



Top 10 Items Reps Should Look For in Contracts with Principals

This top 10 list provides a guideline of what sales representatives should look for and examine most in their contracts with principals:

1. **Parties** – Be aware of the parties identified in the contract and whether successor corporations are obligated to honor your agreement. Also, if you have incorporated your agency, ensure that you sign contracts in an official capacity (as opposed to individually).
2. **Products** – All of the products which the rep is allowed to sell should be identified. What if new products are added to the principal's roster?
3. **Territory** – Look for the principal's ability to change territory without notice.
4. **Term** – The length of the contract may be stated in this section, but the principal may render it meaningless by adding a right to terminate at any time.
5. **Commission** – When is it earned and payable, can it change, and when will it end?
6. **Exclusivity** – Are other reps allowed to sell in your territory?
7. **Termination** – How can it be accomplished and is cause necessary?
8. **Venue** – Where can you be sued and where can you sue?
9. **Jurisdiction** – Which state's laws will apply to a dispute?
10. **Restrictive Covenants** – Are you being paid enough not to compete or solicit after you leave for a while?

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