
K-Notes: Machines and Service Maintenance Agreements

from Trane US & SVS

Get Attorneys Involved Early

Instead of bringing in the company's legal counsel to review the purchase contracts after negotiations, have them involved from the beginning. They will help strengthen the company's position during negotiations.



Vincenzo Viglione
Legal Counsel, Avvocato

"Purchasing is much more difficult [than selling]...This kind of interaction and teamwork is really important to get the result."

"I want to purchase a certain result rather than their time."

KEY TAKEAWAYS

- **Create the Terms of Reference**

The buyer and attorney should work together to define precisely what goods or services the company wants to purchase, and what the ideal contract would be. Also, what the deal-breakers would be.

- **Decide How Far Back is Best**

Have a clear reason for defining how far back the agreement should look for allegations. While five years sounds reasonable, it can sometimes make it seem like something happened six or seven years ago that is being avoided. And ten years may be practically too long to find accurate data.

- **Labor vs. Results**

It is best to purchase a specific result (such as repairs done within a specific time) rather than hours of labor or best efforts.

- **Reasonable Liability**

From an attorney's point of view, the best agreement makes the maintenance company liable for everything. But that's not reasonable. Figure out what would be reasonable and if the purchasing company can accept that.