

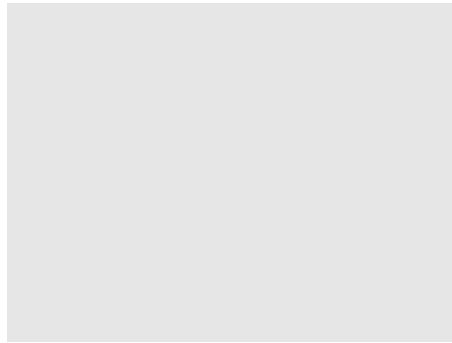
https://www.clevelandjewishnews.com/features/special_sections/legal_affairs/opening-a-small-business-let-an-attorney-help/article_b5cfed60-5ff3-11eb-aae4-6f6753035d5e.html

Opening a small business? Let an attorney help

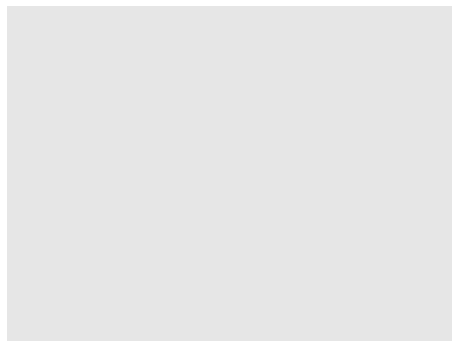
ALEX KRUTCHIK | STAFF REPORTER

akrutchik@cjn.org

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Gecht



Ellis

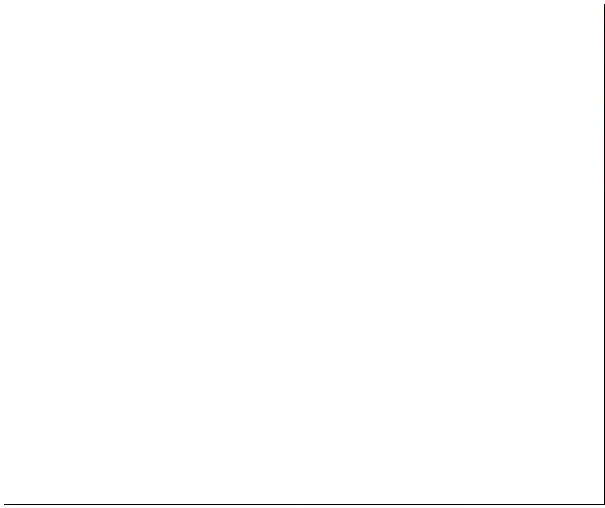


Photo by Ketut Subiyanto from Pexels

There are 30.7 million small businesses in the United States, according to the Small Business Association. Many people, at one point, have at least thought of opening their own business.

Michael Ellis, a partner at Buckingham, Doolittle & Burrough in Cleveland, and Mitchell Gecht, associate at Benesch Law in Cleveland, said having a lawyer present while creating a small business can help in the short term and the long term.

While many people might want to jump right into beginning their business, Ellis said they should consider what the end game is.



“They really need to think about what the purpose of the buy is,” Ellis said. “Are they buying this for what we would call a ‘lifestyle business’ that they intend to run for 20 or 30 years and maybe pass it down to their children? Or are they looking to start a business, have it be successful, and in three or five years or so, sell it to a larger competitor or someone else.”

This is where a good lawyer would come in, according to Gecht.

Business owners need to be weary of signing something that might restrict the way they operate in the future. One restriction, Gecht said, is business owners agreeing to purchase a minimum amount of product from suppliers and then deciding they either want to go in a different direction with the company, or they don’t have the funds to keep purchasing from a certain supplier.

“Generally, signing any type of agreement that restricts you from doing things or requiring that you do things in the future, make sure those are restrictions or requirements that you think you’ll be comfortable with down the road when your business looks a little bit different than it does now,” Gecht said.

Another reason Gecht said a good lawyer is necessary for opening a new business is to help decide what kind of entity structure the business would fit the most well in.

“Whether the entity is going to be a limited liability company, an S corporation, or a C corporation, there’s a variety of legal structure,” Gecht said. “Each has their advantages and disadvantages based on the facts. So certainly a lawyer can help you understand what will be the most tax-efficient and control-efficient for you.”

According to the SBA, more than 627,000 new small businesses open each year, and small businesses account for 99% of all businesses in the United States.

Ellis said it is also important to have a lawyer who is aware of the tax benefits that may or may not be available to the prospective business owner. One example he gave was a tax benefit that is available to certified veteran-owned businesses if they’re coming out of service.

“One of the biggest mistakes is not knowing what you don’t know,” Ellis said. “So if you have an experienced professional working with you and setting it up who has done this transaction numerous times in the past, they will be able to guide you in structuring the transaction correctly.”

Alex Krutchik