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Contract Analysis Exercise

The sample contract on pages 287–290 is based on an actual employment-related contract between a company and its chief financial officer (CFO). As you read the contract, think about the following questions:

1. Which party seems to have had the stronger bargaining position, and why?
2. Which specific provisions favor the employer?
3. Which specific provisions favor the employee?
4. The parties' main intentions in signing this contract were to protect the firm's confidential information and to explain how the CFO could use that information. Which provisions are related to those two purposes?
5. Which provisions seem entirely unrelated to the main purposes? Why are these other provisions included in the contract? What do they do for the parties?
6. What terms in the contract do you find difficult to understand?
7. As a potential employee being asked to sign this agreement, what concerns might you have?
8. Suppose that after one year the employee resigns from the company. Certain provisions of this contract will affect the employee's future, and the employee should review them before resigning. What are these provisions? When leaving the company, what actions should the employee take to ensure that he or she is in compliance with all obligations?

SEE SAMPLE CONTRACT ON THE FOLLOWING PAGES.