

DID YOU KNOW?

Supply chains are vital lifelines—studies show that 60 to 70 per cent of most companies' cost structure is embedded in their supply chain. Research even suggests that supply chain business interruptions cause a decrease in sales of about 10 per cent and an increase in costs of 11 per cent. Neglecting to plan for supply chain disruptions could be fatal to your business.



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Follow These Guidelines for Instituting a Fair, Effective Dress Code

Employers institute dress codes in the workplace for a variety of reasons, such as promoting a corporate image or adhering to health and safety standards.

But what may seem like a simple task—outlining and instituting a dress code—can actually be very difficult. As a manager or employer, you must ensure your workplace's dress code is fair, effective and appropriate. Any lapse in judgement when drafting a dress code could qualify as discrimination. To avoid a slip-up, follow these guidelines:

- Avoid unlawful discrimination in any dress code policy.
- Support your dress code decisions with health and safety reasons.
- Apply dress codes to men and women equally, although they may have different requirements.

- Allow disabled people to make reasonable adjustments to the dress code.

Consulting with your employees over a proposed dress code can help you avoid any disagreements and can help accustom employees to any changes. Making unilateral dress code decisions is sure to alienate employees, whereas seeking their feedback helps discern if anyone has special religious or health reasons for dressing differently, and it makes them more receptive to changes. Make sure your workplace uses fair and effective workplace policies.



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Potential Supply Chain Disruptions

Supply chains are extremely tenuous yet important lifelines which provide your business with the essentials it needs to survive. As the global economy grows and companies spill into other countries, supply chains lengthen—and your risks grow. The farther away your business is from its suppliers, the greater the chance for a disruption to your supply chain.

Even small companies with limited reaches face possible supply chain disruptions. In fact, smaller companies may suffer disproportionately from supply chain disruptions, since unlike larger companies, they may not have the resources to withstand even a small disruption. A single disruption could spell disaster for your business. How long can your business survive without the essentials it needs?

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Clauses in Contracts for Liquidated Damages: What You Need to Know

As a business owner or manager, you deal with a variety of contracts on a daily basis. Trying to understand so many different types of clauses and legalese can be complicated and exhausting. Even if you use a legal professional to help draft and review contracts, you still need to personally understand your contractual obligations, since your business will ultimately be held responsible.

Liquidated damages (LDs) clauses are a popular, practical and easy way to deal with the possibility of contract breaches between businesses without getting bogged down in legal minutiae. LDs clauses are common in many different types of contracts, including commercial construction and engineering contracts, sale or supply of goods contracts, IT development contracts and more.

But just inserting any sample LDs clause in a contract will not suffice—businesses need to ensure that the clause is properly considered, accurately written and enforceable by the courts (not a penalty clause).

A LDs clause in a commercial contract establishes that if a party breaches a particular obligation under the contract, then that party must pay a specified sum of money to the other party as compensation for the breach. The sum payable for the breach is fixed, agreed to by both parties and written into the contract.

LDs clauses can simplify your contracts and provide a host of benefits, including the following:

- The sum specified is payable as soon as the breach occurs. This removes the extensive amount of time and costs it takes for an injured party to bring an action for damages.
- There is no requirement for an injured party to mitigate damages as there is with an ordinary breach of contract claim.
- An injured party simply needs to prove that a relevant breach occurred and does not need to prove any resulting suffering.
- The amount recoverable is already set and not subject to a court's decision. This brings a greater degree of certainty regarding the contract—parties already know how much they will recover of pay if a certain breach occurs.
- Parties can preserve their commercial relationship. Once the breaching party pays the LDs, both parties can continue performing the rest of the contract without having to initiate legal action.

Potential Supply Chain Disruptions

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The following are some of the main causes of supply chain disruptions:

- Disruptions at the source, such as a reduced or complete halt in supplier production due to natural, man-made or economic causes.
- Disruptions in transit, such as late or non-delivery due to infrastructure failure, inclement weather or man-made disturbances.
- Disruptions at your business, such as poor delivery quality, a defective product or reputation issues involving your product sourcing.
- Disruptions at the corporate level, such as cost issues, IT system failures or a social media blunder.

Supply chain disruptions have lasting impacts, including those listed below:

- Increased costs
- Reduced sales
- Decreased market share
- Damaged brand and reputation
- Various fines (e.g. health and safety or product recall)

Make sure you address your supply chain risks and establish contingency plans in case disaster strikes.