THE FINE PRINT YOU NEED TO KNOW

Supply contracts are intentionally complex, often designed to keep businesses locked in and overpaying. If you're in a contract that feels impossible to escape, understanding the key pitfalls can help you avoid costly mistakes—or even negotiate your way out. Here's what you need to know:

THE FINE PRINT YOU NEED TO KNOW

Identifying the Loopholes That Keep You Stuck

Evergreen Clauses & Auto-Renewal Traps

Most supply contracts include an **auto-renewal clause,** meaning that if you don't cancel within a **very specific window**—often **90 to 180 days before the contract's end date**—it automatically extends for another term. Miss the window, and you're locked in again.

What You Can Do:

- Locate your contract expiration date and mark your calendar well in advance.
- Submit a written cancellation request via certified mail to ensure documentation.
- If you missed the window, review the contract for any service breaches—these can provide leverage to exit early.

Pro Tip: Use AI to Decode Your Contract

Many businesses struggle to uncover the hidden renewal clauses and pricing loopholes buried in their supply contracts. AI-powered tools can quickly scan and analyze complex legal language, flagging potential issues before they become costly mistakes. Instead of manually combing through pages of fine print, leverage AI to:

- Identify auto-renewal deadlines and opt-out windows
- Spot price increase clauses that might go unnoticed
- Highlight ambiguous contract language that could be used against you

By using AI for contract analysis, you can take proactive control of your agreements—before they lock you in for another costly term.

Price Adjustments Hidden in the Fine Print

Many agreements allow unilateral price increases, often with a short challenge window (10-30 days). If you don't dispute in time, you're locked into the new, higher rate.

What You Can Do:

- Review historical invoices to identify price hikes.
- Request detailed breakdowns for each charge—hidden fees often appear as "miscellaneous" or "service adjustments."
- If price hikes exceed contract terms, use this as leverage to renegotiate or exit.

Pro Tip: Automate Invoice Audits to Catch Price Hikes Early

Instead of manually reviewing every invoice, set up automated alerts in your accounting software to flag unexpected increases. Regularly reviewing a simple price-change report can help you challenge unjustified hikes before they become permanent.

The Inventory Billing Trap

Suppliers may charge for 100% of delivered inventory, rather than only the products in circulation. This means you could be paying for extra uniforms, towels, or supplies sitting in storage, unused.

What You Can Do:

- Check if you're billed based on inventory delivered vs. inventory used.
- Renegotiate for actual-use pricing—some suppliers will adjust if challenged.
- Audit regularly to ensure you're not being overcharged for excess stock.

Pro Tip: Audit Your Inventory Charges to Avoid Overbilling

Suppliers may bill for 100% of delivered inventory, even if only a portion is in use. Regularly audit your invoices and compare actual usage against billed quantities to spot discrepancies. If you see inflated charges, demand an adjustment—you might be paying for more than you need.

How to Negotiate an Exit

Finding Breach of Contract Opportunities

If your supplier has failed to meet agreed-upon service levels, this can be your key to getting out early.

How to Build Your Case:

- Document missed or incorrect deliveries.
- Track service failures, such as delays or damaged goods.
- Request a written explanation for inconsistencies—if they can't provide one, you may have grounds for termination.

Pro Tip: Keep a Contract Exit File

Start documenting missed deliveries, delays, or service failures as soon as issues arise. Maintain a clear record of every inconsistency, including emails and photos. If a dispute arises, having a detailed case file strengthens your ability to negotiate an early exit—or challenge unfair fees.

The Delivery Ticket Trap

A simple signature on a delivery receipt can be used to justify added fees or contract extensions. Many companies unknowingly agree to new terms when a receiving clerk or production manager signs for a routine delivery. Suppliers use this loophole to push additional charges and services.

How to Protect Yourself:

- Instruct your team to only sign for received items, adding "Received Only" to delivery tickets.
- Have a designated person review all deliveries and invoices before signing.
- Keep copies of signed delivery receipts to track any changes made without consent.

Pro Tip: Standardize a delivery approval process in your organization. Assign a key person to review invoices against agreed-upon contract terms before accepting additional services. This small step can prevent unauthorized charges from slipping through unnoticed.

Did you know that PIA MidAmerica has a program for printer towels and workplace supplies with Vestis? PIA MidAmerica's Program Puts You in Control.

With our partnership with Vestis, you get fair, transparent pricing without the contract traps. Our program ensures:

- Clear pricing with no surprise fees or hidden charges
- Flexible inventory management—pay only for what you use. Advocacy for our members to help navigate challenges and avoid unfair contract terms.
- Help you navigate supplier contracts and protect your business.
- No predatory contract extensions—just straightforward, member-focused service.

Want to break free from a bad contract? Contact us today to see how much you could be saving.