

Is it possible to make a Good deal with a bad person?

From a business perspective, you can't make a good deal with a bad person, but you can make a good deal from a legal perspective if you draft your contract well enough.

In a recent interview, Warren Buffett said, "You can't make a good deal with a bad person." He elaborated that Bad people may eventually lose despite their deceptive ways and methods, but it's your time that will be wasted in the process. He added that even with a good contract, bad people would find their way and enjoy litigation. And in general, you don't want to spend your life dealing with such issues. So, it's essential to know the other party well before making the deal.

However, from a legal perspective, your contract defines your deal, regulates the parties' relationship and interactions, and thus can protect you from any future losses if drafted well enough.

The "Pacta sunt servanda" principle, which translates to "agreements must be kept" in Latin, is the most important rule of contract law. It establishes that the obligations of an agreement must be honored, and parties are obliged to respect the agreement they entered.

This principle gives the contract its binding nature. It recognizes the contract to be a result of the parties' full desire and free will; thus, both parties have to abide by it as if the legislative power issued it, and neither party can terminate or adjust the contract solely.

With a well drafted contract, you can protect your rights, clearly define your obligations, and set the deal's details to eliminate any future misunderstandings and pitfalls. Additionally, you can always add the good faith obligation to the contract terms to guarantee that the other party is obliged to deal fairly and with good faith,

Furthermore, if the other party "enjoys litigation," as Buffett said, you can cover every detail in the contract and make it clear for the court, so there would not be a big room for interpretation. You can also shorten the dispute resolution process by choosing an alternative dispute resolution method that suits both parties and fits the deal, such as arbitration and mediation.

Finally, in any commercial deal make sure that the party who is signing the contract has the authority to do so.

Moreover, try your best to be the one who presents the draft contract for that deal, and remember that you can always negotiate the terms. Furthermore, make sure that all last minute edits are added to the final version and never leave an empty blank.

Remember, after all reading a contract is nothing like reading a book regardless of how skilled you are; it's always a good idea to have the contract reviewed by a lawyer who can warn you of any red flags, and help you get the deal you sought from the start even if it was with a bad person!