

BDA Tool Eight — Preparatory meditation and writing for conference registrants:

Please read BDA Tool Eight in the BDA Tools pamphlet, then spend 15-20 minutes meditating on the details below. Are you willing to support your solvency by clearly documenting your intentions?

BDA Tool Eight: “We put all our business agreements in writing and write our own Letters of Agreement.”

There is no set format for a letter of agreement offered by or in BDA. However, most of our agreements typically cover the following areas:

Project Description: This includes what the business owner or contractor will be responsible for, such as writing a newsletter or designing an organizational logo, and what the client will be responsible for, such as providing background materials and arranging for printing services.

Scope of Work including milestones and due dates: This can be very simple, such as a four-page newsletter containing 1,800-2,200 words due in 15 days. If the contractor will be responsible for any other project-related products or services, such as photography, this should be specified.

Project Costs / Budget: The cost of a project is usually based on the estimated number of hours a writer or other contractor will work. Sometimes the project cost is a range (such as \$1,200-\$1,500) and includes a maximum amount the client will pay. Other projects, especially those that are less concrete in nature, are open-ended, meaning the contractor will be paid a specified hourly rate for every hour they work. Be sure to include any other expenses, such as mileage or long-distance phone costs, that the client will pay in addition to the business owner's fee.

Supporting Tasks for both the business and the client with assigned responsibilities: We should list specific tasks, such as who provides source materials for written pieces, who drafts the writing, who edits, who approves, who publishes, and a reiteration of the time allowed for each phase of production.

Amounts and Terms of Payment: This should outline how the business owner will be paid. In a new professional relationship, it is common for the client to pay up to half down at the beginning of the project, one or two progress payments, and the outstanding final balance within 15-30 days after the final product is delivered. (This is a good reason to check our clients' payment and credit references.)

Other Potential Considerations: Any special concerns for either the business or client, including terms of cancellation, would be addressed here. If there are copyright or other ownership / authorship concerns related to the finished product, consult an attorney.

Every letter of agreement may be different, depending on the product and service needs of the client and the work requirements of the business owner. These guidelines and the sample letter of agreement that follows are intended to serve only as a guide. They are not intended to cover all possible issues. Consult with an attorney for more specific information and guidance.

We've provided an easily replicable letter of agreement on the next two pages.

Letter of Agreement for _____ (project description)

Date: _____

Client: _____ Company and url

Contacts: _____
Name, phone, email address

Name, phone, email address

Service provider: _____ Company and url

Physical address

Contact: _____
Name, phone, email address

Scope of work: Includes project outcome, milestones, benchmarks, and due dates.

Budget: Includes all project costs, including total payments to contractor, any materials purchased from 3rd party vendors, and who is responsible for paying for those outside materials, shipping and delivery, installation, etc.

Supporting tasks: One to ten tasks, depending on project size, assigned to either client or contractor or shared. Be specific.

You'll probably want to include this note somewhere in your supporting tasks, probably wherever you're asking your client for confidential information:

(This letter of agreement also serves as a confidentiality agreement. Nothing shared with the contractor by the client will be shared or distributed to anyone else under any circumstances.)

Letter of Agreement for _____ — continued

Location of work: This is an important distinction in the IRS’ definition of an employee versus a contractor. Include anticipated communication methods – email, phone, and face-to-face.

Hourly rate or rates or project estimate: Be specific if you are charging for time and materials. Be non-specific if you are providing a bid.

Payment schedule, terms, and methods: If possible, especially if you’re a stand-alone contractor, setup your schedule so that you are working from a client’s prepayment whenever possible. For instance, start with a commencement payment of 40%, before your work starts, follow-up with a request for 25% when you are 30% done with your work, another 25% when you are 60% done with your work, and collect the final 10% after the work has been completed and approved by your client. For best results, tie each of the progress payments to a benchmark on your project timeline. Be specific about penalties for late payments and your preferred payment method(s).

Cancellation of contract: (Suggested phrasing): If the project is cancelled before completion, an invoice will be prepared based on actual service hours. If that creates a credit balance for the client, a refund will be issued.

Public credit for work design or authorship or requested referrals: Be specific.

Acceptance of terms: (Suggested phrasing): Client and contractor will accept these or revised terms by email before commencing work on project together. (Exchanging signatures is often more difficult yet is a fine option if that’s your preference.)