

What Does Contract Drafting Require?

Contract drafting requires precision, foresight, and a deep understanding of the needs and obligations of all parties involved. Here are some top tips for effective contract drafting:



1. Clarity is Key

Use clear, straightforward language. Avoid legal jargon where possible, unless it's a term of art that carries a specific meaning. The aim is for all parties to understand their obligations and rights without ambiguity.

2. Use the Active Voice

Active voice leads to clearer sentences. For example, "The Seller will deliver goods" is direct and easier to understand than "Goods will be delivered by the Seller."



3. Be Concise but Comprehensive

While brevity is appreciated, do not sacrifice the completeness of information. Ensure that all necessary terms are included, but avoid unnecessary repetition or verbosity.

4. Organize for Understanding

Structure the contract logically. Start with general terms and proceed to specific details. Use headings, subheadings, and numbered paragraphs to make the document easy to navigate.



5. Focus on the Deal

Begin with a clear statement of the purpose of the agreement and the intentions of the parties. This sets the tone for the contract and aligns it with the business objectives.

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6. Define Terms

Define key terms and use them consistently throughout the contract. This removes doubt about what certain terms mean within the context of your agreement.



7. Cover All Angles of Payment

Clearly state payment amounts, due dates, methods of payment, and any late payment penalties. Include invoicing details and tax responsibilities.

8. Detail Termination Conditions

Explain how the contract can be terminated, the notice required, and the responsibilities of each party upon termination.



9. Address Dispute Resolution

Outline how disputes will be resolved. Will there be mediation or arbitration? Which laws govern the contract? What is the jurisdiction in case of a lawsuit?

10. Plan for Change

Include a clause that addresses how changes to the contract will be managed. Amendments should be in writing and signed by all parties.



11. Confidentiality and IP Considerations

If applicable, include clauses on confidentiality, non-disclosure, and intellectual property rights.

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12. Boilerplate Provisions Matter

Don't ignore standard clauses, such as force majeure, entire agreement, assignment, and severability. They may seem routine but can carry significant legal weight.

13. Proofread and Revise

Check for errors, inconsistencies, or unclear language. Have someone else review the contract with fresh eyes for an additional layer of scrutiny.



14. Consider the Counterparty

Anticipate the needs and concerns of the other party to reduce friction and facilitate negotiations.

15. Future-Proof the Contract

Think ahead to potential changes in law, business conditions, and the relationship between the parties. Make provisions for adaptability.



By following these tips, you can draft contracts that not only safeguard your interests but are also fair and clear to all parties involved, thereby reducing the potential for conflict or misunderstanding.

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