

Alphaco decided to refurbish the executive office suite in its headquarters building and solicited information from contractors who specialize in this type of work. Alphaco wanted to change the configuration of the office suite space to build a new executive dining room and kitchen area and wanted the contractor to provide new office furniture and decoration. It was important to Alphaco that the work be completed by the end of the year because Alphaco was planning an important meeting it wished to hold in the refurbished premises.

Alphaco began discussions with a small group of the contractors it had contacted and explained exactly what it wanted to achieve.

On July 1, Betaco's President, Jeff, delivered a document to Alphaco's President, Lawanda, headed "Offer- Alphaco Office Refurbishment Plan" which specified in detail the materials Betaco planned to use in the refurbishment and the work it proposed to carry out at a total cost of \$1 million, but the document contained no details about timing or a payment schedule and no detailed warranties. Lawanda said she would discuss the proposal with her Board of Directors. On July 7, after discussing with the Board Lawanda wrote a letter to Jeff stating that they wanted to have the work begin 30 days after conclusion of the contract and that the work should be completed 3 months from commencement of the work. Lawanda also proposed a payment schedule and a set of warranties. She arranged for the letter to be delivered to Betaco's offices by messenger.

On receipt of Lawanda's letter Jeff immediately wrote up a document incorporating the terms of the Alphaco Office Refurbishment Plan and Lawanda's letter and sent it to Alphaco's offices. At the end of the document there were spaces designated for the signatures of authorized representatives of Alphaco and Betaco. Lawanda was away from the office when the document arrived, but her Vice President left a message on Jeff's voicemail which stated "This looks good. Lawanda is away from the office right now but I know she is keen on moving ahead as soon as possible. Call us so we can work out the details." Unfortunately Jeff's voicemailbox malfunctioned and he did not receive the message.

On August 6, after Alphaco had moved all of its personnel out of the executive suite into new premises it had leased for the period of the works, Betaco did not turn up to begin the refurbishment. Alphaco was expecting them to begin work on that day. Lawanda called Jeff and asked what was going on. Jeff said he thought that Alphaco had decided to go with another contractor and that since the July discussions prices of some of the materials had increased significantly and the contract could only be concluded at a much higher price.

Discuss.