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What You Want From a Contract

Your goal when drafting a contract is to create a clear, concise, and complete description of the deal. That's it. No hocus-pocus or lawyer mumbo-jumbo needed. Of course, "clear, concise, and complete" is easier said than done — so let's take a look at what that means.

Clarity

Clarity is at the heart of any well-written contract. As lawyers say, "the terms of an agreement must be sufficiently definite and certain to be legally enforceable."

Remember, it's not enough for the parties to understand the deal in their own minds. The document's meaning should be clear. An outsider should be able to understand the deal by reading the contract. Otherwise, how will a judge be able to enforce it?

You may be tempted to take shortcuts without writing out the finer points, especially when both sides believe they understand the deal. The other side owns a building and you are buying it — what could be simpler? But clarity is important from the perspective of enforcement. If things go wrong later, it's always best to have a definitive written description to which the parties can refer. So don't write a contract to buy "the seller's building." What if, unbeknownst to you, the seller is the Donald Trump of your hometown and later claims that you intended to buy a shack and not the prime office space you wanted?

Make sure that both your responsibilities and the other's obligations are carefully and clearly described. Ambiguous language in a contract can lead to misunderstandings, delays, frustration, and litigation.

Conciseness

You often don't need a 100-page contract to get the job done. In fact, very long contracts can delay getting a business deal done.

The trick is making sure that you have sufficiently described what you expect. Our preference is for shorter, concise contracts — get to the essential points right away.

Completeness

Many contracts fail because they are incomplete. That is, you may fail to put in some important terms or expectations. Some people assume that the terms are understood and don't need to be spelled out. Wrong! Make sure that if you are relying on something important when entering into a contract (such as a promise or guarantee from the other side) that this information is actually included in the draft.

When drafting your contract be sure to write down exactly what you mean and include all the relevant points including:

- An accurate description of the parties
- The price, including the amount paid, and when and how it will be paid
- A thorough description of the goods or services to be bought or sold

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