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Uncle Gene's Three Practical Rules For Business Owners To Avoid Being Hauled Into Court

RULE ONE: TREAT PEOPLE WELL

Angry people start lawsuits. If you treat people well, they will not get angry and will thus be unlikely to sue you. Treat your customers, your employees, your vendors, and – yes – your competitors with courtesy and patience. Listen to them if they have complaints, and resolve their complaints if you can. If you cannot, explain your reasons why. Avoid being defensive or argumentative. Remember that they, like you, are simply trying their best to earn a living, balance their budgets and otherwise muddle their way through life. They may not be abrasive people, they may just be having a bad day, perhaps because something awful has just happened to them. Give them the benefit of the doubt. While their complaint may seem a small matter to you, it may be huge to them. Remember that customer service is a vital part, perhaps the most important part, of your marketing program. If you're not the one who is interacting with your customers or clients, imbue those who do with the importance of their role. And check up on them.

A corollary of treating folk well is that when you or one of your employees makes a mistake (we all make mistakes), admit it promptly and do what you can to rectify it. Sometimes the cost of making things right will be high, but owning up to your mistakes will rarely lose you any customers or friends. Indeed it will burnish your reputation – which is all that most of have to trade on. Paying for your mistakes is just one of the normal costs of doing business – no matter what your business is. One benefit to owning up is that we free ourselves to learn from our mistakes and to be the better for that learning.

Never, however, try to cover up your mistakes. You may think you're clever, but you really aren't that good at lying. The person you're dealing with probably won't believe you, and if his lawyer catches you at trial in that lie (and he probably will; the trial lawyer's best-honed skill is trapping liars on the witness stand) you will lose your case. As I always tell my clients, there is one sure rule in the courtroom: Liars Lose. And one of the beauties of telling the truth is that you don't have to remember what you've said.

There is one further step in avoiding litigation. The bible admonishes us to be “wise as serpents and harmless as doves.” We’ve just gone through the harmless-as-doves side of this saying. But why do you need the wisdom of serpents? Simple. Because there are two other categories of people of whom you must be wary: the Crazies and the Crooks.

The Crazies are those who will never be happy with you, no matter what you do. Nothing you can do will please them. Whether they are born that way or something in life put them on that road is unimportant; all that matters is they will be unhappy with you and will be sure to tell their friends of your incompetence and post their low opinion of you on the Internet. A hint: if their opening conversation with you is a litany of their woes and of all who have mistreated them, gracefully find yourself too busy to handle their job. And *never* hire them. Trust your hunches. I do not know anyone who has been in business for more than a few years who has not been stung by at least one of these folk. If we are lucky, our losses will be small, but whatever the loss, the education we get is, again, invaluable.

The Crooks are those who lie, cheat, swindle and cut corners throughout their lives. They poison everything around them. One red flag: if they ask for a discount rate the first time you deal with them, promising that you will make it all up on the additional work they will send you, decline their business. Trust me: that repeat business ain’t happening, and if it does, it will be at the same discount rate you gave them the first time . . . or lower. Or if it sounds to you that the deals someone is talking about don’t seem on the up and up, avoid those deals even if you can’t figure out exactly what’s wrong with them. The Crooks are particularly dangerous to you and your business because they are habitual liars who will never take responsibility for their actions. They may even arrange things so that they can plausibly pass their misdeeds off on you. They will tell the victims of their frauds that it was all your fault, and you, who have done nothing wrong, will end up in the victims’ lawsuit.

Lesson from Rule One: Treating folk well and being careful about who you deal with will save you a lot of courtroom suffering.