

## Tips for dealing with legal contracts

*Wade Pearson*

Contracts can be boring. We all know they are important, but dealing with legal wording can leave people frustrated and unhappy. If you work in a role where you regularly have to deal with legal contracts, here are 3 tips to make your life easier:

- Watch what you say
- Watch what you write
- Watch what they write

Let's look at each of these points in more detail.

### Watch what you say

If you've read my earlier article on ordering a coffee, you'll know that contracts don't need to be in writing. You can commit to providing or paying for something with a few simple words – whether you intend to or not! You can also commit your employer to paying for something, so you do need to watch what you say before the contract is signed.

### Watch what you write

If you're preparing the contract, you'll need to focus on what you write. Leaving aside any legal issues, this is your chance to shine. You will be best placed to understand what your organisation needs and what you're willing to offer. You can make the contract clear and practical, focusing on "who does what when" (and for how much).

If you're spending money, it's good to have a clear idea of the maximum amount you're committing to. Payment structures can be confusing, and it's easy to focus on the hourly rate without realising the overall financial commitment could be quite high.

Contracting can be a little easier if you're using well-drafted templates from your organisation or an industry body. These templates help, but they still require you to focus on the practical, technical and commercial details. You might also want to check whether any legal terms have found their way into the technical documents, as I've seen this happen plenty of times.

### Watch what they write

Most suppliers and businesses aren't out to trick you. But sometimes you will find unreasonable contracts, either through malice or incompetence. I've seen a number of unreasonable commercial terms sneak their way into contracts.

For example, one contract tried to make the person signing give a personal guarantee that the bill would be paid. This would have meant the person who happened to sign could have to pay the fees out of their own pocket. Not ideal to put your boss into that position!

Other contracts have tried to take valuable intellectual property without any payment, or to charge extreme interest rates. A 2% daily interest rate might not look like much, but that's actually 730% per year! At the other end of the scale, you might find contractual terms that would be appropriate for some other transaction – but they just don't work in your case.

Keep an eye out for supplier terms. Often an invoice might state that services are supplied in accordance with their terms of trade. Paper invoices might have these terms on the back, but nowadays these terms will often be on the supplier's website somewhere. Generally supplier terms aren't favourable to you (or your employer), so you can get into trouble here.

You can even get into a "battle of the forms", where you send your contract, and they send theirs – meaning you never actually reach agreement. Needless to say, this can lead to disputes (and a hefty legal bill to resolve those disputes later on).

## What next?

If you've followed the tips above, the final process step is to finalise, sign and date. This is crucial, and missing a detail now could invalidate all your previous hard work. Make sure all relevant documents are included in the contract, get the right signatures in the right places and make sure you get a clear date for the agreement.

Once you've done that, scan and file to the correct place. It might sound like common sense, but it's easy to miss – unfortunately it can really make life more difficult down the line if you don't get these basics right. Contracting might be scary or confusing (or just boring), but I promise that – like anything – it gets better with practice.

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