



Help... I've Been Sent a Contract!

An essential aid to understanding your contracts

Good written contracts ensure good business relationships. They set out the rights and responsibilities of both parties. It is important you get them right.

- 1 **Before you even open the contract**, check you have an idea about which party is doing what, what the price will be, delivery/completion dates etc. Going into a document completely cold is a scary business and having an idea about what you might expect to see will help you understand what's going on.
- 2 I know we are encouraged not to print things out but scrolling up and down on the screen to read a contract really is too difficult. **Print it out** so that you can highlight things and look back at definitions and spread the whole thing out in front of you if you need to. You can put post its and comments on pieces of paper more easily than a document on a screen.
- 3 **Standard 'boiler plate' clauses** are commonplace in contracts. They are usually there because at some time in the past there has been a dispute about the wording in a contract, so lawyers include them to avoid problems with interpretation in the future. Don't skim over them – check you can follow what is being said just in case they have been modified slightly.
- 4 If there is a long, complicated clause, **read it out loud** pausing when there is a comma. This should give it more sense. Ask someone else to read it also and see if they agree with your interpretation.
- 5 It's easy to think that because a contract is so long, everything must be included so you don't have to worry. Unfortunately this isn't the case. If you don't expressly **limit your liability**, you might find that it turns out to be unlimited. Don't be tricked into thinking that because it hasn't been mentioned you won't have a problem!
- 6 Quite often contracts **refer to other documents** such as standard policies or procedures that have to be followed and are incorporated into your contract. Ask for a copy of those. They may contain things that you don't agree with or can't comply with.
- 7 Large contracts often have **appendices or schedules** at the back of them. This is where you will find the contractual nitty gritty. These need a careful read because they might have in there such things as key performance indicators which can determine whether the other party has a right to cancel the whole agreement. Often also, the schedules can be varied during the lifetime of the contract – you will need to check whether this is the case or whether you are stuck with the provisions of the schedule for the lifetime of the agreement.
- 8 **Are the company/party names correct?** Are you contracting with the company that you thought you were contracting with or is it a member of the company group? This can cause problems if you are then committed to providing services to the whole group of companies at the same price or if you are a buyer, are not buying from the actual company that you thought you were.
- 9 If the other side has used one of their **standard templates**, check that they have not left any blanks in it, or worse still, have other supplier/customer details instead of yours.
- 10 **Lawyers like to use phrases that other people would not use!** My personal favourite is "for the avoidance of doubt" coming a close second is "if, which is not accepted." When you come across sentences including those types of phrases, break the sentences into chunks (like you might have done when you were learning to read).

Let Haddletons help you get your contracts in order. Get in touch today.



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