

SERVICE AGREEMENT



Service Agreement Overview

WHAT IT IS: This is an agreement between you and your client that outlines the terms of your relationship.

WHAT IT DOES: This agreement sets expectations and outlines terms for you and your client. By signing this agreement, you and your client are literally “on the same page” when it comes to working together. Among other things, this agreement:

- Contains Service program details including program duration, frequency and length of Consulting sessions, payment terms, your responsibilities as consultant, and the client’s responsibilities
- Limits your liabilities (that is, it protects you and your business legally and financially)
- Provides protocols for changing the scope of work, termination of the agreement, and more
- Provides you recourse (e.g., in the event you need to collect payments)
- Ensures that any legal action brought against you will be handled in the state in which you reside so that you’re not required to fly across the country if a client on the other coast sues you and you have to appear in court

WHY YOU NEED IT: To help prevent misunderstandings and disagreements with your clients. When you’re both crystal clear about what to expect, there’s less chance of confusion, and if there is a disagreement, you can refer back to the agreement to determine what to do about it. Without a signed agreement like this in place, you may not be able to call collect attorney’s fees or even enforce basic provisions of the deal.

WHEN TO USE IT: Every time you sign on a new Consulting client.

Clause-By-Clause Explanations and Instructions

Editing Instructions: The first time you go through the template, customize it to your business according to the instructions below. Sections that should be filled in, altered to suit your needs, or deleted if they're not applicable to you are in **red**. Leave the signature section at the bottom and the **[Client Name]** in the recitals (the part between the title and the sections) blank for now. Then save the document – this will be *your* template going forward. Each time you bring on a new client, use your template and update the recitals with the client's name where it says **[Client Name]**.

THE TITLE

On the top of the page, insert your business name in **[Company, LLC or Individual]**. The remainder of the Agreement uses the word “Company” so that you only need to change your business name here and at the signature line.

THE RECITALS

In the part between the title and the numbered sections, insert your business name in **[Company, LLC or Individual]**. The remainder of the Agreement uses the word “Company” so that you only need to change your business name here and at the signature line. When you bring on a new client, insert the client's name where it says **[Client Name]**. Client Name can be an individual, business name, or LLC. The remainder of the Agreement uses the word “Client” throughout.

1. Scope of Project Clause

Purpose: The scope of project clause defines the scope of work needed to complete a project or set of services. The details of your scope of project will be outlined in Schedule A, Services and Fees, at the bottom of the Agreement.

Instructions: Specify the services you'll provide and fees you'll charge in Schedule A, Services and Fees.

2. Fees

Purpose: The fees clause expressly states your monetary rate in exchange for services. Explain how much you're charging your client for your services. Are you charging by the hour, week, or by project? Explain it all here, and be specific! There is also a clause here if you will be invoicing and to provide for late fees. This helps give your clients the urgency they sometimes need to go ahead and make the payment.

Instructions: Explain how you will charge your clients for your services. Make sure to specify if you are operating hourly, weekly, by project, or by some other method. Explain your invoicing policy in detail. If you don't have an invoicing policy, use the recommended policy and/or edit to your liking. Here, switch out **the first five (5) business days of each month describing the hourly fees incurred** for your desired invoicing system. Switch out the late fee percentage **(10% late fee)** to your company's preference. You can delete the initiation fee if not collecting one as well as change the frequency of the invoice. The important part here is to decide and stick to a routine.

Alternate Language: If the proposed language doesn't fit your business model, review or alternate clauses at the end of the agreement. Whichever structure you do choose, be sure to follow it with each client.

3. Termination

Purpose: Sometimes, business relationships just do not work out. Termination clauses provide parties with a legal way out of the deal. This clause also allows your client to terminate the agreement with written notice, and it allows you to both terminate immediately if it's mutual.

Instructions: Switch out **30 business days** to your Company's preferences. Review to ensure it matches your desires. There are not legal limitations other than keeping good faith and fairness in mind.

4. Decision Making & Limitation of Liability

Purpose: The limit of liability clause ensures that your Client will not bring any claims against your company related to your company's participation in contracted services. This clause is extremely friendly to the protection of your company and serves as a release from liability against your Client. .

Instructions: None.

5. Disclaimer

Purpose: This clause is important to protect you! You need to explain your limitations. For example, if you are giving advice related to health and fitness but are not a physician, you need to explain your limitations.

Instructions: Tailor the disclaimer to your industry.

6. Confidentiality

Purpose: Under this confidentiality provision, your company cannot disclose your client's confidential information. Confidential information is not limited to banking information or launch dates but to any and all information that is not readily available to the public. This clause places the duty to identify confidential information as such on the Client.

Instructions: None.

7. Indemnification

Purpose: An indemnification clause assures that your clients will defend your company against all claims brought against you related to the services performed for your client. To indemnify means to “defend” or “hold harmless,” so here, the client agrees to cover your losses if they do something that causes you harm or causes a third party to sue you. Think of this clause as your safety net against claims brought against your company.

Instructions: None.

8. Capacity as Independent Contractor

Purpose: This clause expressly states that your company serves as an independent contractor of the client. This is needed to clarify that you are not working as an employee of the client.

Instructions: None.

9. No Transfer of Intellectual Property

Purpose: This clause protects your Company's intellectual property and makes clear that it cannot be used or misappropriated.

Instructions: None.

10. Failure to Perform

Purpose: As a business owner, you can potentially run into situations where you're not able to fulfill your end of the deal with your Client. As listed in the contract, sometimes illness or acts of God (earthquake, flooding, pandemic, etc.) make your obligations impossible to be completed. Under this provision, your Company must seek out a viable replacement, i.e. another consultant, to satisfy your duties you contracted to complete.

Instructions: None.

11. Nonsolicitation Agreement

Purpose: Put simply, this nonsolicitation clause ensures that your client will not solicit your employees or subcontractors to go work for your client. This clause ensures integrity between your company and your client that your client will not steal employees out from under you within a one-year period of termination of the contract.

Instructions: None.

12. Nondisparagement

Purpose: This clause is designed to protect you from your clients disparaging you, your employees, and/or your company whether it be to other potential clients directly or online.

Instructions: None.

13. Severability

Purpose: The severability clause allows the main part of the contract to remain in effect even if certain clauses are illegal or unenforceable. On the off chance that a clause is unenforceable, this provision guarantees that one bad clause does not break or "sever" the deal completely. This is one of those "boilerplate" clauses that's really important.

Instructions: None.

14. Waiver or Modification

Purpose: In the case that your company or your client desires to waive or modify a section within this contract, you may do so, but it must be in writing and signed by both parties. It is imperative that these waivers and modifications are written and signed by both parties to protect your company if the waiver or modification was ever challenged by your client. This is another boilerplate clause that's very important to include in a Client Agreement.

Instructions: None. Whenever you run into this situation, make sure to obtain all requests for waivers or modification from clients in writing.

15. Prevailing Party

Purpose: This clause explains if your company or the client is responsible for attorneys' fees. If there is a dispute that requires retaining attorneys, whomever prevails from the dispute will be reimbursed for their attorneys' fees. This clause is incredibly important should you need to retain an attorney as it makes it more cost effective because now your Client may have to reimburse you for legal fees.

Instructions: None.

16. Governing Law

Purpose: This clause clarifies what laws will govern this contract. Contract laws vary state-to-state, so the contract must clarify what state laws govern this particular agreement.

Instructions: Replace [CHOOSE STATE] with your state and county of your company's primary location.

17. Entire Agreement

Purpose: The purpose of this clause is to ensure that all of the terms and conditions of your agreement with your client is set out in a single contractual document. An entire agreement clause promotes certainty of obligations and prevents either party from relying on conversations or preconceived notions outside this contract.

Instructions: None.

18. Electronic Signature and Counterparts

Purpose: To allow you and your client to sign this agreement with the same power and authority as signing in person.

Instructions: None.

SIGNATURE BLOCK

Lastly, insert your business name, name of owner/president, and name of client in the signature block. If you are an LLC, always sign as a representative of the LLC. For example, “Wesley Henderson, Member”

Alternate Language

See Alternate Policy - For Hour Rates and Monthly Billing

1. Fees

Client agrees to pay Company at a rate of **[\$_____]** per **[hour/session]**. Client agrees to pay **[\$__]** upfront at the commencement of the services (“Initial Fee”). Once the Initial Fee has been exhausted, Client shall make payment to Company on a monthly basis according to time and expenses incurred by Company as detailed on monthly invoices. Company shall deliver an invoice within the **[first five (5) business days]** of each month describing the fees for the preceding month. Failure to make timely payment within 15 days of the receipt of the invoice shall result in a **[late fee that recurs every 30 days thereafter until paid in full]**.

2. Invoicing Automatic Charge

Client agrees to be automatically charged for monthly or annual fees unless notified 7 days in advance.