

THE CASE OF

# World Commerce and Contracting

USER-FRIENDLY CONTRACTS

March 2022

## Key facts and figures



Year of establishment

**1999**



Geographical scope

**Global**



Scope of service

**Professional Membership Association, Research Body, Education, Events, Advocacy**



Type of justice problems addressed

**Business and money**



Legal entity

**Not for profit organisation**



Relationship with the government

**Independent of the government**



Number of affiliated staff members

**40**



Citizen satisfaction

**Clients report reduction in time required for negotiating and finalising contracts and a surge in the number of terms that the opposite party accepts.**



Annual Budget

**€1 million**

\* All figures refer to 2019 unless otherwise stated

## Introduction

World Commerce and Contracting is a not-for-profit organisation that promotes trading relationships. Previously known as the International Association for Contract and Commercial Management, the organisation's overarching goal is to develop better contracts that have terms and conditions that are suitable to the growth of both parties. It "seeks to transform contracts and the contracting process, such that they become instruments of fair dealing, that they themselves, and the process surrounding them, generate economic benefit and social inclusion" [1]. The organisation positions contracts as not just legal documents that "provide legal protection and remedies in the event of a dispute" but also as "critical economic instruments" [2].

To achieve those objectives, the organisation offers contract design and simplification services. So far, the organisation has partnered with companies such as Shell, Accenture, Airbus, Schneider Electric and many others. It recently partnered with the Government of Indonesia to redraft its procurement form because suppliers found it difficult to understand the document in its current form which prevented them from doing business with the government [3]. The website of World Commerce and Contracting showcases examples of user-friendly contracts that it has designed in the past.

The not-for-profit organisation was formed in 1999 by a group of leading multinational technology and telecommunications companies who wanted to develop contracts that are simple and time saving that they can use for sales and procurement purposes in various countries. Thereafter, the organisation hosted conferences, webinars, training programmes and published reports on Contract and Commercial Management. In these initiatives, the organisation addressed several aspects of contracts, such as most negotiated terms in a contract, supplier relationship management, contracting in the public sector and so on [4].

In this case, we are going to focus on the research and advocacy that World Commerce and Contracting has done to develop and promote the use of user-friendly contracts. World Commerce and Contracting collaborated with academics [Helena Haapio](#) and [Stephania Passera](#) to develop contracts that are easy to understand, look attractive and are user-friendly. They started off by comparing visual contracts developed by them with traditional contracts. They wanted to learn about the preferences of users. This research led to several workshops, research papers and other activities that caught the attention of businesses that were considering deploying user-friendly contracts. So the team went

from conducting research on the design of contracts to doing consultancies and projects [5].

Gradually, World Commerce and Contracting collaborated with several graphic designers, plain language writers and thought-leaders on contract design such as Robert de Rooy, Mark Stanton and Daphne Perry [6].

## Contract Design and Simplification

While redesigning and simplifying contracts, World Commerce and Contracting refers to the below criteria:

- Plain language, simplified design and a user-friendly approach allowing greater inclusivity and accessibility.
- The contract is clear, well-structured and visually appealing.
- Human-centred - placing the reader's needs and abilities first.
- There is a clear intent to enhance transparency, aid communication and engender trust.
- The overall approach promotes ease of doing business.
- There is a coherent alignment with an organisation's brand and tone of voice [7].

To make contracts visually appealing and easy to understand, the organisation suggests adding visuals such as flowcharts, icons, symbols and images. It has developed an open source online library called "[Contract Design Pattern Library](#)" that collects contract design patterns to guide those who are interested in crafting

simple and visually appealing contracts. With the help of these patterns, users can better organise the information so that contracts become more readable and easy to understand and implement. The library offers guidelines and examples of contract visualisations that users can draw upon. There are patterns on navigation that help users find the information they need and patterns that can change the tone of voice such as comics contracts or contracts that are depicted as a conversation. It also includes patterns that show what kind of layouts can be used in a contract or the way information can be emphasised upon. Users can also add their own patterns to the library [8].

World Commerce and Contracting also simplifies the terms and clauses of a contract by removing unnecessary clauses. It identifies what terms, clauses and conditions are fair and balanced in terms of contractual position so that contracting parties start off from the right position [9]. The organisation uses proactive law, an emerging concept in law, to develop contracting terms. Proactive law, derived from preventive law, "aims at vaccinating business people against the disease of legal trouble, disputes, and litigation. The goal is to build a protective system or a defence mechanism that makes the corporate client, its management and personnel, strong and resistant; keeps them in good legal health and immune to the legal risks inherent in business [10]."

"Proactive law focuses on balancing risk and reward, achieving desired outcomes, eliminating causes of problems, shared care and team approach and lawyers supporting client's self-care" [11]. In practice, it means that instead of focusing on disputes and remedies, and minimising risks and maximising benefits, the contracts will focus on how both parties can achieve common goals and benefits [12].

# Enabling environment and shifting mindsets

Visual and plain language contracts have been held legally enforceable by justice systems throughout the world. Judges, academics and lawyers alike have validated the use of visuals and plain language in contracts. Australian judge Robert French states that as long as the meaning of pictures in the contracts is clear, the contract is binding. Australian academic Camilla Anderson has also spoken in support of contracts that use visuals, images, illustrations and plain language [13].

However, people hold reservations about the legal enforceability of the contract. World Commerce and Contracting receives several questions about the legal enforceability of their contracts from potential customers. This indicates that although the regulatory bodies are ready to accept these new-age contracts, people have misconceptions about them or that there is a lack of awareness among them. They fear that simplifying the contract will water down the efficacy of the agreement [14].

Sally Guyer shares an anecdote of how the legal department of a company World Commerce and Contracting was collaborating with overcame the fear of the legal efficacy of the contract being reduced. She says,

*“We were going through an agreement with lawyers of World Commerce and Contracting and that of the company to which we were providing the contracts. One of the lawyers on the other side said - You go ahead. Design and simplify the contract. But don't touch the limitations and liabilities clause. - We went ahead with this plan and then presented this contract to the lawyer. Then he saw the limitations and liability clause in comparison to how the rest of the contract was written. He agreed that it looks really stupid and then changed the liabilities clause to look like the rest of the contract [15].”*

In the same vein, World Commerce and Contracting has been able to bring on board sceptics of user-friendly contracts by showing them two types of contracts, one traditional contract that's filled with text and legalese and the second being the redesigned, user-friendly contract. Once the lawyers or companies see how the same contract can be redesigned to make it easy to understand, they are more likely to accept the idea. Moreover, companies that World Commerce and Contracting has worked with in the past are satisfied with the legal enforceability of their contracts [16].

## Measuring outcomes

Some of the companies for whom World Commerce and Contracting has redesigned contracts have measured the impact of using such a user-friendly contract. They report that negotiation time is reduced by half, increases in the number of terms that the other party accepts and fewer revisions to the contract made by the opposite party. However, not all companies have measured the outcomes and those who have measured it, do it on an ad hoc basis, not regularly or systematically [17].

## Funding and scaling strategy of the organisation

World Commerce and Contracting generates revenue by conducting physical and virtual events, research projects and membership fees from member organisations [18]. providing consulting services on contract design and simplification. It also sells a Better Contract Design mark to companies who have their contracts evaluated on their user-friendliness. The Better Contract Design Mark evaluates companies on

following criteria: language (plain words, readability, directness), design (legibility, graphic elements, structure, impression), usability (relevance, coherence, action) and relationship (who from and to, points of contact, audience fit) [19]. Companies who have consulted World Commerce and Contracting for the Better Contract Design Mark include Shell, Airbus, Accenture, Schneider Electric and many others [20].

But all in all, the focus of World Commerce and Contracting is not on generating revenue, but doing advocacy for such contracts. The organisation conducts events, conferences and workshops to train people in using tools and techniques that can help them in crafting user-friendly contracts.

In the near future, World Commerce and Contracting aims to support innovators from low income countries who have new ideas on crafting better contracts. For that, World Commerce and Contracting is setting up a charitable organisation that is based in the USA [20].

## Critical Success Factors

World Commerce and Contracting believes that for user friendly, simplified contracts to become the norm, law schools and legal professionals need to embrace principles of human-centred design for contracts as well as proactive law [21]. It identifies the following measures that legal professionals and law schools can take for the same.

- Law schools can play an important role by training students in understanding the need for simplified contracts. Currently, law schools teach contract law using case law and case studies which describe specific instances where contracts were mishandled or were led to expensive disputes. Students do not receive training in how to draft a contract in a law school. If a component of legal education addressed this aspect of communicating

needs and interests of disputing parties, risks involved for both parties and the style in which they are communicated, contract design will make a lot of progress in terms of promoting relationships and growth in businesses [22].

- In case of law firms, the current business model continues to favour the status quo, preventing the use and adoption of user-friendly contracts. The law firm business model, which generates revenue by charging a client by the hour, unwittingly benefits from the way contracts are being currently drafted. The emphasis that contracts put on legal language and covering all possibilities and situations even if the chances of them occurring are nearly zero, increases the amount of time lawyers spend on drafting contracts. The increased duration results in higher revenue for law firms and therefore takes away the incentive for law firms to adapt themselves to the new-age user-friendly contracts. Although some law firms have begun to tackle contract visualisation, their approach to visualisation does not include anything more than basic aesthetics and styling [23].

- Multi-disciplinary teams are necessary to institutionalise contracts. For example, to mainstream contract design in a law firm, a law firm needs to hire an experienced information/concept/communication designer who can ask the lawyers the right questions. Information designers try to understand the content before they think of how to present it to the viewer, and then depending on the characteristics of the viewer present the information in a way that is most clear and accessible. They have a human-centred approach to designing information.

They ask relevant questions such as, "Do you even need all these clauses in your contract?", "How is this contract used?", "What is it for?", "Who uses it?", "What is it that you are trying to achieve?", "What purpose this this clause serve?", "How does it help both sides?" and so on.

Once the lawyers and the designer have satisfactory answers to these questions, the work on all language simplification, information structuring and inserting graphics and visuals begins”.

This approach departs from the traditional way that lawyers craft legal documents, where they prioritise following jurisdictional guidelines and rules and covering all risks and possibilities. Whether the owner of the document can understand the information in the document is of secondary importance to the lawyer, and more often than not, it is of little importance for as long as the document is securing the client from all risks and is legally enforceable [24].

## Sources

[1] World Commerce and Contracting, [About](#). As accessed on 26 February 2022.

[2] World Commerce and Contracting, [Advocacy](#). As accessed on 26 February 2022.

[3] World Commerce and Contracting, [Better Contract Design](#). As accessed on 26 February 2022.

[4] World Commerce and Contracting, [Our Story](#) on About web page. As accessed on 26 February 2022.

[5] Interview with Sally Guyer and Stephania Passera, November 12, 2021.

[6] Ibid.

[7] World Commerce and Contracting, [Better Contract Design](#). As accessed on 26 February 2022.

[8] World Commerce and Contracting, [Contract Design Pattern Library](#). As accessed on 26 February 2022.

[9] World Commerce and Contracting, [Contract Design and Simplification](#). As accessed on 19 March 2022.

[10] Haapio, H. (2010). [Introduction to proactive law](#): a business lawyer's view. Stockholm Institute for Scandinavian Law, 49, 49-52.

[11] Ibid.

[12] Haapio, H., Plewe, D., & deRooy, R. (2016, February). Next generation deal design: comics and visual platforms for contracting. In *Networks. Proceedings of the 19th International Legal Informatics Symposium IRIS* (pp. 373-380).

[13] Aurecon, 2018. [Australia's first visual employment contract launched](#), Blog. As accessed on 17 January 2022.

[14] Interview with Sally Guyer and Stephania, November 12, 2021

[15] Ibid.

[16] Ibid.

[17] Ibid.

[18] World Commerce and Contracting, [About](#). As accessed on 26 February 2022.

[19] Presentation by Sally Guyer to working group members on July 15, 2021

[20] See [Better Contract Design](#) on the website of World Commerce and Contracting.

[21] Interview with Sally Guyer and Stephania, November 12, 2021

[22] Ibid.

[23] Ibid.

[24] Ibid.

This case has been developed by Manasi Nikam from the Hiil team after interviewing Sally Guyer and Stephania Passera on November 12, 2021.

To learn more, read the [policy brief on User-Friendly Contracts](#) or visit [www.hiil.org](http://www.hiil.org) and [dashboard.hiil.org](http://dashboard.hiil.org).