



TRELLIS

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Client Contracts 101

Remember, this outline is a guide.

Be sure to contact an attorney if you have questions or specific issues.

A client contract is a strong step toward a productive client relationship. A detailed client contract ensures you and a client are on the same page for the services, payment terms, ownership and termination. Whether you are drafting a contract, giving yours a tune up, or a reviewing a contract, this resource is designed to give you tips and tricks for key components to a successful client contract!

- 1. Scope.** While you may be excited to start a working relationship, a contract that details exactly what services/work will be performed and how it will be measured is the first step to preventing a dispute down the line. We recommend attaching a scope of services to the contract as an “Attachment A” or similarly titled item to work out all the details of the services before signing the contract and then just attach it to the legalese. If you are working for a flat rate, we recommend detailing the timeline of services, and the project percentage each scheduled deliverable constitutes. This makes it possible to calculate completed work if the services are terminated early (more on that later!).
- 2. Payment.** Hopefully you work for the love of your business, but at the end of the day, love doesn’t pay bills. To prevent financial disputes, make sure your contracts have clear payment terms. Specify if the payment structure is a flat rate or hourly (or reference if payment is in accordance with an attached scope of work). Include invoice and payment schedules, and if there are any additional fees for failure to pay in a timely manner.
- 3. Additional Fees:** For late fees, we recommend a flat rate cost, or a percentage of the amount due, to be paid in addition to the invoice amount. Consider an accrual structure for late fees, ie: an increase after each thirty-day period. In the event an invoice goes unpaid past a designated period of time, you have the right to collect interest if outlined in your terms. For extra security, include language to cease work if an invoice remains

unpaid after a set amount of time to protect your time and resources. Late fees can be a point of contention when negotiating a contract, so consider lowering the late fee or removing it, depending on your leverage and your knowledge of the client, but ultimately, weigh it against your business interests.

Additionally, consider detailing whether external costs like printing, transportation, meals, etc. are included in the cost of the work, or billed in addition to the cost of services. This prevents disputes, or potential losses by ensuring you and the client are on the same page.

4. Scope Creep. Most artists are familiar with the term “scope creep,” but in reality, many businesses experience this. Scope creep is when you have a set scope of work, and the client keeps adding more. This is most common when you’ve agreed on a flat rate, the client wants to add more rounds of edits, and your contract isn’t completely clear on what happens. To avoid this, there are two steps you can take:

1. Be as detailed as possible in the scope of services (see above). Account for specifics such as the number of rounds of edits and how additional services are decided.
2. Have a section in your contract that deals with modifications. For example, detail a process as to how additional rounds of edits or deliverables should be decided upon.

5. Intellectual Property.

Note: Intellectual property is a COMPLICATED area of law, so it can be worth spending the money on a lawyer to help guide you.

Intellectual property, the ownership rights to the work products developed under the contract, can be a major component of any contract. Examples: the designs, templates, processes, etc. created by your company for the client. Consider if you want to use a template or process for another client. If you don’t detail that correctly in your contract, your client may own all the rights to the deliverables and could sue you if you use them again.

Furthermore, protect yourself from your client giving you any images, content, or work that may be owned by someone else. For example, if a client gives you a design they want you to incorporate on their website, but the design is owned by someone else and your client has infringed on their rights. Include provisions to make sure you can’t be held liable for something your client gave you.

6. **Liability and Indemnification.**

This is another area for which we recommend consulting a lawyer, but the key takeaway here is it is an important provision, and a commonly negotiated one, so take a careful look at this provision and make sure it works for your business.

It is important to detail who is liable for what is in an agreement. What does this mean? Think about the type of services you are providing and your client. It is important to detail if you're liable, for what, and if there are any limitations. For example, maybe you are liable for your services until they are delivered, unless there is negligence after delivery.

7. **Termination.** You hope a contract terminates once the services are rendered, but what happens if that's not the case? Maybe it's you. Maybe it's the client. There are times when a contract needs to be terminated early, so it is important to detail if, and how, the contract can be terminated early (with cause? without cause? how many days' notice?). It may be important to require notice in writing and a timeline for termination to allow things to wrap up and any deliverables or documents to be transferred or returned.

In addition to HOW a contract can be terminated, it is important to detail WHAT happens when a contract is terminated. Include provisions to make sure you are paid for services rendered through language that details how work already completed is valued. This is easier on an hourly contract (paid for hours worked), but with a flat rate contract, you want to include a clear formula for how this is calculated. This can be up to you, and may be negotiated by the client, but having this discussion can help avoid further issues beyond early termination.

Next Steps:

Contact a lawyer to have your client contract reviewed, or check out our affordable [Trellis Client Contract Template](#) to get started on a solid client contract!