

From the Ground Up: Legal Issues for Women Entrepreneurs Roundup

Sound Bites

Start networking on Day 1!

Train your inner voice to focus on the facts. Don't take things personally.

Don't be afraid to talk about your troubles and ask for help.

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On May 29, 2014, the Women of WeirFoulds held a lively morning event featuring two savvy panels—one hosted by lawyers, the other by Toronto entrepreneurs—on how to succeed in today's fast-paced market as you start and grow your business.

Protecting Yourself from Legal Liabilities

Corporate issues: tips and traps — Andrea Green, Associate

When launching a startup, it pays to lay a strong legal foundation and structure your business properly. Using off-the-shelf standard form agreements introduces several risks:

- Standard form agreements are just a starting point. They are meant to be negotiated and customized to reflect the unique needs of all parties and their circumstances.
- They are often drafted for different jurisdictions and may include provisions for American rather than Canadian laws.
- They may also fail to consider whether the parties are individuals or corporations. While incorporating is relatively easy, how you structure the business will impact everything from who has signing authority to shareholder rights, directors, decision making, raising capital, and planning for exits or dissolution.

Hiring & firing: do's and don'ts — Faren Bogach, Associate

Hiring the right people is the key to success for every enterprise. However, employment agreements carry risks for both parties, starting with whether the people you hire are employees or independent contractors.

- Whether an individual is an employee or independent contractor affects benefits, insurance, vacation, employment obligations, and requirements employment standards legislation.
- An individual can be terminated at any time, without cause, provided they are given reasonable notice, including working notice or termination in lieu of notice. Having a properly structured employment agreement is critical, especially in regards to termination. Without this language, common law will apply. Termination with cause carries a very high threshold of proof, thus you should obtain legal advice before terminating an individual's employment for cause.

Negotiating your lease — Karsten Lee, Associate

Every new business eventually needs a place to hang its hat. Location can be the determining factor for your business' success. Odds are you'll need a lease to secure a great location, bringing many factors that need to be carefully considered. For starters, if the tenant is a corporation, then you may need an individual to act as a guarantor who will be personally liable.

Some key issues to consider:

- What do you intend to do with the property? (Don't limit yourself unnecessarily by ensuring this clause is not too narrow.)
- Who is responsible for improvements, repairs and maintenance?
- Any transfer clauses that unduly tie your hands?
- How about insurance for the premises?
- Any special requirements, such as parking, venting, signage, outdoor spaces, garbage collection, etc.?
- Do you have an enforceable option to extend your lease?
- Are you protected against arbitrary landlord rights to relocate your business or terminate the lease?
- Any conditions that the landlord requires prior to release of any allowance funds?
- Last but not least, how much is the actual rent payable?

Make sure to read the lease agreement carefully and consider your business requirements thoroughly before signing. And remember—a lease is technically negotiable; it all depends on your negotiating power.

Nuggets of Wisdom from Five Toronto Entrepreneurs

Moderated by Sarah Bull, Partner & Portfolio Manager, KJ Harrison & Partners Inc., the entrepreneur panel featured:

- Jessica Ching, Co-founder & CEO, Eve Medical
- Jennifer Durand, Founder & Designer, Ziliotto
- Lindsay MacMillan, Co-founder & CEO, Elle Hardware
- Sylvia O'Brien, Creative Director, Colour Theory

What to do when you're starting out

One panellist compared getting prospective clients to dating. In order to attract the clients you want, first you need a solid foundation. Here's what our panel shared on taking the plunge as an entrepreneur:

- A common trait among entrepreneurs is that you just don't give up.
- In business negotiations, remember: no is not no.
- When seeking a mentor, start with who you know. Think of whom you admire.
- Talk to other people who have a history in your field.

Staying in business

Drawing on 45+ years of collective experience, our panellists had plenty to say on what it takes to make a business thrive:

- Your business has to reflect you as a person, your values and the impact you want to make.
- Be your brand—this includes sticking to your work ethic, and sticking to your word.
- Always over-deliver. Word of mouth is very important.
- Brand consistency is critical for building a reputation among companies who can help fund you.
- You can't do everything alone. Find people who will make a balanced team.
- Surround yourself with great people, especially people who support your vision.
- Leverage any press you get. This includes coverage in traditional media, blogs and social media.

Lessons learned

What did our panellists wish they had known when starting their businesses?

- Having an advisory board is extremely valuable.
- Arm yourself with knowledge to avoid getting sidetracked in negotiations.
- Work-life balance can be the biggest challenge, because women do wear a lot of hats.

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