

## Hand Shakes vs. Lawyers

By Matt H. Evans, CPA, CMA, CFM

April 27, 2016

We live in a world where timely execution is critical. Obstacles and delays can be detrimental to many businesses in this fast paced changing world. What helps is when you can trust someone based on a handshake and get things done quickly before having to execute legal agreements. Yes, this may fly in the face of a more cautious and traditional view of business which advocates, get everything in writing and make sure you hire a lawyer. However, this traditional view of business is increasingly not grounded in the reality of how people need to get things done.

An obvious challenge is to find people who you can trust, enabling this fast-track approach to execution. This requires several actions on your part, including:

1. Identify those who you can trust – Seek out the most reliable people who have honored their past commitments on a consistent basis. These kinds of people are critical to seamless execution.
2. Be realistic with your expectations – Don't make it too difficult for others to get the job done. Set achievable targets of performance that meet your business needs and align with the capabilities of what others can do.
3. Willingness to take some risk – If you are an extremely cautious person who has been burned in the past, you may have to be more open to trusting others that have a proven track record of past performance.

*"All my parents wanted, was for us to be trustworthy citizens. And there's a responsibility that goes with that, and it's not something I take lightly."* - Robin Roberts, host, *Good Morning America*

Depending upon your physical location in the world, a hand-shake may be appropriate for doing business. People who know one another in rural settings often provide business based on a word and not a formal contract. If you plan on doing business based on a hand-shake, try and meet the person face-to-face, observing their tone and body language. They should convey confidence and trust.

You should have some ideas on exactly what you want, what price and over what time frame. Do not go into a negotiation without having the basic terms worked out in your head. You should also confirm your understanding by email communication. In some cases, you may want to have the parties execute immediately to see if they are in fact trust worthy.

*"I'm a big believer that a person's word and handshake is the best signature you can have. If you keep it simple and clear ... the only reason you get screwed is because the other person is lacking in character. But if someone is intent on screwing you, they're going to do it whether you have it down on paper or not."* - Marcus Lemonis of *CNBC's The Profit*.

The undeniable key to making a hand-shake work is trust. When you have high levels of trust, you are going to get things done really fast. When you have low levels of trust, things are going to crawl along through the legal process. And don't forget, there is a cost associated with this legal process including hidden cost such as longer times to getting your products to market.

It is regrettable that we have lost the art of how to do business based on a hand-shake. There are distinct advantages to this approach, mainly in getting things moving quickly. This is why business based on a hand-shake has become more important than ever. It sets everything in motion and conveys the building blocks for the final agreement to follow. Yes, it is true that business has become less personal and everything is about the written contract. But if you have simple and clear task that can be performed by someone you can trust, don't be afraid to initiate the process with a hand-shake. Keeping the lawyers out of the room, at least on a temporary basis, can sure go a long way in helping you execute.

*"The handshake depends on who you're dealing with. If you've known the person you're dealing with all your life and he's been honest and all, there's no question about a handshake. If he's a fly-by-night coming in here, you'd better have your contract out." – Lifelong Rancher A.E. Whaley of Kissimmee*