

Dear CEO

I write to discuss your company's approaches to its business-to-business (B2B) relationships with micro and small business people.

During 2007 the *Office of the Small Business Commission of Victoria* undertook a consultative process looking at how large corporations and organizations form and maintain winning business-to-business relationships with small and micro business people. This was a positive and productive initiative.

The consultative process led to a report by the *Victorian Small Business Commissioner* that highlighted seven key characteristics of good B2B relationships to which the consultative parties were agreed. These are:

1. Alignment of values and ethics, internally and with external business partners.
2. Commitment to long-term relationships.
3. Common goals based on mutual interests.
4. Quality communication.
5. Accountability and responsibility of all parties.
6. Professional conduct.
7. Pre-agreed dispute resolution.

Independent Contractors Australia (ICA) is a not-for-profit advocacy and lobby group dedicated to securing the rights of the 2 million self-employed (small and micro) business people in Australia (see attached '[ICA Brochure](#)'). At the forefront of our campaigning are efforts to enshrine fairness of contracts in the law and in commercial practice (see attached '[ICA Charter of Contractual Fairness](#)'). It is in this context that we seek to have discussions with you.

Fairness in contracts is the practical 'meat on the bones' of the good corporate ethics identified above by the *Victorian Small Business Commissioner*. The extent to which these corporate ethics are 'real' is identified, first, in the contracts you use and, second, in how the managers and staff of your corporation apply the contracts.

In this respect, there are two aspects to the contract fairness issue:

- Service providers: You would find that large numbers of self-employed people are most likely already service providers to your company (e.g. IT consultants, delivery people, cleaners and so on.)
- Consumers: The self-employed sector is also a huge consumer demographic, which, according to research, typically profiles as more likely to be high-income earners and discretionary spenders.

Our timing in writing to you is appropriate because:

- Recently the federal parliament has been debating further amendments to the *Trade Practices Act* concerning fair contracts in the business-to-consumer area.

- During 2009, parliament was considering a Bill to amend the TPA for business-to-business fair contracts. The issue is 'alive'.
- There's a progressive understanding that the unfair contracts provisions of the *Independent Contractors Act* need to be taken into account when engaging self-employed people.

Increasingly, the community judges corporations on the basis of whether they act fairly. The issue of 'contractual fairness' is a key factor in this judgment, whether the commercial transaction is with consumers or small business service providers.

ICA has handled many accusations of unfairness brought to us by self-employed people complaining about the organizations that engage them. Repeatedly, we find that unfair practices originate at lower management levels in organizations without the knowledge or intent of the senior executive team. This was an observation made by the *Victorian Small Business Commissioner* as well.

The question is how to rectify this in a systemic way within corporations. The first part of the answer is to address the contracts you use and assess if they conform to the corporate ethics principles to which you hold. It is the contracts that you require your service providers to sign that send the most powerful signals to line managers determining everyone's behaviour.

At ICA we have an interest in working with corporations who seek to ensure that their corporate ethics are reflected in their contracts with small and micro business external service providers. There are 'roll over' implications for consumer relationships.

We have developed a unique knowledge base and perspective because we can see the issue through the self-employed person's eyes. Our objective is the achievement of commercial contracts, practices and statutes which strike a balance based on parties realising common goals from mutual interests.

I will ring shortly to see if you and your company have an interest in exploring this with ICA and how we may be best able to assist you.

Yours sincerely,

Norman Lacy
President, Independent Contractors of Australia

Links

Victorian Small Business Commissioner report '[Forming and Maintaining Winning Business Relationships](#)'.

ICA's activities on '[bad contracts](#)'.