

Contracts Every Small Business Should Have

A Client Guide from the Law Offices of Jason G. Krantz, PC

Most business disputes don't start with bad intentions — they start with a handshake deal, a vague email, or an assumption that “we're all on the same page.” Clear, written agreements set expectations before problems arise, protect what you've built, and give you a path forward when something goes wrong. Here are the core contracts we recommend every New York small business put in place, and why each one matters.

The Four Areas Your Contracts Should Cover

Ownership & Governance

WHO OWNS IT

- Operating Agreement or Bylaws
- Shareholder & Buy-Sell Agreement
- Founder & Partner Agreements

Customers & Revenue

HOW YOU GET PAID

- Client Service Agreement
- Terms & Conditions / Terms of Sale
- Website Terms of Use & Privacy Policy

People & Workforce

WHO DOES THE WORK

- Employment Offer Letter & Pay Notice
- Independent Contractor Agreement
- Confidentiality & IP Assignment

Operations & Growth

DAY TO DAY

- Commercial Lease
- Vendor & Supplier Agreements
- Non-Disclosure Agreement (NDA)

1. Operating Agreement or Shareholder Agreement

This is the rulebook for the owners. It spells out who owns what, how decisions are made, how profits are distributed, and — most importantly — what happens if an owner wants out, becomes disabled, divorces, or passes away. Buy-sell provisions set the price and terms for those transitions in advance, rather than leaving them to a courtroom.

Why it matters: New York requires every LLC to adopt a written operating agreement within 90 days of formation. Without one, default state rules — not your own intentions — govern disputes between owners.

2. Client Service Agreement

If you sell services, this is the contract that gets you paid. It defines the scope of work, deliverables, timelines, fees, payment terms, and what happens when a client wants changes, pays late, or ends the relationship early.

Why it matters: A clear scope of work and payment schedule is your best protection against “scope creep,” non-payment, and disagreements about what was promised.

3. Terms & Conditions, Website Terms, and Privacy Policy

If you sell products or accept orders online, standard terms of sale govern returns, refunds, warranties, shipping, and liability limits. Your website should also include terms of use and a privacy policy that accurately reflects how you collect and use customer data.

Why it matters: Well-drafted terms can limit your liability, set expectations up front, and designate New York law and courts if a dispute arises.

4. Independent Contractor Agreement

Freelancers and contractors are a flexible way to grow — but New York has specific rules for these relationships. Under the statewide Freelance Isn't Free Act, if you hire a freelancer for \$800 or more (including multiple jobs totaling \$800 over 120 days), you must have a written contract that includes both parties' names and addresses, an itemized description of the services, the rate and method of pay, and the payment date.

Why it matters: Freelancers must be paid by the agreed date — or within 30 days of completing the work if no date is set — and hiring parties must keep the contract for six years. Violations can mean double damages and attorney's fees.

5. Employment Offer Letter and Pay Notice

An offer letter confirms the role, compensation, start date, and at-will status, and can incorporate your confidentiality and company policies. New York's Wage Theft Prevention Act also requires employers to give every new hire a written pay notice — in English and the employee's primary language, where available — stating the pay rate, pay day, and employer information.

Why it matters: A clear written offer prevents misunderstandings about pay and duties, and the required pay notice helps you avoid statutory penalties.

6. Confidentiality and Intellectual Property Assignment

Your client lists, pricing, processes, and creative work are often your most valuable assets. A non-disclosure agreement (NDA) protects sensitive information shared with employees, contractors, or potential partners, while an IP assignment makes sure that anything created for your business actually belongs to your business.

Why it matters: Without a written assignment, an independent contractor may own the copyright in work you paid for — including logos, code, and marketing content.

7. Commercial Lease

For many businesses, a lease is the largest financial commitment they'll make. Commercial leases in New York City are heavily negotiated and often include rent escalations, responsibility for taxes and repairs, use restrictions, and a personal guaranty from the business owner.

Why it matters: A personal guaranty can put your own assets at risk if the business can't pay. Have your lease reviewed before you sign — terms like a "good guy" guaranty, renewal options, and assignment rights are much easier to negotiate up front.

8. Vendor and Supplier Agreements

Agreements with vendors, suppliers, and service providers should address pricing, delivery, quality standards, warranties, liability, and termination rights — so a single supplier problem doesn't become a problem for your customers.

Why it matters: Clear terms give you remedies when a vendor falls short and help you avoid being locked into unfavorable, auto-renewing contracts.

What Every Strong Contract Should Include

- **Clearly identified parties** — using your business's exact legal name, so the contract binds the entity rather than you personally
- **A specific scope** of the goods, services, or obligations involved
- **Payment terms** — amounts, due dates, late fees, and deposits
- **Term and termination** — how long the agreement lasts and how either party can end it
- **Limitation of liability and indemnification** provisions that allocate risk fairly
- **Dispute resolution** — choice of New York law, venue, and whether disputes go to court, mediation, or arbitration
- **Signatures** from authorized representatives, with titles shown

New York-Specific Considerations

- **Some agreements must be in writing.** Under New York's Statute of Frauds, contracts that can't be performed within one year — among others — are unenforceable unless they're in a signed writing.
- **Electronic signatures are valid.** New York's Electronic Signatures and Records Act generally gives e-signatures the same effect as handwritten ones for most business contracts.
- **Non-competes are enforceable only if reasonable.** New York has not enacted a statewide ban, but courts enforce non-competes only when they protect a legitimate business interest and are reasonable in time, geography, and scope. Pending legislation could change this, so these clauses should be reviewed regularly.
- **Freelancer protections apply statewide.** The Freelance Isn't Free Act, first adopted in New York City, now applies throughout the state to contracts made on or after August 28, 2024.

Templates found online are rarely written with New York law in mind, and a contract that doesn't hold up is often worse than no contract at all — because it creates a false sense of security.

Protect Your Business Before a Dispute Starts

The right agreements help you get paid, protect your ideas, and keep relationships on track. Schedule a consultation with the Law Offices of Jason G. Krantz, PC, and let's put the contracts your business needs in place.

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