. So, that's super important to know because I think a lot of people think, "Well, I'll get this in place later, and then that will go back and cover me for before." That's especially true, by the way, with business insurance, so you had to have had business insurance in place, actively in place at the time that the incident occurred. So, we need to have business insurance early, that's why I talk about it so often. It's one of the things I teach about in the Ultimate Bundle. I've talked about it here in the podcast and elsewhere.

Number two, the number two reason why waiting to legally protect your business is really dangerous is that once something happens, it's too late.

I mean, kind of going back to the retroactivity issue, once somebody, for example, stiffes you on payment, like they don't pay you, the fact that you didn't have a contract or the fact that you had a contract that wasn't clear on this issue, it's too late. There's nothing you can do about it. So, that's kind of the point, a lot of people, they're betting and we're waiting and waiting and waiting. And then, when the thing happens, that's when you needed it. So, it's always going to have to be in place beforehand. The goal is always to have legal in place before you ever have to use it.

It's the fire safety ladder that you're putting in your bedroom so that you can get out of your bedroom safely. The goal is that you never, ever have

to break that thing out of your bedroom. But when and if a fire – God forbid – started in your house, it would be too late to be like, “Oh. I got to go on Amazon, I better get that fire safety ladder now.” It’s over. You needed it before. So, that’s the whole point, is we already needed this stuff.

The third reason why waiting to legally protect your business is not great is because it actually could be having the reverse effect where it could be keeping you from where you want to go, from going where you want to go.

So, a lot of times we get stuck in this cycle when we build our businesses where we think about getting something to build our business later once our business is already built. But what we don’t realize is that we’re kind of participating in this circuitous cycle where we’re actually contributing to the very thing that’s keeping us from ever getting there.

So, for example, when it comes to legally protecting your business, people will say, “I’m going to legally protect my business when I make a little more money. My business is a little bit further along.” But then, they don’t put themselves out there. You might not be shouting about your business from the rooftops. You might not be offering to give that workshop in the cafe in your town because you’re worried about what it means to be legally protected. You might not be offering to go into that company and give a talk because you’re worried that you don’t have the right contract. You might not necessarily want to be seen on social media because you’re concerned if you say or do the wrong thing, you don’t have the protection in place that you need. So, do you see how actually waiting to get your legal protection in place until your business is bigger could actually be keeping your business from getting bigger? It’s like a self-fulfilling prophecy that we don’t want.

The fourth reason why waiting to get your business legally protected is not great is because people, your potential customers, your followers, could actually see it as an opportunity.

So, for example, when you go to sign on a new client or something like that, and they’re like, “Well, she told me it’s a six month commitment, but

I didn't sign anything." Then, when they're two months in and they send you that dreaded email, that we've literally all gotten in the coaching industry at some point or another, that's like, "Hey. I'm good. I don't need to keep working with you." Now, you don't have anything. And maybe that's, in fact, why they knew that they could pull out. Maybe that's why they stopped their payment. Maybe that's why they copied your course content because they're like, "Well, I didn't sign anything when I purchased it." I've heard this from so many people that the person immediately comes back to them and is like, "Well, you didn't have me sign anything."

So, first of all, we don't want to attract people on the one hand, like I always talk about how we don't want to attract try before they buy it people. We don't want people to be coming in saying, "Well, I'll just try this program that they're offering or I'll try this service, and if I don't like it, then I'll just leave because they never made me sign a contract." So, we don't want to attract that in the first place.

And we do want to attract people who look at a very simple contract, for example, that asks them to pay the amount that they've agreed to pay, ask them to pay on time, ask them to show up, be respectful, honor what's included and what's not included. If you attract a person who's not willing to sign that, then we don't want to work with that person. So, legal stuff can actually help you to ward off the wrong people and attract the right people.

Now, my fifth and final reason about why waiting to legally protect your business is not that great is that, frankly, it's just not a choice.

So, I just sometimes get a little frustrated about this because I feel like there's a lot of stuff in our industry about getting a website, and getting branding, and doing copy and headshots, and social media, and we'll buy courses on how to grow on Instagram, or business coaches to learn how to get more clients. And I'm like, but if you get more clients, you don't have any legal stuff in place. If you grow on social media, you're not protected. If you create a course, you don't have the stuff you need to protect it.

So, sometimes I just get that Philly girl in me that is like, "No. This is not a choice." This is part of building a business. This is part of growing a legitimate business. It's the priority. It's one of the main priorities, I think. I mean, to me, this is the cornerstones in starting a business. This is what you do when you start a business.

Go ask the executives of Target, of Sweetgreen, of Trader Joe's, Chipotle, whatever you want to talk about, they got their backend foundational stuff done first. They were not like, "Let's build a million stores and get a huge social media presence, and then when we feel like it, we'll go back and we'll register our business." No. In fact, companies like that get trademarks before things ever come out. They get LLCs before they ever hang a shingle.

So, this is what people do. This is the right thing to do in the right order. It has to be done, first of all to legitimize your business, to be doing this legally, to capture your business expenses, and be able to file your taxes correctly, to protect you personally. We need to register your business. We treat it like it's a choice, but it's really not. It really, really isn't. And this is where we have to have an honest conversation about how this is part of starting a business. This is something you have to budget for and it has to be prepared for. And if we were talking priorities, this has to come before some of the more fun, admittedly more fun, and fancier things. This is just part of what we do.

It's what I did. It's what I encourage all my friends and colleagues to do. Before I ever purchased a course or bought a software for my website, I registered my business, I got business insurance, I set up my business bank account. I'm just talking basics. We don't need iron clad Trader Joe's level legal protection. We need basic foundational support.

I have a really good checklist that I'll give you about how to make sure that your business is legally protected. I go through my list of all the things that you need to have. I'm going to drop that link for the free checklist in the show notes. Make sure you grab that.

And if you've been checking out my Ultimate Bundle Program or you've thought about it in the past and it just wasn't the right time, next Monday, October 16th, I have a really big announcement coming about the Ultimate Bundle that you're not going to want to miss because it's only good from next Monday, the 16th, until October 20th. So, keep your eyes peeled for that. If you already get my emails, of course, you can go on my website during that time, but you're going to want to keep your eyes out because it's a really quick and important thing about the Ultimate Bundle next week.

So with that, thank you so much for listening and I can't wait to chat with you in a few days.

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