



Australian Government



Australian
Small Business and
Family Enterprise
Ombudsman

TIPS TO IMPROVE CONTRACTING AND AVOID DISPUTES

- 1. Know who you are dealing with.** Look behind the business name, check references and meet with them. Ensure the person you are dealing with has the authority to enter into and amend contracts.
- 2. Communicate goals and expectations.** Make sure your employees know and understand the goals and values of your business and what is expected of them. Make sure they are aware of the scope of their authority to enter into or amend contracts on your behalf.
- 3. Put agreed work in writing at the start.** Your agreement should outline the goods/services to be provided, quality and quantity specifications, the price or basis for calculating charges, payment terms, timeframes, delivery terms, etc.
- 4. Agree dispute resolution processes.** An agreed process, included in your written agreement, will allow for disputes to be dealt with quickly and cost effectively, and you will be more likely to preserve the business relationship.

Get advice before you sign. Don't rely on what the other party says, a contract is legally binding and you should get professional advice before you sign. Ask your lawyer to colour-code the rights and responsibilities of each party.



- 5. Estimate the costs.** Provide a quote. If you charge for services on a time basis, keep a work sheet detailing the time spent and a description of the work.
- 6. Document changes.** Write down any agreed changes, such as quantity or timeframes, and attach to the original agreement. At a minimum email the agreed changes to the other party.
- 7. Manage the contract.** Once signed, don't put the contract in the bottom draw and forget about it. Check it regularly to make sure you and the other party are meeting the requirements. If you have any concerns, raise them early.
- 8. Get help if you need it.** Some jobs are complex or involve large sums of money. Project management for these jobs can be complicated and sometimes risky. If you don't have strong expertise in project management, consider hiring an expert.
- 9. Communicate early and often.** Communication must be clear, transparent and frequent to make sure everyone is on the same page. If issues arise address them straight away; don't leave it to develop into something more serious.