Preliminary Note

All the topics covered today are addressed in more detail in *Entrepreneurship: How to Start and Operate a Small Business*, published by the National Foundation for Teaching Entrepreneurship, Inc. (NFTE). This presentation has been designed with the NFTE curriculum in mind, and is intended to provide additional information with respect to entrepreneurship and financing a growing business.
**Contracts 101**

**What is a Contract?**

– A contract is a set of legally binding promises or obligations between two parties that can be enforced by a court.

**Why do we need Contracts?**

– Foundation of good business practices

– Allow businesses to plan
  • Secure relationships with customers and suppliers
  • Provide proof of business relationship
  • Allow businesses to plan and budget for the supplies and expenses necessary for operating
Contracts 101

• **Best Practices:**
  
  – Put agreement in writing and sign
  
  – Put all aspects of agreement in clear and easy-to-understand terms

Build a Contract
• **Remember 4 A’s**
  – Avoid misunderstanding
  – Assure work
  – Assure payment
  – Avoid liability