Expert Consilium

GUIDE · EDITION 5

A PRACTICAL FRAMEWORK

Before You Say YES

Seven checks before you accept a proposal from a supplier, a major customer or a business partner



Multiple angles. One clear decision.

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The proposal came in on Friday

The proposal came in on Friday afternoon. They want an answer by Monday.

The unit price is lower than what you pay today. There is an annual minimum, a line about exclusivity and a payment term you would normally push back on. Taken together, it looks like a good deal. You have read it twice.

One question keeps coming back: what exactly does this yes commit you to?

In a small company there is no board to ask and no legal department down the hall. The signature is yours, and so is everything that follows it. That is not a reason to say no. It is a reason to know what you are accepting before you accept it.

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Why this guide

Here is how it looks in distribution. A supplier sends an exclusive distribution agreement. The territory is yours, the price is good, and on page four there is an annual quota. Nobody has explained where that number came from. They want an answer by Monday, because others are interested.

Until then the contract gets read twice, mostly the same parts: price and territory. What costs money later is read last. What happens if the quota is missed? Who holds stock that is about to expire? On what day does the payment term start? Who carries the risk while the goods travel? How do you get out? Nobody has to lie to you for this to cost money. It is enough that someone else's deadline decides how carefully you read.

This guide exists so that you know which questions to ask before you sign, not after. You get seven checks, each with questions you can put to the other side, a ten-minute version, a list of papers to put on the table, two worked examples with numbers and a one-page worksheet. None of it needs a financial model or a consultant. It needs an hour, a pen and the papers on your desk.

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What a rushed yes leaves unchecked

Trouble with a signed deal rarely comes from the part you negotiated. It comes from the part you skimmed:

- a minimum you cannot sell through,
- a payment gap you end up financing yourself,
- an exclusivity clause that blocks the product you wanted to add next year,
- an exit clause you read for the first time on the day you need it.

None of these shows up in the unit price. All of them show up on paper, if you look before you sign.

How to use this guide

This guide is for owners and managers who have a concrete proposal in front of them and can still change its terms or direction. Use it on your own, with your team or as preparation for a deeper analysis.

The seven checks are a practical framework, not a validated test, and they do not promise an outcome. The examples are based on typical situations. This is business analysis, not regulated advice.

The seven checks	The question each one asks
1. The decision	What exactly are you accepting?
2. Facts and assumptions	What do you know, and what are you assuming?
3. The total commitment	What must you do and fund to get what is offered?
4. Dependencies	Who or what will you depend on?
5. What could fail	What could undermine the plan?
6. The middle path	Is there a path between yes and no?
7. What would change the choice	What evidence would change your choice?

Short on time: the ten-minute version

For a small proposal you can reverse later, checks 1, 2 and 7 are often enough. Answer these three in writing:

1. 1. In one sentence: what are you accepting, by when, and why?
2. 2. Which number in this proposal did you take on trust?
3. 3. What one fact would change your answer, and who will check it by when?

If you cannot answer one of them, that is your next step. Not the signature.

For anything with a minimum, exclusivity, a long term or a large amount, use all seven.

Before you start: put these papers on the table

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How to use this guide

- The full written proposal or draft contract, not a summary in an email
- The price, and the clause that says when and how it can change
- Any minimum quantity or quota, per year and per period, and what happens if you miss it
- Payment terms, and the day the clock starts: delivery, invoice or acceptance
- The currency you buy in and the currency you sell in
- The scope of any exclusivity: products, territory, duration, and what you give up in return
- What happens to unsold or expiring stock: returns, exchanges, write-offs
- Notice period and the cost of exit, for both sides
- Penalties: what you pay if you are late or miss the minimum
- Complaints: how faulty goods are handled, and who pays for returns
- Transport: who pays, and who carries the risk while the goods travel
- Permits, registrations or certificates the product needs before you can sell it, and who pays for them
- Who signs, and by what date

If something on this list is not in writing, write "not supplied" next to it. You now have your first question for the other side.

Check 1: What exactly are you accepting?

Write the decision in one sentence. A yes to the whole proposal is a different decision from a yes to keep negotiating, to run a pilot or to get one fact confirmed first. Flag any obligation you do not fully understand before you respond.

Decision	What it means in practice
Accept the whole proposal	You agree to all terms as written.
Accept with changes	You propose changes to specific terms and wait for an answer.
Run a pilot or a limited start	You commit to a smaller scope first.
Gather information first	You do not respond until a specific fact is confirmed.

Signs the decision is still fuzzy

- You describe it as "we're thinking about..." instead of with a verb and a date.
- People on your team describe it in different words.
- You cannot say who signs, and by when.
- You are reacting to a deadline the other side set, not to a goal of your own.

Write it down:

Decision: whether to _____, by _____, in order to _____.

A deadline set by the other side is information, not an instruction. Ask what happens if you need a few more days. The answer tells you how firm the deadline really is.

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Check 2: What do you know, and what are you assuming?

Find a source for every claim that matters. Separate what the other side has promised from what they have signed. "About 10,000 units a year" is not a contractual minimum, and a demand forecast is not a confirmed order. Separate an assumed cost from an actual calculation, too.

Label	Meaning	Example
Promised	Said by the other side, not in writing	"We expect about 10,000 units a year."
Signed	Written in a document both sides accepted	Annual minimum of 1,200 units, clause 4.
Calculated	Worked out from figures you can show	Total annual purchases at EUR 90 per unit.
Assumed	Used in the plan, not confirmed	Demand will stay at today's level.

Next to each important claim, write one of the four labels and its source. Anything labeled "assumed" needs either a check or a clear note that the plan depends on it.

Ask them to put it in writing

If a forecast is the reason you would say yes, ask the other side to put it in the contract. If they will not, you have learned how much they rely on it themselves. That is not an accusation. It is a fair question, and a calm answer to it is useful information.

A data gap is a finding

If a figure is missing, write "not supplied." That is more useful than a guess, and it tells you what to ask for before you answer. A gap in the data is a finding, not something to hide.

The same goes for quotas and demand estimates. A figure in a polished presentation looks well researched, but ask where it comes from. It may be sales in a larger market, scaled down by population. If customers in your market do not buy by population but through tenders, when their budgets allow, such a quota says nothing about how much you will actually sell. A quota can be signed while the demand behind it is only assumed. An assumption does not become a fact because it arrived on a slide. So before any quota, ask: which customers in our market will buy these products, and when?

The number that hurts you is the one you did not realize was an assumption.

Check 3: What is the total commitment?

Look past the price or the revenue. Count the stock, the collection period, your team's time, extra support, capacity and the terms of exit. The question is not only what you get. It is what you must do and fund to get it.

Area	The question to ask
Money	What do you pay, when, and what is the full cost over the whole term?
Stock and goods	What must you hold, and what happens to stock that does not sell?
Collection	Who funds the time between buying and getting paid?
People and time	Who does the extra work, and what gets pushed aside to make room?
Capacity	Can we deliver this volume without hurting existing customers?
Exit	How do you get out, and what does getting out cost?
Currency	If you buy in one currency and sell in another, who carries the exchange-rate move?

Fill in both columns

On one half of a page, write what you get. On the other half, write what you must do and fund to get it. Compare them only once both columns are full.

Payment terms are money

A longer payment term looks like a detail. It is a loan you make to the customer, at no interest.

Say you sell a customer EUR 100,000 a month. On 30-day terms, the customer owes you roughly one month of sales, EUR 100,000, at any given time. On 90-day terms it is three months, EUR 300,000. You have to fund the EUR 200,000 difference from your own cash or from a loan. At 8% a year, that comes to about EUR 16,000 a year, and it does not appear on any invoice.

The figures are rounded to keep the math simple. Replace them with your own. The full walk-through is in 90-Day Payment Terms: When to Let a Customer Pay Later.

In Serbia, payment terms between companies may not, as a rule, exceed 60 days.[1] A longer term is allowed only for payment in instalments, up to 90 days with at least half paid by mid-term, or if the customer provides a bank guarantee or a bank-endorsed promissory note. So when a customer asks for 90 days, ask calmly: what guarantee will you provide?

An attractive part of a proposal is not the same as a good decision about the whole package.

Check 4: Who or what will you depend on?

Think about the supplier, the large customer, a key person, the technology and the data the deal needs to work. What happens if that party changes the price, the quality, the timing or the availability? Do not assume there is an easy replacement.

Dependency	What if it changes?	How to reduce exposure
Supplier	Price, quality, timing or availability changes	A second source, a shorter term, a price review clause
Large customer	Volume drops or terms change	Other customers, payment terms, a notice period
Key person	The person leaves or is unavailable	Written procedures, a second person trained
Technology or data	The system or access changes	Data export, a fallback process

The replacement question

For each dependency, ask: if it disappeared next month, how long would it take, and what would it cost, to replace it? "We'd find someone" is not an answer until you can name who.

Exclusivity cuts both ways

An exclusive deal can protect your territory. It can also tie your hands. Before you accept one, get answers in writing:

- Which products and which territory does it cover, and for how long?
- What are you no longer allowed to sell or buy elsewhere?
- What does the other side commit to in return, and what happens if they miss it?
- Is the exclusivity tied to a quota, and who set that quota, based on what?

These are questions to ask, not recommendations. Read the exact wording of any clause you plan to rely on.

Check 5: What could undermine the plan?

Pick three causes of failure that fit this proposal, not twenty generic risks. For each one, name an early signal, the person who watches for it and a check you can run before you accept. Do not add probabilities you cannot support, so the analysis does not look more precise than it is.

Fast-forward a year

Here is a quick way to find the three causes. Assume it is twelve months from now and this deal has gone badly. Write down why. Psychologist Gary Klein calls this a premortem (Harvard Business Review, September 2007). He cites 1989 research by Deborah Mitchell, Jay Russo and Nancy Pennington which found that imagining an event has already happened increased people's ability to correctly identify reasons for future outcomes by 30%. The shift from "could this fail?" to "why did it fail?" makes it easier to name the problems people would otherwise keep to themselves.

Cause of failure	Early signal	Who watches	Check before you accept
Demand is lower than forecast	Orders below plan in the first months	Head of sales	Ask for confirmed orders, not forecasts
The partner changes terms	Requests that arrive late or keep changing	Owner	Ask what can change, and with what notice
A cost was left out	Margin lower than calculated	Finance	Recalculate with the full list from check 3

The table shows three sample causes. Choose the ones that apply to your proposal. If a cause could apply to any proposal, it is too general to help.

A risk with no early signal and no owner is just a worry.

Check 6: Is there a path between yes and no?

Consider a smaller first volume, a trial period, a phased commitment or a change to the one term that matters.

Option	What to ask the other side
Smaller first volume	Can we start with part of the volume, or one location?
Trial period	Can the first months be a trial, with a clear way out?
Phased commitment	Can the commitment grow in steps as results come in?
Change to the deciding term	Which one term, if it changed, would make this proposal acceptable?

How to ask without sounding like a no

A middle path is easier to accept when it is framed as a way to make the deal work. A few sentences you can adapt:

- "We want this to work. Can we start at 600 units for the first six months and review together?"
- "The minimum is the one point we can't commit to yet. What would you need from us to set it after the first quarter?"
- "We can accept 60-day terms if the first order is smaller. Would that work for you?"

The numbers in these sentences are placeholders. Use your own.

Not always available

The other side may say no, and a changed clause can change more than you intended. Read the full revised text before you rely on it.

A middle path is worth proposing only if it keeps what you actually want from the deal.

Check 7: What would change your mind?

Define the deciding fact or condition and the next action: who checks what, by when. If no new information would change your position, ask yourself whether you want an analysis or a justification for a decision you have already made.

If you are leaning toward...	Evidence that would change your mind (examples)
Accepting	A confirmed figure lower than the one you assumed; exit terms far worse than expected
Declining	A change to the one deciding term; a confirmed order that removes your main doubt
Negotiating	A flat refusal on the deciding term; a better alternative found elsewhere

Analysis or justification?

If nothing could change your mind, you may be looking for support for a decision you have already made. That is not wrong. It is better to know it before you spend time on an analysis.

Write it down:

The choice changes if _____. Check: _____, by _____.

A good outcome is not always yes or no. Sometimes it is: check this one thing first.

Worked example 1: a discount that raises your purchases

A typical situation. Today you buy as needed at EUR 100 per unit. The new proposal is EUR 90, with an annual minimum of 1,200 units. You expect to need 1,000 units. The quality is the same, and taxes, financing, storage and differences in payment terms are left out.

Item	Current terms	New proposal
Unit price	EUR 100	EUR 90
Annual purchases	1,000 units	1,200 units
Annual spend	EUR 100,000	EUR 108,000
Surplus above need	0	200 units

A lower unit price does not automatically mean lower total spend. Here you buy more and pay EUR 8,000 more that year. That is not automatically a loss of EUR 8,000: the extra stock may be usable later. Its value, and the cost of holding it, need to be assessed separately.

Which checks change the decision?

Is a need of 1,200 units realistic or optimistic? What is the shelf life of the goods? Can the minimum be adjusted? When are payments due? Does the exclusivity limit other products? Are the exit terms acceptable, and has someone read them closely?

A more reasonable next step

Do not accept or reject the proposal on the discount alone. Check sales and the full commitment, then discuss the minimum or a trial period. If the data supports higher sales and the terms fit, the proposal may well be worth taking.

For your own proposal: how large is the discount, and how large is the commitment you take on in return?

The same example: how your real need changes the result

The result depends on how many units you actually need. The table shows three possible levels of need against the same proposal: EUR 90 with a 1,200-unit minimum.

Worked example 1: a discount that raises your purchases

Annual need	Current spend	New spend	Surplus units
800 units	EUR 80,000	EUR 108,000	400
1,000 units	EUR 100,000	EUR 108,000	200
1,200 units	EUR 120,000	EUR 108,000	0

At a need of 800 units, the new proposal costs EUR 28,000 more in purchases. At 1,000 units it costs EUR 8,000 more. At 1,200 units it costs EUR 12,000 less.

Where the two options break even

For an annual need of D units, up to 1,200, current spend is 100 × D and new spend is 90 × 1,200 = EUR 108,000. They are equal at D = 1,080 units. That is the break-even point for purchase spend in this simplified example, not a test of overall profitability.

What to take away

- The discount helps only if your real need is close to the minimum or above it.
- The real question is how reliable your demand figure is (check 2).
- The surplus units have a value and a holding cost that need a separate estimate (check 3).
- Terms such as exclusivity and exit change the picture (checks 4 and 6).

Worked example 2: a large customer, a good deal?

A typical situation. A prospective customer offers more volume but wants a lower price, longer payment terms and a special level of service. You do not yet have full costs, a confirmed volume or a capacity plan. An unconditional recommendation would be premature.

What is known, and what is not

You know what the customer is asking for. You do not know how much they will actually order, what the extra requirements will cost or how they will affect your existing customers. A big revenue number is only part of the picture.

Two calculations to run before the meeting

The discount against your margin. Say you sell at EUR 100 and your margin is EUR 30. A 10% discount brings the price to EUR 90 and the margin to EUR 20 per unit. Your margin per unit falls by a third, not by a tenth. To earn the same as before, you need 30 ÷ 20 = 1.5 times the volume, or 50% more. The question is no longer "is the discount acceptable?" It is "will this customer really buy 50% more, and can we deliver that without new costs?" More in A Big Customer Asks for a Discount.

The payment term in money, not days. Use the calculation from check 3. Work out how much money the longer term ties up, and what that money costs you each year.

Again, the figures are rounded. Replace them with yours.

Questions turned into a plan

Questions help only when someone owns them. The table below assigns each question to a role and names the evidence that would answer it. The roles are examples; use the people in your company.

Question	Who answers	What to get
Which volume is a commitment, and which is a forecast?	Head of sales	A written commitment, or the clause that sets the minimum
Who funds the time between buying and getting paid?	Finance	A cash flow view at the requested payment terms
What resources must be added or moved?	Operations	A capacity plan for the requested service level
How does this affect existing customers?	Owner	A list of affected customers and what they have been promised

Three possible directions

Worked example 2: a large customer, a good deal?

Accept if the data and terms support your company's goals. Negotiate if the opportunity is good but one term changes the economics. Limit the starting volume or postpone if there is not enough data. These are not automatic recommendations. They are a way to frame the real choice.

Write it down before the meeting:

We are ready to accept if _____. First we need to check _____. We propose a change to _____. We will not commit until _____.

What a conditional conclusion looks like

Weak: "The customer is big, so we should accept."

Stronger: "We will accept if the confirmed volume covers the extra cost and if we can fund the payment terms. Until both are confirmed, we do not commit."

A conditional conclusion says what must be true. It is easier to test than a yes or a no.

The point of the checks is not to stop you. It is to show what you are accepting, and on what conditions.

Running the checks with AI or your team

You can run the checks on your own, with colleagues or with an AI tool. If you use AI, give it a clear task, and do not let agreement with you become the goal. AI tools tend to tell people what they want to hear; the article AI Sycophancy: When AI Tells You What You Want to Hear explains why.

Four prompts you can adapt:

> Based on this description, set out the main counterargument, the missing data and the conditions under which accepting makes sense. Separate facts from assumptions. Do not state data you do not have, and do not treat agreement as the goal.

> List every number and claim in this description. Label each one as stated in a document, promised verbally, calculated or assumed. Do not add numbers of your own.

> Assume it is a year from now and this plan has failed. Give three plausible reasons why. For each, give an early signal and a check that can be run before accepting.

> Suggest two options between accepting and declining, such as a smaller volume or a trial period. For each, list what would need to be asked of the other side.

With a team, the same idea works without a screen. Give one person the job of arguing against the deal, and thank them for it. Ask everyone to write their three reasons for failure before anyone speaks, so the first opinion in the room does not set the tone.

Do not enter confidential information (prices, contracts, customer names) into tools your company has not approved for that purpose. An AI answer is a draft for you to check, not a decision.

Worksheet: before you respond

Use one sheet per proposal. Date it, and come back to it when new information arrives.

1. What exactly are you accepting, and by when?

2. What data do you have, and what are you assuming?

3. What is the total commitment in money, people and capacity?

4. Who or what will you depend on?

5. What event or fact could undermine the plan?

6. What change, alternative or pilot could you consider?

7. Next step: who checks what, and by when?

Date: _____ Responsible person: _____

After you decide

Once you have decided, write a short record. If a key assumption later turns out wrong, you will know why the decision looked sound at the time, and what to change.

1. Decision and date:

2. Main reasons:

3. Assumptions you are relying on:

4. Review date, and what will be checked:

When you need a different kind of help

If a fact is missing, get it. If the issue is technical, test it with the people who know the technology. If the decision depends on legal, tax, accounting, investment or other regulated judgment, that part is outside the scope of this guide.

More angles for larger proposals

Some proposals are small enough to settle with the ten-minute version. Others are large, long or hard to reverse. For those, more angles before the signature help: one colleague whose job is to argue against the deal, the four AI prompts above run in two separate chats, and a second, slow reading of the clauses you skimmed. Compare where the answers differ. That is where the decision is still open.

Before you answer on Monday: which clause in your proposal have you read only once?

The final say is always yours.

Companion reading

- One AI Answer, or Several Perspectives: when one AI answer is enough, and when it is not.
- How AI Helps Businesses: a broader introduction, with examples, sources and a small pilot plan.
- Solitude at the Top: Who Does a Business Owner Ask Before a Big Decision?
- Hidden Risks in Choosing a Vendor

Informational material, not regulated professional advice. The examples are based on typical situations. The framework does not promise accurate analysis or a business outcome.

1. Law on Payment Deadlines in Commercial Transactions, Official Gazette of the Republic of Serbia, Nos. 119/2012, 68/2015, 113/2017, 91/2019, 44/2021, 44/2021 (other law), 130/2021, 129/2021 (other law), 138/2022 and 109/2025, Articles 3, 4 and 6. Unofficial consolidated text: paragraf.rs, read on 21 November 2026.