

## READ THE FINE PRINT!

Contractual disputes often arise when a business hasn't read the fine print. In fact, some businesses do not read a variety of legal documents at all, often signing them away without realising the possible future legal consequences.

## Common problems

Sometimes businesses rush into signing a contract, don't sign one at all, sign one where the contract have no relevance to what is being provided or sign one which does not contain important elements such as:

- Price;
- Duration;
- Obligations;
- Description of goods/services;
- Insurance;
- Intellectual property & confidentiality;
- Indemnities.

Standard contracts are sometimes produced by suppliers who say "It's our standard contract, we can't change it". If you hear someone say this, you may be talking to a person who has no authority to change the contract or it might be worthwhile re-considering whether you really want to do business with a supplier who isn't willing to negotiate.

## Verbal Agreements

It is often misunderstood that an agreement can still be in place even if legal contracts have not been signed.

For example, if two parties have spoken on the phone or exchanged letters or emails, then

there is good chance that an agreement may have been reached.

It will not matter that there is no formal legal contract in place.

## Competing Suppliers

Introducing competition amongst your suppliers can change all of this. Corporates adopting tendering processes are increasing in momentum. Corporates have begun to realise the financial benefits of these processes, such as suppliers submitting a lower price or a better deal overall to ensure that they are the successful supplier and other benefits such as a stronger negotiating position for your business.

## Communication

The corporate's business expectations and their contract terms should be made known upfront to suppliers. Suppliers then have very little room for excuses and will be required to meet business expectations and to negotiate a balanced contract.

Contractual terms however need not dictate your entire relationship with a supplier. It is important for businesses to maintain constant contact with its suppliers.

Good supplier relationships can mean better business outcomes as suppliers will often gain a better understanding of your business and how they can help your business be successful.

If you require any further information in relation to this topic, please contact Ilona Teremi, Partner on (02) 9375 2258 or email [Ilona.teremi@kreissonlegal.com.au](mailto:Ilona.teremi@kreissonlegal.com.au).



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