

# TITAN TIMES NEWSLETTER

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**TITAN BUSINESS DEVELOPMENT GROUP, LLC**

## Key Elements of an Effective Service Agreement



Written agreements are vital towards establishing a mutually beneficial relationship between two parties, laying out the services, terms, and conditions they consent to. A Service Agreement works no differently, providing a framework for consultants of all fields of expertise to provide their services to clients.

Whether you offer such services or are in need of them, it is imperative that you understand the key components of a successful Service Agreement and employ an attorney with expertise in drafting them.

The main purpose of any Agreement is to specify what one party will do for the other (and perhaps also visa-versa). At a minimum, the Agreement should state what service is to be provided, what fees or charges are being agreed to and any additional important terms and conditions, such as time to completion or others agreed upon points. Often, an Addendum is attached to a Main Agreement with specifics. This is usually referred to by reference as the Statement of Work.

In some cases, the party employing the consultant may need to provide support services to facilitate the consultation work, such as the use of the company's equipment. The Agreement can have a section enumerating these duties based on the understanding of the parties.

Fees and expenses should also be clearly stated along with a method for payment, such as "X percentage up-front", "due upon completion", "due within X days of invoice receipt" etc. Likewise, a good Agreement will specify when the job will be invoiced.

*(continued)*

### Inside this issue:

<b>Key Elements of an Effective Service Agreement</b>	<b>1</b>
<b>Masterful Quotes</b>	<b>3</b>
<b>Is Your Communication Made to Stick?</b>	<b>3</b>



## Continued...

*“ The Agreement should spell out whether it can be terminated on a specific date or when the work has been completed to the satisfaction of both parties..”*

The Service Agreement should state what date it comes into effect and for how long it will remain in force. The Agreement should spell out whether it can be terminated on a specific date or when the work has been completed to the satisfaction of both parties.

These Agreements often require dealing with very sensitive material. The Service Agreement should devote a section to clearly outlining the parameters and restrictions with which this information can be utilized. It might directly state that one party consents to disclose said information to the other party and that if anything confidential is to be disclosed to a third party, it can be done only through the written and signed consent of both parties. If a breach or wrongful use

of this information is to occur, then the provision should spell out the consequences, namely an immediate termination of the Agreement and the right of the wronged party to pursue legal action and recover the associated costs.

It is also a good idea to include a warranty that describes the remedy for any guarantees you are providing or issues that may arise. For example, by way of refund or correction at no additional cost to the receiving party.

Lastly, the Service Agreement should contain a section that covers a range of other matters that are crucial to the execution of the work. This includes making clear that the consultant is an independent contractor rather than an employee (which would have distinct tax implications), giving leeway to any delays or failures in performance caused by externalities beyond either party's control, and establishing how the two parties will communicate with one another in relation to the Agreement (via email, U.S. mail, etc.).

Keep in mind, too, that any given Service Agreement may require additional articles or sections that are unique to the engagement. It is important that legal expertise be sought when preparing your Agreements, to be sure the language is carefully drafted and the necessary contractual elements are present.

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## Masterful Quotes

*"A successful man is one who can lay a firm foundation with the bricks that other throw at him."*  
- David Brinkley

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### Is Your Communication Made to Stick?

In Dan and Chip Heath's book entitled "Made to Stick", they discuss making content "sticky" – or highly memorable - by presenting principles under the acronym SUCCEs. Below is a paraphrased summary of the SUCCEs principles. Basically, your objective of making something "sticky" is by being Simple, Unexpected, Concrete, Credible, Emotional and by presenting it in a story. You don't necessarily need to use all these principles at once, but it does help.

**SIMPLE:** Keep It Simple Silly (KISS) is the way to go. What is the purpose of your communication? What do you want the other party walking away with? By the end of your communication, can the other party use the language or handle the situation with simplicity? Avoid getting overly complicated and subsequently blurring the point.

**UNEXPECTED:** Keep your client on their toes with new materials. Don't get repetitive. Consistency is important but make sure the content isn't dull.

**CONCRETE:** What's the hook in your offering? What will capture the other party's attention so they stay focused for the whole time?

**CREDIBLE:** Is your communication practical? If you understand your prospect's needs, perhaps you can cater the message with a higher quality. You should always focus on creating trust.

**EMOTIONAL:** Language is very flexible. In Japan, many students don't put emphasis on their words. Are you paying attention to the tone of voice? Are you showing and getting others to put emotion into their words? It isn't easy but emotion is important.

**STORY:** Practicing giving short stories. This makes the overall message and some details all that much easier to remember and helps them personalize the communication.

Good luck!

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