

WHAT TO WATCH FOR IN A SUPPLIER AGREEMENT

TOP CLAUSES TO REVIEW CAREFULLY





Payment Terms

Are they realistic for your cash flow? Watch out for 90+ day terms.



Cancellation Language

What happens to in-process or finished goods if the contract is terminated?



Inventory Requirements

Will you be expected to hold materials with no usage guarantee?



Volume Guarantees

Make sure any promised quantities discussed verbally are reflected in the agreement.



Intellectual Property (IP) Ownership

Ensure the agreement states that any intellectual property created or utilized in the manufacturing process remains your asset, not the customer's.

