



**PURPLE FOX LEGAL**

**CREATING A**

**BUSINESS**

**LEGAL**

**COMPLIANCE**

**PROGRAM**



# WELCOME

**Thank you for downloading our guide. We're happy to provide this resource!**

When you're in the midst of setting up a business, it's easy to get lost in the forest of paperwork that goes with it. Permits, policies, and procedures aren't exactly the words that spark inspiration in entrepreneurs. Nonetheless, being compliant with local and national laws is part of running a successful and sustainable business.

## Why?

Being non-compliant, either intentionally or unintentionally, can result in costly penalties that ruin businesses in our country every single day.

Failing to integrate a legal compliance program into your company's foundation could be detrimental. It could mean the difference between success and failure.

A legal compliance program is something that every business - new and old, large and small - should include in its planning and progress. Thinking about business law is enough to spike anxiety for most entrepreneurs. However, you and your team will have less to worry about with the proper insight, training, and protection.

The first step is getting everyone in your company on the same page, understanding the importance of a compliance program and the systems that surround it. From there, it will begin to feel like just another normal part of your day-to-day business.

This guide will take you through some of the basic steps in developing a legal compliance program for your company.

**Be sure to review our Legal Compliance Checklist at the end of this guide.**



# WHAT IS A LEGAL COMPLIANCE PROGRAM?

A legal compliance program is a company's system to track, navigate, review, and develop its policies to comply with laws, rules, and regulations that apply to a specific business type. It is there to protect the company as a whole, as well as the employees and employers within the business.

As laws differ from business type to business type, there isn't necessarily a formula that can be used across the board. However, there are some universal business laws and regulations that we all should navigate. That means the base of what you need will usually remain the same, just keep in mind that certain aspects will need to be tailored or extended depending on your business type and the industry you work in.

# CREATING YOUR LEGAL COMPLIANCE PROGRAM

Before you begin to build your legal compliance program, you need to obtain all the necessary business licenses and permits to actively participate in business activities. These include things such as:

- Business licenses
- State licenses
- Federal licenses
- County permits
- Sales tax licenses
- Environmental permits
- Sign permits, where applicable
- Other licenses and permits needed for your industry and business type

Next, you need to make sure your business has a federal and state tax identification. Then, you can build your legal compliance program in accordance with the appropriate federal, state, and local laws and regulations for your business type.





# CREATING AN EFFECTIVE LEGAL COMPLIANCE PROGRAM

As we've mentioned, there isn't a universal formula you can use to create your compliance program. You need to consider your company's specific needs and the industry it works within.

However, the following steps are recommended for every business type in order to set the right foundation for success.

Following the steps in this guide will assist you in developing the legal compliance program your business needs.



## 1. OPEN INTERNAL COMMUNICATION ABOUT THE COMPLIANCE PROGRAM

To get started, it's essential to speak with all staff members and stakeholders about the importance of your compliance program. Creating a universal mindset helps to keep clarity on the overall goal of your policies and opens the floor to discussions about the priorities and needs among departments.

There should be one main contact person in charge of correspondence about the program so discussion remains open after implementation and to prevent any misinterpretation of the policies and procedures developed.



## 2. ESTABLISH AND GATHER WRITTEN POLICIES FOR YOUR COMPANY

If your company is already functioning, you may already have some policies written in relation to compliance. If so, it's time to gather them together to gain an overview.

If you're a new company with little to no policies, it's time to **establish them in writing**.

Outlining clear written policies and procedures is necessary for your business. It will help keep all staff on the same page, offering clear guidelines for certain circumstances. Once you have an overview of where you are right now, it's time to establish where you need to go next.

- *Are there new policies you need to write?*
- *Do old policies need to be updated in accordance with new regulations?*
- *Are your policies compliant with the applicable laws?*

Creating an overview is key. That way, you can identify the policies and procedures that need to be written or updated.



## 3. COMMUNICATE THE CHANGES WITH YOUR TEAM THROUGH TRAINING SESSIONS

Once all policies are up to date, it's imperative to communicate these changes to your team. This is the only way to ensure everyone is compliant at all times.

At this time, inform them of what is expected as part of your team, and the standards that need to be kept in line with your compliance program.

Regular training sessions will help to keep all staff up to date on your code of conduct, and the legal reasons behind these regulations. Remember to schedule time to periodically update and improve your legal compliance procedures.







## 4. CREATE A SYSTEM TO MONITOR YOUR COMPLIANCE AT ALL LEVELS

This system may contain internal, continuous assessments and external, formal audits.

**It depends on the scale and style of your company.**

Monitoring is necessary to ensure you are consistently compliant - even when rules or regulations change, as they tend to do at times.

Within this system, there should be clear guidelines on what to do if something or someone within the system is not compliant.

You should also schedule quarterly meetings to review and update your compliance program and other business systems and processes.



## 5. TAKE CONSISTENT ACTION AND ROUTINELY UPDATE YOUR PROGRAM

Within your compliance program, consistent actions taken to remain compliant. If and when you identify issues or vulnerabilities that could lead to non-compliance, the quicker action can be taken, the less risk there is.

It is also recommended that you schedule the time to review and update your compliance program and policies.

Overall, this is what a legal compliance program is all about - understanding, identifying, and rectifying as needed.

It is important not only that you schedule periodic review of your program, but you should also assign certain individuals to review specific sections of your legal compliance program.



# LEGAL COMPLIANCE CHECKLIST

## Business and Corporate

- Secretary of State annual report
- Bylaws or operating agreement
- Foreign state filing requirements
- Meeting minutes
- Government permits and licenses

## Labor and Employment

- Employment agreement
- Independent contractor agreement
- Internal policies and procedures
- FMLA, ADA, and FLSA compliance
- Required employment signage

## Advertising and Marketing

- Federal laws and regulations
- FCC rules and related requirements
- State laws and regulations
- Industry-based requirements
- Intellectual property licenses

## Federal and State Tax

- Federal EIN
- State tax identification number
- Detailed expense records
- Annual tax preparation checklist
- Annual review of tax strategy

## Privacy and Data Security

- Website privacy policy
- Website terms of use
- Access control
- Data breach protocol
- Confidentiality and non-disclosure

## Intellectual Property Protection

- Protocol for clearance searches
- Intellectual property registrations
- Maintenance of trade secrets
- Intellectual property portfolio
- Enforcement procedures

## Contracts and Agreements

- Standard contract templates
- Industry-specific clauses
- Pricing strategy and procedures
- Procedures for contract compliance
- Due diligence of third-parties

## Operational Procedures and Policies

- Employee handbook
- Officer and board member duties
- New hire forms and checklist
- Measurement and calculation of KPIs
- Written customer journey map

## Legal Liability

- Business insurance policies
- Protocol for potential lawsuits
- Standard cease and desist letters
- Protocol for collecting unpaid fees
- Conflict of interest procedures

## Miscellaneous

- Health and safety training
- Record-retention policy
- Review of fringe benefits
- EEO and AAP compliance
- Key dates (deadlines, due dates, etc.)



**EVERY ENTREPRENEUR NEEDS TO ASK HERSELF TWO THINGS. FIRST, HOW DOES SHE WANT CUSTOMERS TO FEEL WHEN THEY ENCOUNTER HER BRAND? SECOND, HOW CAN SHE MAKE THAT A REALITY?**

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