

Unit 7

Managing Contracts and People

Outline

- Introduction
- Types of contract
- Stages in contract
- Typical terms of contract
- Placement
- Contract Management
- Acceptance
- Managing people and organising terms: Introduction, Understanding behavior, organisational behavior, background, selecting the right person for the job, instruction in the best methods, motivation, working in group, decision making, leadership, organisational. structure

MOU and MOA

A memorandum of understanding (MOU) is a document that describes a formal agreement between two parties. It is not a legal agreement, but it does indicate the establishment of a business relationship that will continue and likely result in a legal agreement such as a contract.

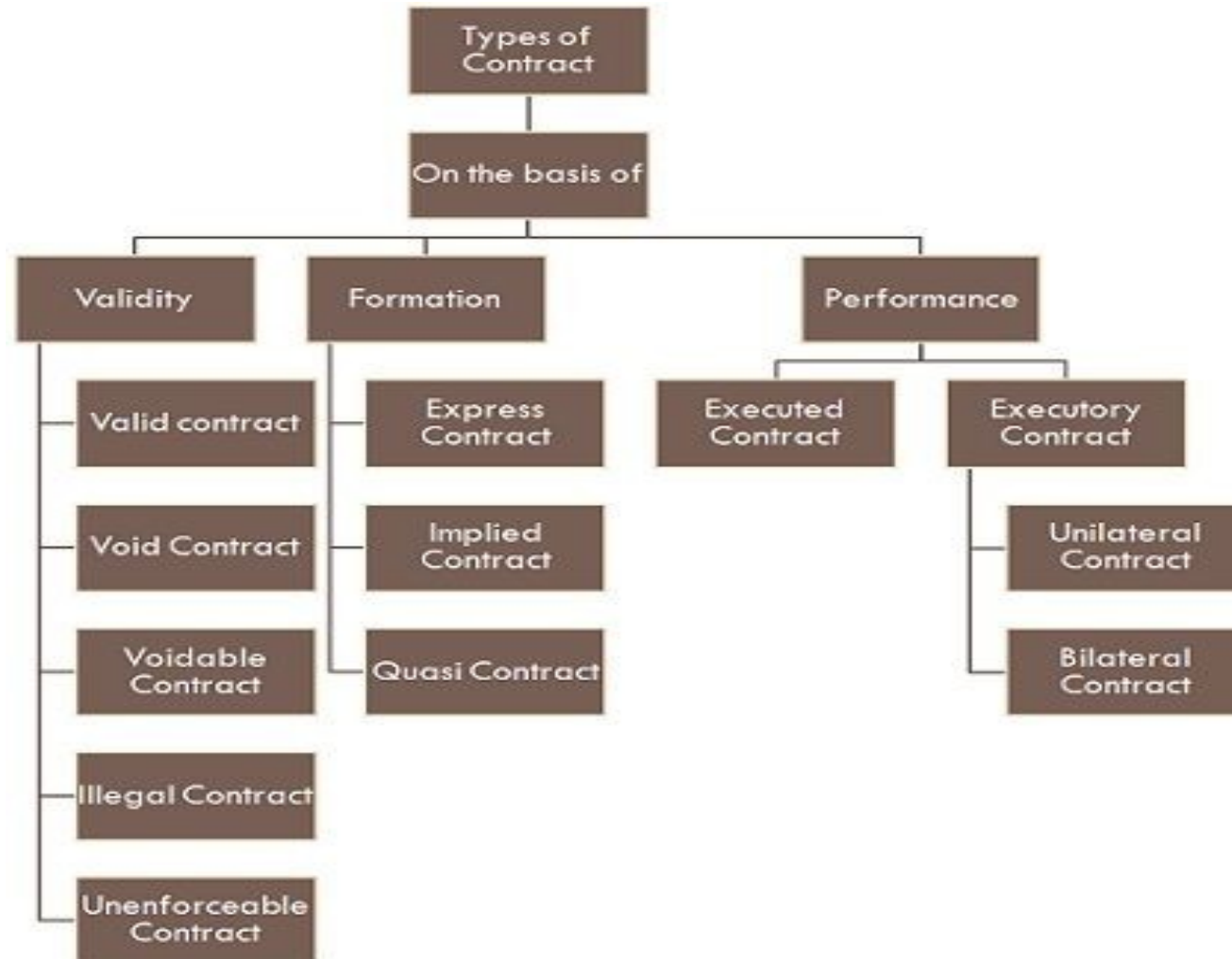
A memorandum of understanding, or MOU, is defined as an agreement between parties and can be bilateral (two) or multilateral (more than two parties). The MOU serves as an expression of aligned will between the parties in question and depicts the intent of a common line of action.

A Memorandum of Agreement (MOA) is a written document describing a cooperative relationship between two parties wishing to work together on a project or to meet an agreed-upon objective.

Introduction: The term contract is defined as an agreement between two or more parties which has a binding nature, in essence, the agreement with legal enforceability is said to be a contract.

BASIS FOR COMPARISON	AGREEMENT	CONTRACT
Meaning	When a proposal is accepted by the person to whom it is made, with requisite consideration, it is an agreement.	When an agreement is enforceable by law, it becomes a contract.
Elements	Offer and Acceptance	Agreement and Enforceability
In writing	Not necessarily	Normally written and registered
Legal obligation	Does not creates legal obligation	Creates legal obligation
One in other	Every agreement need not be a contract.	All contracts are agreement
Scope	Wide	Narrow

What are the Different Types of Contract?



- **On the basis of validity**

- **Valid Contract:** An agreement which is enforceable by law, is a valid contract.
- **Void Contract:** The contract which is no longer enforceable in the court of law is a void one.
- **Voidable Contract:** A contract in which one of the parties to the contract has a choice to avoid performing his/her part, then it is termed as a voidable contract. When the consent of the party is not free, the contract becomes voidable, at the option of the aggrieved party.
- **Illegal Contract:** A contract which is forbidden by law is termed as an illegal contract.
- **Unenforceable Contract:** The contract whose substance is good, but due to some issues, it is not enforceable, is called an unenforceable contract.

- **On the basis of formation**

- **Express Contract:** When the terms of the contract are expressed orally or in writing, it is known as an express contract.
- **Implied Contract:** The contract which is constituted by implication of law or action, is an implied one.
- **Quasi-Contract:** These are not a real contract, but are identical to a contract, which is formed out of some circumstances

- **On the basis of Performance**

- **Executed Contract:** When the contract is performed, it is known as an executed contract.
- **Executory Contract:** When the obligation in a contract, is to be performed in future, it is described as an executory contract.
 - Unilateral Contract
 - Bilateral Contract

Elements of contract

To be valid, a contract must generally contain all of the following elements:

- Offer
- Acceptance
- Consideration
- Legality

Offer:

Contracts always start with an offer. An offer is an expression of a willingness to enter into a contract on certain terms. It is important to establish what is and is not an offer. Offers must be firm, not ambiguous, or vague. A person who is making the offer is called the offeror.

Acceptance: Acceptance by the offeree (the person accepting an offer) is the unconditional agreement to all the terms of the offer. There must be what is called a “meeting of the minds” between the parties of the contract. This means both parties to the contract understand what offer is being accepted. The acceptance must be absolute without any deviation,

CONSIDERATION:

Consideration is the act of each party exchanging something of value to their detriment. A sells A's automobile to B. A is exchanging and giving up A's automobile while B is exchanging and giving up B's cash. Both parties must provide consideration.

LEGALITY:

The fourth required element of a valid contract is legality. The basic rule is that courts will not enforce an illegal bargain. Contracts are only enforceable when they are made with the intention that they be legal, and that the parties intend to legally bind themselves to their agreement. An agreement between family members to go out to dinner with one member covering the check is legal but is not likely made with the intent to be a legally binding agreement. Just as a contract to buy illegal drugs from a drug dealer is made with all the parties knowing that what they are doing is against the law and therefore not a contract that is enforceable in court.

Stages of Contract/ Contract life cycle

The contract lifecycle is the process under which a contract is authored, reviewed, sent for signature, executed, and - potentially - renewed. The “lifecycle” is an archetype used to compartmentalize and understand a contract’s complex evolution. The lifecycle begins with contract requests and concludes when said requests are fulfilled - with the possibility of contract renewal. There are about the eight stages of the contract lifecycle below.

Stage 1: Requests

This is the kick-off contract stage that starts the contract lifecycle. In this stage, contract parties and stakeholders can express what they are expecting to get out of the contract. This first phase of the contract lifecycle allows parties and stakeholders to gather crucial details associated with a new contract, an amendment, a renewal, etc. The **contract request** stage can set the stage for whether a contract enjoys efficient processing or is plagued by delays and bottlenecks.

Stage 2: Authoring

Once contract parties have established and addressed contract requests, they have laid the foundation for **contract authoring** to begin. Also known as the **contract writing** stage, this phase sees contract parties putting the terms and conditions of a contract into writing by amalgamating standard contract clauses, key dates, counterparty information, and other important data. It's important to keep in mind who is entering a contract, which services are being offered, and which terms have been agreed upon.

Stage 3: Negotiations

During the **contract negotiation** stage - arguably one of the most important phases of the contract lifecycle - contract parties negotiate the framework of specifications drafted during contract authoring. After back-and-forth redlining and collaboration, agreed-upon terms and conditions provide clear insight into the expectations of contract parties.

Stage 4: Approvals

Once everyone involved is comfortable with the negotiations made, the contract goes through a second draft and is reviewed by the parties. **Contract approvals** should follow a general approval time as

Stage 5: Signatures

After approvals, a chief employee or someone with signing authority can sign a contract. Contract lifecycle management software systems that offer user-friendly and robust **electronic signature software** can make it easier to sign contracts in the office or on the go, one-off or in bulk - in an increasingly mobile and digital landscape where manual, "wet signatures" are time-consuming and inefficient.

Stage 6: Obligations

Once the contract has been executed, all parties acknowledge their pre-defined responsibilities, milestones, contract key dates, deliverables, payment windows, and any other specific obligations.

Stage 7: Compliance

This stage goes hand-in-hand with obligations. It is agreed upon that, along with those noted within a contract, general and type-specific contract rules, guidelines, standards, regulations, laws, and practices are complied with. Robust compliance management helps decrease late fees, litigation fees, and bottlenecks and sets the stage for future contracts.

Stage 8: Renewals

The last stage of the contract lifecycle can vary depending on the type of contract that has been agreed to. **Contract renewal** is applicable when the relationship between parties is beneficial and the parties want to remain in contact to continue