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## Man wins \$400,000 legal case in Singapore due to good networking



If there is a lesson to be learnt from this case, it is that all matters that concern money should be put in writing, especially if you are dealing with companies. PHOTO: PEXELS.COM



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SINGAPORE - It's often said that when it comes to doing well at work, who you know can count for more than what you know.

Yes, knowledge and skills are essential ingredients for success but these alone are no guarantee because you will also need someone important to appreciate your talents. All the more so when it comes to pitching for a new business because it is often not easy to even get past the receptionists.

The unspoken worth of having a strong business network was underlined in a legal battle that saw a High Court judge recognising the importance of networks in achieving success for any business.

Judicial Commissioner (JC) Philip Jeyaretnam said: "In business, who you know may sometimes count for more than what you know. For this reason, making connections and building friendships are both important for success.

"This offers a perennial role to the socially adept. Among their ranks are those who make introductions in return for a commission on resulting contracts. They are especially needed by newly established businesses that do not have much of a record."

He made this point in a recent case in which a business consultant sued a media company for reneging on a promise to pay a 10 per cent commission for bringing a multi-million dollar deal to the firm.

It is a common practice for companies to pay agents commissions based on a percentage of the deals and that such payments are usually spelt out in a contract.

## The importance of contracts in business

What was supposed to be a straightforward arrangement became complicated in this case because the consultant used to work for the then-chairman of the company, who was a friend he could trust.

The consultant was willing to help the company and in March 2018, he was given an independent role that involving scouting for new business.

Both sides acknowledged that such work would not be for free and that payment would be discussed after each deal was secured but this arrangement was never put in a contract.

Not long after, the consultant contacted a long-time friend who was then working for a big international media company and asked whether they could discuss partnership opportunities with the Singapore company he was representing.

The two met over lunch and the consultant gave his friend "comfort and assurance" that the Singapore company was a good partner to work with. This resulted in several follow-up meetings between the two companies.

By November 2018, the international firm awarded a contract worth more than US\$3.5 million (S\$4.75 million) to the Singapore company to develop and enhance a media platform and to support and maintain it.



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## Dispute arose from oral contract

In the following month, after the work for the project started, the consultant met the chairman of the Singapore company and they discussed the commission for bringing in the business and eventually agreed on the percentage of the reward.

This became the main contention of the legal battle - the consultant said he was supposed to get 10 per cent of the whole contract, amounting to US\$355,000 (S\$482,000).

But the company claimed it had to pay only US\$39,000, an amount derived by applying a 3 per cent commission over the fee that was due for the development portion of the project, and not the total value of the project.

It paid only this amount, prompting the consultant to sue for the remainder of the commission.

JC Jeyaretnam noted that this was not a case involving payment information that was mistakenly conveyed because the lawyers for both sides were effectively accusing the other side of lying.

"I agree that there is really no room for the difference between them to be explained by faulty perceptions or faulty memory. My assessment of the evidence proceeds on the basis that only one of the two told the truth in court," he noted in his written judgment.

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During the trial earlier this year, the consultant testified in person in court while his ex-boss, who was no longer the chairman of the company at the time of the trial, gave evidence as a witness for the company, via a video link.

The judge said the consultant "came across as truthful, and genuinely hurt and indignant by how he felt he had been treated" by his former boss.

JC Jeyaretnam described the chairman as someone who "appeared to think calmly and carefully before each answer, and did not always seem to be speaking from memory of what had happened but at times appeared to proffer a practised story".

After looking at all evidence, the judge concluded that the consultant was telling the truth and ruled that he deserved to be paid the 10 per cent of the contract's total value.

## **The power of being connected**

He noted the company's argument that giving a 10 per cent commission was too high in this case, given the consultant's "limited role as an introducer".

After the new client came on board, the company said the consultant did not attend the subsequent meetings and even when he did, his presence was just as a mere observer.

But the judge disagreed and said that the company had unfairly downplayed the role of the consultant in giving "a big step up" for it to work with an international player.

It was the consultant's vouching for the company that made his friend award the contract. So without his involvement, this would never have happened, JC Jeyaretnam said, noting that before the new client came, the company's existing clients were "not really established" and gave them "bad debts".

In his parting words, the judge said that the consultant won a contract for his friend and ex-boss, thanks to his network of friends in his business circle.

"Disappointingly, (the ex-boss) did not honour his word as a friend," he added.

He ordered the company to pay the remainder of the consultant's commission, along with interest on the amount owed during the duration of the trial plus his legal costs for winning the suit.

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If there is a lesson to be learnt from this case, it is that all matters that concern money should be put in writing, especially if you are dealing with companies.

It is wise not to rely solely on personal relationships because your friends could leave the company and when this happens, no one will vouch for you.

Moreover, due to corporate governance, even if the company is willing to pay you, it would still need an official contract to process the payment.

Finally, contracts need not be lengthy documents - if the parties had signed and agreed on the percentage of commission that was based on the value of the contract, this dispute might not have happened.

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