

How to spot red flags of shady business behavior

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The Small Business Association (SBA) says there are more than 30 million small businesses in the United States, and hundreds of thousands start up every quarter.

While most entrepreneurs are good and honest, there are still some shady operators out there. They don't all have to be exploitative or predatory. Shady practices also can be born from swagger, sloppiness or straight-up incompetence.

Whatever the origin, shadiness is something small business owners should avoid. Your time is money. Don't let somebody's shadiness cost you.

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Here are 12 red flags that signal a shady business character:

1) They pay with a money order

Legitimate companies have legitimate company checking accounts. If they say they own a \$50 million business, but insist on paying your deposit with a credit card, money order or cash instead of a company check, then something's fishy. Either they don't have reliable cash flow, or they're trying to hide how they spend it.

2) They can't walk the talk

People who misrepresent themselves talk a good game, but only so far. Do they endorse practices that are frowned upon or questionable in your industry? Are their budget expectations off? Do they claim to do design work, then don't seem to have a skilled designer around?

3) They boast of partners who don't reciprocate

Do their alleged partners or employees have email addresses that match the company that claims to employ them? Is the association mentioned anywhere else, or do these partnerships seem suspiciously one-sided? If they tout pictures of themselves with important people taken at public events, or pull images from somebody else's website, you've got to wonder.

4) They're in a huge hurry

If this person doesn't have the time or patience to properly plan details of an agreement because it's got to be done super fast, then you have due cause to pump the brakes. Are they asking you to deliver something in an unreasonably short timeframe? Unless you specialize in crisis situations, this is shady.

5) They expect spec or work outside your scope

There's such a thing as value-added service, and then there's trying to get something for nothing. Do they



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With 30 million other small business opportunities, you don't have time to let a shady one hold you back.

ask for your extra time and effort, but don't commit to paying you for it? Do they want you to review documents, pitch ideas or participate in conference calls that aren't accounted for in your agreement? That's shady stuff.

6) They try to manipulate

Shady characters rely on all kinds of mind games to get what they want. They may say something like, "You must not be a team player," when you call them out on something shady. Do they laugh at inappropriate things, like right after you say you could set up a retainer if they want your time on-demand? (Because that's not funny, dude. I'm serious.) Do they say, "You know we would never do that," even after they just did that?

7) They want to use your resources, but don't want you at the table

Like Burr says in *Hamilton*, you always want to be in the room where it happens. Shady people may seek to divide you from resources you have that they're after. Maybe it's a special certification that can give them leverage, or a talented partner with capabilities that you can help them access. Those are your assets. If somebody wants to use them, you all go into the room together to talk details.

8) They withhold items you need to complete your work

This is another shady tactic designed to get more of something for nothing, or delay paying you your due. It's called stringing you along. It might also be a mark of total incompetence, but either way it's pretty shady. Responsible companies don't do this, and have no reason to delay your progress.

9) Professional societies or peer organizations haven't heard of them

If you're working with a company that claims to be some giant leader in its field or region, check with the local association that represents that profession. If they've never heard of these people, and they should have, that's a concern.

10) They can't find or hold onto good people

Do they always seem to be looking for inspiring people? If they have a turnstile of talent that won't stick around, that's weird. Ask about your predecessor. If there isn't one, why not? If there is, what happened? If you get a non-specific answer like, "They didn't work out," or, "I keep trying to find good people and can't," consider maybe this person is the reason why.

11) They have a criminal history

This sounds obvious, but a cursory Google search won't always turn up this kind of information. If you sense some shadiness, scratch a little further. If you dig up a mug shot, you'll think twice about the integrity of the person you're dealing with.

Every "I Have a Bad Feeling About This" in Star Wars



12) They speak to your gut

In *Star Wars*, whenever somebody says, "I have a bad feeling about this," something bad usually happens.

I'm not saying a giant space worm is going to eat you, but I am saying you should trust your gut. If you're working with somebody who makes you feel uneasy, then light speed it outta there.

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