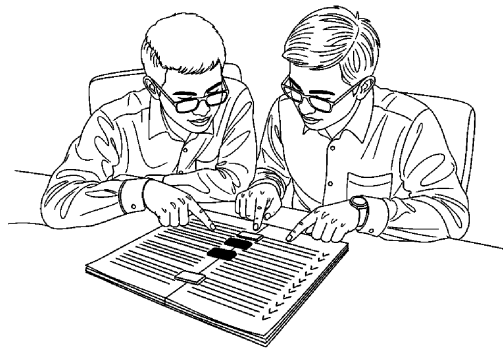


HIGH-VOLUME

WORKSHEET 1 OF 9

Pre-Signature Clause-by-Clause Checklist

Run this before signing any contract. One row per article that produces a number, a deadline, or a consequence.



Complementary worksheet for
Contract Negotiation Tactics
by Ibrahim Anwar

What This Is For

This worksheet turns a contract from a document you read once into a structured financial audit you run in under an hour. Most operators read a contract from the first article until they find the price, then skim the rest. The clauses that cause real damage — the 10% annual escalation buried in article 14 of 18, the auto-renewal notice deadline on page 11, the asymmetric late-payment penalty that applies only to you — appear after the price. This worksheet forces the reader to work through every article and extract the numbers, deadlines, and consequences before signing, not after.

The three-question method (what is paid, when, what if not met) applies to every article. An article that cannot produce an answer to any of those three questions carries little financial risk and can be acknowledged quickly. An article that produces a number, a date, or a penalty clause needs to be calculated, not just read. The distinction between reading a clause and calculating its consequence is the gap between knowing a contract exists and knowing what it will cost. This worksheet closes that gap before the signature is on the page.

Benefits

What you get when you actually run this worksheet on a real situation:

- Catches non-price clauses with financial impact before signing, not after the first surprise invoice.
- Forces a dollar value calculation for every penalty and escalation clause — making the total exposure visible in one session.
- Flags every risk-signal phrase (automatically, unilaterally, without notice) so they get a second read before signing.
- Creates a dated record of pre-signing review, which matters if the contract's meaning is later disputed.
- Prevents the most common review failure: stopping at the price and treating everything after it as administrative detail.
- Builds institutional memory of what was agreed and why, available when the contract is renegotiated at renewal.

Framework To Use

— Three-Question Clause Audit

Every article is filtered through three questions. An article that cannot answer any of them carries minimal financial risk. An article that answers one or more gets calculated.

How To Use

Follow these steps in order. Each one builds on the previous.

- 1** Print or open this worksheet alongside the contract. Number the articles in the contract if they are not already numbered.
- 2** For each article, apply question one: does this article produce a financial number beyond the price stated elsewhere? If yes, write the number in the third column.
- 3** Apply question two: does this article name a deadline, notice period, or trigger date? If yes, write it in the third column alongside any financial number found.
- 4** Apply question three: does this article define what happens if an obligation is not met — a penalty, a suspension of rights, an auto-trigger? If yes, describe it briefly and write the dollar amount if calculable.
- 5** Scan the article for risk-signal phrases: automatically, without notice, unilaterally, by operation of law, non-refundable, immediately, based on the first party's assessment, under any circumstances, without limitation, including but not limited to. Mark Yes in column four if any phrase appears.
- 6** For every article where column three or column four is not blank, write the action you plan to take before signing in column five: accept, negotiate, or ask about.
- 7** When the contract is fully scanned, total the dollar amounts across all flagged rows. That total is the maximum financial exposure from non-price clauses — the number most operators have never calculated before signing.
- 8** Any article where you cannot answer all three questions and where a risk-signal phrase is present is the minimum set to bring to the other party before the document is signed.

Example Use

A building materials distributor is reviewing an 18-article supply contract from a new vendor. The price is fair and the relationship looks promising. The owner runs the pre-signature checklist for the first time.

The owner starts with article 1 (definitions) — no financial number, no deadline, no consequence. Noted and moved on. Articles 2–4 (price, payment terms, delivery) produce three numbers: unit price of \$4.20 per unit, net-30 payment terms, and a 2% per month late-payment penalty applying only to the buyer, not the vendor. Column four gets a mark for the asymmetric penalty — the phrase "in the event of late payment by the Second Party" appears without a symmetric counterpart.

Article 9 reads: "The price stated in Article 2 shall be automatically adjusted by 10% at the start of each 12-month period following the contract effective date." The word "automatically" gets flagged. The financial calculation in column three: year one \$4.20/unit, year two \$4.62/unit, year three \$5.08/unit. On 2,000 units per month, the cumulative difference over a 3-year contract term is \$25,920 above the no-escalation baseline. The action column reads: "Propose CPI-based adjustment with 5% ceiling."

Article 14 contains an auto-renewal clause: the contract renews for 24 months unless written notice is given 60 days before expiry. The owner writes the notice deadline date in column three, adds a calendar reminder immediately, and marks the action as "request shorter renewal period or active-confirmation mechanism."

Total non-price financial exposure calculated in one session: \$25,920 in potential escalation costs plus an asymmetric late-payment penalty the owner had not noticed. Two clauses flagged for negotiation. Both the late-payment symmetry and the escalation mechanism are changed before signing. The contract is signed three days later with those two amendments in a signed addendum.

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. How many articles in this contract produce a financial number beyond the price on page one? Write the total here. If the number is more than three, each of those articles deserves a row in this worksheet.

2. Which single clause carries the largest potential cost if triggered? Write the dollar amount. Is that amount larger than the cost of asking the other party to change the clause before signing?

3. Is there any article you could not answer all three questions for — what is paid, when, what if not met — and that also contains a risk-signal phrase? That is the clause to ask about directly before the contract is signed.

Tips and Traps

TIPS

- Run the checklist on the same day the contract arrives. Clauses become easier to dismiss the longer a contract sits unreviewed — urgency and relationship momentum build, and the incentive to find problems decreases.
- When an article references another article ('subject to the provisions of Article 14'), follow the cross-reference immediately. The consequence of not meeting the obligation in the first article may live in the cross-referenced article, not in the article where the obligation is stated.
- Calculate the cumulative dollar impact of every escalation clause over the full contract term, not just year one. A 10% annual increase on a \$5,000/month rent looks like \$500/month in year one but becomes \$1,050/month above the original rate by the end of a 3-year term.
- Mark auto-renewal notice deadlines in two places: this worksheet and a calendar reminder set the day after signing. If the deadline passes untracked, the contract runs another full term on the same terms.

TRAPS

- Treating a clause that 'seems fine' as not requiring review. Whether a clause is damaging depends on calculating its financial consequence, not on how it reads. A clause using no risk-signal phrases can still contain an unlimited exposure if no liability cap is defined.
- Reviewing only the sections with headings and skipping dense prose paragraphs. Automatic price adjustments, cure-period waivers, and broad indemnification clauses are often written as subordinate sentences inside longer paragraphs with neutral headings.
- Accepting the phrase 'these are standard terms' as confirmation that all clauses are non-negotiable. 67% of SMEs that requested a clause change received a positive response (Kemenkop UKM, 2023). The standard terms argument is frequently a tactic, not a fact.
- Not completing column five. The checklist without a planned action for each flagged row is a list of problems, not a review. The action column is what converts the review into a negotiating agenda.

Appendixes

Appendix A – Ten Risk-Signal Phrases (Quick Reference)

Every time one of these phrases appears in a contract, the containing clause needs a second read and a financial-consequence calculation before signing:

- | | |
|---|--|
| 1. "Automatically" | - inaction becomes consent |
| 2. "Without notice" | - no warning before rights are lost |
| 3. "Unilaterally" | - other party can change terms alone |
| 4. "By operation of law" | - automatic trigger, no cure period |
| 5. "Non-refundable" | - check if this applies even on
the other party's breach |
| 6. "Immediately" | - no defined timeframe; dispute risk |
| 7. "Based on the first
party's assessment" | - one party's judgment is final |
| 8. "Under any circumstances" | - removes all exceptions including
force majeure and their own breach |
| 9. "Without limitation" | - caps nothing; exposure is open-ended |
| 10. "Including but not
limited to" | - indicates a broad list with
unlimited additional items implied |

Appendix B – Cumulative Escalation Calculator

For any fixed-percentage escalation clause, calculate the total cost above the original rate over the full contract term:

Inputs:

Base monthly value : \$ _____ /month
Fixed increase rate : _____ % per year
Contract term : _____ years

Year-by-year calculation:

Year 1 monthly value = Base
Year 2 monthly value = Base x (1 + rate)
Year 3 monthly value = Base x (1 + rate)²
Year N monthly value = Base x (1 + rate)^(N-1)

Total cost at fixed rate = sum of all monthly values over term

Total cost at base rate = Base x 12 x years

Cumulative overpayment = Total (fixed) minus Total (base)

Example: \$5,000/month, 10%/yr, 3 years

Year 1: \$5,000 x 12 = \$60,000
Year 2: \$5,500 x 12 = \$66,000
Year 3: \$6,050 x 12 = \$72,600
Total (fixed) = \$198,600
Total (base) = \$180,000
Cumulative extra = \$18,600

That is the dollar value of the escalation clause negotiation.



WHERE THIS WORKSHEET COMES FROM

Contract Negotiation Tactics

A Clear Contract Is a Healthy Relationship

by Ibrahim Anwar

This worksheet is one of nine in the *Contract Negotiation Tactics* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

Available on Google Play Books

play.google.com/store/books

PT Hibrkraft Kreasi Indonesia · Cileungsi, Bogor · hibranwar.com