



ESL Podcast 288 – A Business Contract

GLOSSARY

contract – a written agreement between two or more people, businesses, or organizations

* Many cell phone companies make their customers sign a six-month or one-year service contract.

party – a person, business, or organization that signs a contract

* Most rental agreements have two parties: the property owner and the renter.

terms – conditions; the specific requirements that are in a contract

* According to the terms of this agreement, the company must send us reports every two weeks.

in the best interest of (someone or something) – good for someone or something; what someone or something needs to do or to have done

* It's in the best interest of the company to be involved in the local community.

to be signed – to have individuals write their names at the end of a contract to show that they officially agree with what the contract says

* Once the marriage certificate is signed, you'll officially be married.

to proceed – to continue with something; to move toward finishing something

* After the opening speech, the conference will proceed with a lecture by Dr. Chang.

article – one section in a contract

* If everyone will turn to page five, I'll talk briefly about each of the seven articles.

clause – a sentence or a part of a sentence in a contract that says what must be done, or what must not be done

* Did you know that the contract has a clause saying that you'll have to pay \$300 if you cancel your Internet service during the first three months?

objectionable – something that one cannot agree to because it is inappropriate, wrong, or offensive

* Mindy thought that her son was reading a book with objectionable material.

in order – all right; without any problems; okay

* Welcome to our hotel. We hope you'll find everything in the room to be in order.



ESL Podcast 288 – A Business Contract

stipulation – something that one says must be done, or that must be included in a contract

* When we rented out the apartment, one of our stipulations was that the renter must live there for at least one year.

to declare – to say something officially and clearly

* The judging panel declared Serena to be the winner of the art contest.

null and void – not valid; cancelled; not applicable

* The employment contract became null and void when the employee was found drinking at work.

to bring (something) up – to mention something; to talk about something; to introduce an idea in a conversation

* Don't forget to bring up your idea at the meeting this afternoon.

sticking point – something that people cannot agree on; a disagreement that must be resolved (fixed) before a contract can be signed

* The two co-owners of the business reached a sticking point when they disagreed about whether they should open a new store location.

negotiations – formal discussions between two people or organization as they try to reach an agreement or write a contract

* Sometimes the United Nations tries to help other countries in their peace negotiations.

compromise – an agreement made by having each person or organization give up something, so that neither one gets everything they want, but they are able to reach a satisfactory agreement

* Anana wanted to buy a small apartment, but her husband wanted to buy a very large home, so they made a compromise and bought a small home.



ESL Podcast 288 – A Business Contract

COMPREHENSION QUESTIONS

1. What was a difficult part of the contract negotiations?
 - a) The objectionable clauses.
 - b) The order of the articles.
 - c) The terms for ending the contract.

2. Why does Violet say that it is important to agree to all the terms?
 - a) Because they need the terms to have the parties.
 - b) Because each party needs to know what it's signing.
 - c) Because they must determine the length of the contract.

WHAT ELSE DOES IT MEAN?

article

The word “article,” in this podcast, means one section in a contract: “Please turn to Article Two, which discusses when payments will be made.” An “article” is also one story or one piece of writing in a newspaper or magazine: “Did you read the article about the whales that swam into the Sacramento River?” Or, “This magazine pays writers \$75 for each published article.” The word “article” can also refer to one piece of something in a set: “How many articles of clothing are you bringing for our weekend trip?” Or, “Make sure that you don’t forget your toothbrush when you pack your bathroom articles.” Finally, when we discuss English grammar, the words “a” and “an” are “indefinite articles,” and the word “the” is a “definite article.”

in order

In this podcast, the phrase “in order” means all right or okay, without any problems: “If the contract is in order, please sign your name on this line.” The phrase “in order” can also mean logically organized: “Please put these cards in order alphabetically by the customer’s last name.” Or, “These files need to be put in order by date.” The phrase “in order to do (something)” is a formal way to say “to do (something)”: “They had to buy a bigger car in order to have enough seats for their growing family.” If something is “out of order,” it is not organized logically and neatly: “How did these papers get out of order?” Another meaning of “out of order” is not working correctly: “The public phone is out of order, but you can use the one in my office.”



ESL Podcast 288 – A Business Contract

CULTURE NOTE

In the United States, companies use contracts to work with other companies and individuals. But sometimes these contracts are “breached” (broken) before the work is finished. Contract breaches happen when people or businesses decide to stop working on the project before it is finished, or when people or businesses “violate” (go against) one or more of the terms of the contract. Most contracts have an article titled “breach of contract” to describe the “remedies,” or what should happen if the contracts are breached.

The first remedy for a breach of contract is often “mediation,” where each party that signed the contract must meet with a “mediator,” or a person who helps them try to reach agreement and understanding so that the work can continue. If mediation doesn’t work, then one of the parties will often “file a lawsuit.” “To file a lawsuit” means to take the other party to court to “recover” (get back) its “monetary damages.” “Monetary damages” are the amount of money that the company believes it has lost as a result of the breached contract, so it demands that the other party pay back that money. The “judge” (the person who makes a legal decision in the court) decides how much those monetary damages should be.

Because a signed contract is a “binding agreement” (a document that has legal power), the remedies that are described in the article regarding “breach of contract” must be followed. That’s why it is very important to read this section before signing a contract. You need to know what will happen if you have to breach the contract in the future.

Comprehension Questions Correct Answers: 1 – c; 2 – b



ESL Podcast 288 – A Business Contract

COMPLETE TRANSCRIPT

Welcome to English as a Second Language Podcast number 288: A Business Contract.

This is English as a Second Language Podcast number 288. I'm your host, Dr. Jeff McQuillan, coming to you from the Center for Educational Development in beautiful Los Angeles, California.

Remember to visit our website at eslpod.com, and download a Learning Guide for this podcast. You can also visit our ESL Podcast Store, where you can purchase some additional specialty courses that we think you'll be interested in.

Our episode is called "A Business Contract." It's a dialogue between two people – two business people – who are coming to an agreement about something. Let's get started.

[start of story]

Violet: Thanks for agreeing to meet with me about the new contract. It's important that both parties understand and agree to all of the terms before we can move ahead.

Karik: It's in the best interest of both of our companies for this agreement to be signed, so I'm glad to be here. How should we proceed?

Violet: You and I have both read the contract, but I think it's useful to go over the main articles to make sure there aren't any clauses that are objectionable. If you'll take a look at Article One...

.....

Karik: This looks in order. The stipulations we asked for are all there. Now if we can move to Article Six, I have a question about the conditions for declaring the contract null and void.

Violet: I'm glad you brought that up. I know that this was a sticking point during the negotiations and I believe we've found an acceptable compromise.

Karik: I'm sure you have. Let's take a look.

[end of story]



ESL Podcast 288 – A Business Contract

Our dialogue is between Violet and Karik; Violet begins by saying to Karik, “Thanks for agreeing to meet with me about the new contract.” A “contract” is an agreement between two people, usually some sort of business agreement. Violet says, “It’s important that both parties understand and agree to all of the terms before we can move ahead.” “Parties” here means the people or the groups who are involved in the contract – who are involved in the agreement. In this example, there are two parties – two groups or two businesses that are part of this agreement.

Violet says, “It’s important to understand all of the terms before we can move ahead.” “Terms” refers to the specific points in the agreement – the details, what we are actually agreeing to do. The terms of an agreement would include the price, the time that the contract needs to be completed; anything involved in the contract could be part of its “terms.” There’s another expression we use in business sometimes, “terms and conditions,” sometimes abbreviated the “T’s and C’s.” The terms and the conditions, these are the “specifics,” the details of the contract that say what has to happen.

Karik says that “It’s in the best interest of both of our companies for this agreement to be signed.” When we say something is “in the best interest of,” we mean that it is to our “benefit,” it is a good thing. It is something that will be good for us: “It’s in your best interest to wear a seat belt when you are driving in a car so that you don’t get hurt in an accident. It’s in your best interest to have your eyes open when you are driving, instead of closed.” At least, I hope you do that; it’s in your best interest!

Karik says it’s in our best interest, or “in the best interest of both of our companies for this agreement” – this contract – “to be signed.” “To be signed” means that you put your “signature” – your name – on the piece of paper. Basically, it means that we have “agreed” to it, we have said, “okay,” we have signed the contract.

Karik says, “How should we proceed?” “To proceed” (proceed) means to go forward – to move ahead. He’s asking what is the next step, what should we do now: “How should we proceed?” There’s also an expression “proceed with caution,” meaning go very carefully – be careful, there might be some problems. Don’t confuse “proceed” with “precede,” which is spelled P-R-E-C-E-D-E, which means to come before something in time: “One o’clock precedes two o’clock.”

Violet says, “You and I have both read the contract, but I think it’s useful to go over the main articles.” The “articles” of a contract are the major sections; the contract may be divided into six or seven parts, and we called those parts



ESL Podcast 288 – A Business Contract

“articles.” Or, at least, we can call them “articles”; there are actually a couple of different definitions of the word “article.” Take a look at our Learning Guide for more information about those additional definitions.

Violet says we want “to go over” – to review, to talk about – “the main” – or most important – “articles to make sure that there aren’t any clauses that are objectionable.” An “article” is a part of a contract; a “clause” is a part of an article – a sentence or a part of a sentence. Violet is concerned about any clauses that are objectionable. When we say something is “objectionable,” we mean that we have an objection to it. An “objection” is a disagreement, something that you don’t like about someone or something. “Objectionable” would be a way of describing things that you don’t like about the contract, or a particular article in the contract, or a specific clause in one of the articles. Violet then begins to review each of the sections – the articles of the contract.

We then skip ahead – we jump ahead – to the end of the conversation. Karik says, “This looks in order.” When we say something is or looks “in order,” we mean that it seems to be correct; everything is in its correct place, it is acceptable. “The stipulations we asked for are all there,” Karik says. “Stipulations” (stipulations) are “demands,” or things that you are asking for in a contract or in an agreement. The verb is “to stipulate,” which means to say, “I want this and this and this.” It’s a term we usually use when we are talking about a formal contract or a legal agreement: “stipulations.”

“Now,” Karik says, “if we can move to Article Six, I have a question about the conditions for declaring the contract null and void.” The verb “to declare” means to announce, or to decide in this case. The contract has an article – a clause – about “declaring the contract null and void.” The expression “null (null) and void (void)” here means “cancelled,” when the contract is ended before the time you expected. A contract is “null and void” if there is something wrong with it, if there’s something “illegal” – against the law – about it. Or, if one of the parties in the contract doesn’t do what they said they would do, one possibility is to have the contract “declared null and void.”

Violet says, “I’m glad you brought that up,” meaning “I’m glad you mentioned that – I’m glad you said something about that.” “To bring something up” means to ask someone or to talk about something that has not been talked about before with someone or in a group.

Violet says, “I know that this was a sticking point during the negotiations and I believe we’ve found an acceptable compromise.” A “sticking point” is a difficult item, or a difficult detail in a contract or an agreement, that might cause one of



ESL Podcast 288 – A Business Contract

the parties to say, “No, I don't want this contract – I don't want to sign this contract.” A “sticking point” is when you have difficulties. “Negotiations” are conversations between two parties – two people – two businesses about a specific contract or agreement. A “compromise” is when you each agree to something less than what you wanted. It's when both parties say, “Okay, I can't have 100% of what I want, so I'll only ask for 50%,” and the other person only asks for 50% of what he wanted; that's a compromise. Some people say, “Marriage is a compromise.” That's not actually true; marriage is doing what your wife wants you to do. If you don't understand that, you need to go back and study the book of marriage again!

Now let's listen to the dialogue, this time at a normal speed.

[start of story]

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[end of story]

The script for this episode was written by Dr. Lucy Tse. Thank you Lucy.

From Los Angeles, California, I'm Jeff McQuillan. Thank you for listening. Come back and listen to us next time on ESL Podcast.



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