

## **LAWYER OR LAW FIRM FOR START UPS?**

In India, start-up companies lay their foundation with an ambition to join the league of global competition as swiftly as possible. They have the ideas, zeal, perseverance and burning tendency to cross the bridge of hurdles but don't have apt wisdom to build a legally strong foundation for their future business. The list of statutory compliances and legal requirements takes a back seat in the hustle-bustle of launching a new venture. The apparent reason could be lack of knowledge, not focusing on hiring the legal expert or any law-firm or financial constraint to compromise money on lawyer's fees. Let's explore the mystery from the start.

### **Why there is a need of a lawyer or law firm?**

This is the first mystery to unravel before moving on to the next mystery. India is known for its complicated yet harassing legal system which brings forward a series of approvals, licenses, registrations & applications when it comes to starting a new company or set-up. This is just the beginning as there is too much of legal nuances ahead to explore, resolve and satisfy.

Choosing the apt legal entity for the business, legal requirements to structure the form or company's funding requirements, periodical compliances as required in the process, government policies as applicable on business that can prove beneficial for the business, requisite statutory compliances in the modus operandi of the start-up etc. are some of the examples of legal issues that needs both knowledge as well as experience. A lawyer or a law-firm has expertise; connections and experience in this field and are surely required by a start-up. It is better to afford lawyer's bill than to pay for legal claims or huge penalties later.



## **Whom to choose- Lawyer or Law Firm?**

A good lawyer or an established law firm, are the two options in front of a start-up company. In order to decide, one has to look out for all the relevant parameters, has to make apt use of its networks, surf the search engines, check professional networks and its company's cost as well as business requirements.

Let's review the comparative pointers to reach out on a proper conclusion:-

- Law-firms are costlier than lawyers:

Since start-up companies are frugal in spending and there are host of regulatory issues in India, the services of law-firms or of in-house

lawyer on permanent basis may turn out to be quite unaffordable for a start-up company. Resultantly, start-ups will constantly have to worry about fees even when they require their simple legal services for petty transactions. Additionally, with start-up India initiative, the legal issues will be comparatively less than recent times.

Recently, there is a new legal counseling service in the market that suits well for start-up. It is known as 'On-Call Attorney'. These lawyers provide legal support on demand at relatively lower costs. However, it is essential to check certain pointers before hiring their services:

- a. Specialization/ expertise in the domain of work required: it means to pick a lawyer that has expertise & experience in that field of work.
  - b. Understand your business: It is better to make sure that he/she understands your business and its legal requirements.
  - c. Cost-effective: It is vital as we are choosing lawyer over law firm so his/her cost should be lower than that of the law firm.
- On the other hand, law firms might turn out to be more reliable than lawyers in certain cases. Apparently, firm remains even if the lawyer quits and it is the responsibility of the firm to provide another one. A lawyer may quit his/her practice or refer another lawyer or become an in-house lawyer in a company and this may leave your start-up on mid-trail without showing any sense of business ethics or responsibility. But a law firm will always be available at any time and personify repute, years of experience in the field and promise to resolve your legal issues in disciplined manner.



## **Conclusion**

The most appropriate action for a start-up company is to hire a lawyer or law-firm depending on one's priorities, requirements and understanding in order to avoid costly legal suits, business shut-down or fines or penalties at later stages. Make your own decision for a lawyer or law-firm based on certain vital parameters and your business capability.