

## Avoiding and resolving internal business disputes in California

Written by Australian Business

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Every business owner knows that running a company is not always easy. Coordinating numerous moving and changing aspects of a business while keeping customers, suppliers and employees happy can be trying at times. When differences or disputes arise between co-owners or business partners, the going can really get difficult.

### Avoiding internal disputes

Internal disputes may arise from a number of factors. Some of the most common disputes between business partners come from following issues:-Compensation amounts and calculations.-Taking the business in different directions.-Retirement timing and buyout agreements.-Family squabbles in family-owned businesses.

While some disputes can be easily resolved, it is important to anticipate conflict and attempt to head it off by deciding how your business will resolve disagreements. Upon initial formation of a business, discuss and agree how various issues can be addressed and put your agreements in writing.

Detailed bylaws that outline each person's role, financial obligations and responsibilities are essential. Maintain a paper trail of internal workings of your company -- outlining decisions made during meetings -- and revisit your written business plan and internal agreements regularly.

When disagreements arise, open up the lines of communication and listen to each other's position. It is often possible to come to an agreement on your own and, if you do, be sure to commit it to writing. If you are unable to negotiate a resolution on your own, ask your business lawyer for help.

### Alternative means of resolving disputes

Alternative dispute resolution options are also available if preventative tactics fail to adequately address internal issues. Standard arbitration and mediation clauses are common in many business contracts and should be used in internal agreements as well.

The arbitration process is similar to taking a case to court: both sides are allowed to have legal representation and a neutral third party makes a decision based on the evidence presented during the arbitration. This process is generally less expensive and gives the both sides the opportunity to argue their positions without a full-blown lawsuit.

Mediation is more similar to patching up a dispute with the help of a trusted friend who is uninterested in the outcome. A neutral third party acts as a guide for the parties as they go through the mediation process. The disputants give, take and compromise until an agreeable resolution is achieved or a stalemate declared.

### Consult a lawyer

An experienced business lawyer should be involved in every step of your business. An attorney knowledgeable about business and corporate matters can help with formation, growth issues, dispute resolution and, ultimately, dissolution or succession to the next generation or new owner.