

# ACME, Inc. Contract Playbook for Widgets Procurement and Maintenance Contracts🔗

## Introduction🔗

This playbook is designed to guide in-house lawyers and other stakeholders at ACME, Inc. through the process of negotiating, reviewing, and approving contracts related to the procurement and maintenance of widgets. It aims to empower business teams to self-serve on contracts, clarify the contract negotiation process, and speed up the negotiation process.

## 1. Preferred Positions🔗

### Procurement Contracts🔗

- ACME, Inc. will seek to negotiate fixed pricing for a set period, typically one year, for the procurement of widgets to ensure budgeting predictability.
- ACME, Inc. prefers contracts that include clear quality assurance terms, including the right to reject any widgets that do not meet the agreed-upon specifications.

### Maintenance Contracts🔗

- ACME, Inc. seeks to include a Service Level Agreement (SLA) with specific performance metrics, response times for addressing any issues, and any penalties for failure to meet these standards.
- The contract should specify the party responsible for maintaining equipment and software necessary for the operation of the widgets.

## 2. Fall-back Positions🔗

### Procurement Contracts🔗

- If a fixed price agreement cannot be reached, ACME, Inc. may agree to a cost-plus pricing model, where the price is determined by the costs of production plus a fixed percentage profit margin.

### Maintenance Contracts🔗

- If specific performance standards cannot be agreed upon, ACME, Inc. may accept a general commitment from the provider to maintain the widgets in good working order and to address any issues in a reasonable time frame.

### 3. Negotiation Strategies🔗

- ACME, Inc. aims to negotiate contracts that provide the best value. This is not necessarily the lowest cost but considers the overall quality, service, and reliability offered by the vendor.
- ACME, Inc. is open to multi-year contracts if they provide significant benefits in terms of cost savings or improved service levels.

### 4. Recommended Contract Wording🔗

- ACME, Inc. prefers clear, concise language in contracts, avoiding unnecessary legal jargon where possible. Any technical or legal terms should be defined in the contract.

### 5. Escalation Points🔗

- Any disputes or disagreements that cannot be resolved in the negotiation process should be escalated to senior management at ACME, Inc. and the vendor's organization.

### 6. Rationale Statements🔗

- The rationale for all contract terms should be clearly explained. This includes the business reasons for specific clauses and the consequences of not including them.

### 7. Approval Processes🔗

- All contracts must be reviewed and approved by the Legal Department at ACME, Inc. before they can be signed.
- Contracts over a certain value or length also require approval from the relevant business head and potentially the Chief Financial Officer or Chief Executive Officer.

### 8. Explanation of Legal Concepts🔗

- The playbook includes a glossary of common legal terms used in contracts.
- It also includes explanations of key legal concepts, such as indemnities, warranties, and liability limitations.

### 9. Instructions for Amendments🔗

- Any amendments to the contract after it has been signed must be documented in a formal contract amendment signed by both parties.
- All amendments must be reviewed and approved by the Legal Department at ACME, Inc.

## 10. Valuable Contract Data<sup>2</sup>

- The playbook includes information on previous contracts, including commonly negotiated points, common problems, and how they were resolved.

This playbook is a living document and will be updated regularly based on the experiences of ACME, Inc. with its contracts. All employees are encouraged to provide feedback and suggest improvements to the playbook. The playbook is a tool to assist in contract negotiations, but it is not a substitute for legal advice. Always consult with the Legal Department if you are unsure about any aspect of a contract.