

00:00:05 How agreements help you make better hires. Think about when you're onboarding a team member, whether they're an independent contractor or an employee, it is quite common to have that relationship, not turn out the way you wanted it to either they're not doing what you thought they promised, or they're not living up to expectations in some other way. Often this is because the agreement process was lacking.

00:00:32 When you hire someone, you want to use a template agreement that both protects your interests, which I'll go into specifically in a future lesson, but also lays out your expectations for the relationship to ensure you are all on the same page. It's during the agreement process. That is the time to be as specific as possible with your expectations, and then give your new,

00:00:54 hire the space to push back, ask questions or opt in to the specifics of the agreement. We've provided you with a thorough independent contractor agreement here in your lift resources, but before you just use it as is, make sure you read through it and understand everything that you're agreeing to and everything your team members are agreeing to as well. Now you might want to take this template agreement to your own personal lawyer to make it more personal to you,

00:01:23 your style and your way of doing business. Bringing a template agreement is going to save your lawyer a lot of time and you, a lot of money. Having a great agreement helps you make better hires because it forces you to think through your expectations about the relationship. What will make you thrilled with the success of the relationship and what could cause the relationship to fail?

00:01:45 The more important the higher is the more time that you may take negotiating the terms of the agreement as a business leader, you can provide the template or base agreement and then make the time and space to review it with your new team member and give them the opportunity to ask questions. It's so important and shouldn't be overlooked if you're bringing on a business partner or a high level team member,

00:02:07 I can promise you this. There are going to be times that you do not want to be in business with that person in the future. I don't know what will have happened, but it will be something. And if you do not have an agreement in place that provides why you can't just run, you might just run and that's not good for you,

00:02:26 and it's not good for your business. And of course, it's not good for your team member. Good clear agreements made when you love each other and have high hopes for the relationship that address future outcomes that may be off the charts, or maybe less than ideal are going to keep you in when it's important for you to stay in and also will give you an out if and when you need that as well.

00:02:48 A personal story here might explain. When I first brought my COO on, we agreed

that upon the hitting of certain milestones, he would vest with 15% interest in the, after one year with a goal to get me a million dollar cash out and for him to get another 20% of the company looking back, that was way too fast and too much too soon.

00:03:12 But I didn't know that at the time, he didn't really know enough about the business within one year. And I didn't really know enough about him because we hadn't had time to make it through any hard times yet. In fact, he did hit his milestones and he did get his 15% after that first year. But then over the next few months, we had a rough patch.

00:03:33 He made a bad hire and I needed to come back into the company and work my ass off. One of the things that solidified our relationship during that time is he took ownership and he said, Hey, if you want me to give you back the 15% and end our relationship, I'm open to that. I don't want you to be stuck with me,

00:03:51 but you know what, that had me want to stick with him even more. We made it through the hard thing together, and we were able to go on to sign the next equity agreement. That means he's now almost a full partner in the business. Once just one more milestone is hit and I get my million dollar cash out. And we bring on other lawyer owners of the business.

00:04:12 I tell you all this, because there were a few steps along the way where I wanted to run. I wanted to end the relationship because I was upset or scared, but ending the contract that we agreed to would have cost me seven months of pay to him, which was part of our agreement if I fired him. So I stayed in and I worked it through and I'm so glad I did.

00:04:34 I might not have had we not had a written agreement that kept me in. So use your agreements for hiring team members or bringing on business partners wisely. And don't think they're just about the paper. They're about the process. So in our next lesson, we'll cover the agreement process, what it is and why it's so important.