

# How to Protect Yourself & Your Business

By Vishal P. Rao

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As a business owner, you already know how important it is for your customers to feel safe about doing business with you. After all, if a customer even suspects he may not receive everything he was promised, then chances are he's taking his business elsewhere. So to prevent that you offer guarantees, secure payment methods, prompt customer service, and more. You do whatever it takes to show each customer that you are sincere and trustworthy.

But what steps do you take to protect yourself and your livelihood?

Too many business owners spend all their time worrying about their customers' security without thinking of their own, even though small companies must often deal with customer fraud, non-paying clients, and more.

Just as you've taken steps to ensure that your customers are satisfied with their buying experience, so should you feel comfortable and secure by taking a few precautions of your own.

## 1. Get Everything in Writing

Written contracts are not just for helping customers understand what they can expect to receive for their money, they are about laying down the ground rules for your business relationship. When these guidelines are in writing, nothing is left up for a debate or becomes a misunderstanding.

Both parties can be assured that their interests are being

protected and both should have a clear understanding of their rights and responsibilities in the event that something goes awry.

A good example would be if you sold a toy which a parent returned six months later because it was broken. Without a contract in writing specifying the time limits and conditions of your return policy, you might end up with an ongoing battle with the customer which could result in lost business and even lawsuits.

Written contracts also don't need to be crafted by lawyers. You can write everything out yourself in ordinary, easy to understand language. When you and the customer sign it, it becomes a legal and binding agreement. It's really that simple.

## 2. Don't Be Naive

So many people in business get burned by their customers simply because they are too trusting. For example, some of you may have shipped products before the customers' payments cleared. Or you may have completed agreed upon work without asking for a deposit. Both are risky propositions as many new entrepreneurs discover the hard way, especially if they do business online.

You can protect yourself by always asking for a partial payment in advance and by always waiting until a customer's payment has cleared before you ship their products. Another method of protecting yourself and your customer is by using a service such as Paypal.com to handle your transactions. The service protects you from non-paying customers and offers your customers protection for lost, damaged, or unshipped products.

## 3. Know Your Local Laws

One of the best ways to protect yourself is by becoming informed. When you know your legal rights, you'll have a better understanding of how to effectively deal with troublesome customers.

For example, some states don't allow you to limit a customer's right to return a product beyond a certain time limit, so you may not legally be able to enforce a guarantee of only one week. On the other hand, if you know your rights, then you'll also understand what steps to take in case legal action on your part is necessary.

For instance, you may want to send a certified letter demanding payment before you file a lawsuit. Additionally, if you appear knowledgeable about your rights, many

customers might think twice before failing to pay or committing fraud.

The bottom line is that you deserve to be protected just as much as your customers. A few advance precautions now can ensure that you'll have a long and satisfying business relationship with your customers.

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Vishal P. Rao is the editor of Home Based Business Opportunities - A website dedicated to opportunities, ideas and resources to help you start and run a home based business. Visit him at:

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