

quotes, contracts, and invoices

“Your survival depends completely on getting paid by clients. It’s as simple as that. If the money isn’t coming in, you can kiss your freelance life goodbye.”*

objective Along with development of a business plan, designers must create standard forms to use. A quote, contract, and invoice are all variations on the same idea for the level of freelance work many of you will be completing. If you plan to create a larger business, please see a lawyer.

problem **Student will create a basic template for a quote and an invoice, both with aspects of a legal contract.** Forms used by professor are provided. Student should understand these and combine any information listed here or in readings to compose his/her own quote and invoice. These must be completed in a design form that is consistent with other collateral under the visual brand. For extra credit, student may also create a contract.

explanation *None of the following is your assignment. It is an explanation.*

step 1:
request from client Design jobs often are created in steps. After obtaining information about the project, you then provide a quote. Preferably you receive project information in the form of a brief, but you will hardly ever receive this while freelancing.

- Your own pay rate and experience level. (see Business Plan)
- **Timeline** for the project.
- What is the **budget**?
 - > Remember that simply asking what the budget is also is an indirect way of saying, “You know I’m not doing this for free, right?” If that’s still awkward, try asking, “Would You Be Able To Send Me A Brief Of The Project?”
- Who is the direct point of contact?
- Where and how will the piece be used?
- *Your textbooks have explained other points or rephrased these. Use that information too if you would like.*

step 2:
quote Next you answer with a quote. There are usually two ways to charge for a project if you are a freelancer or under contract.

- Charge **per hour**.
- Charge **per project**. If you do this, include how many revisions will be made before the rate goes to hourly.

If you create your own business or have an ongoing work relationship, you could consider creating a contract that explains you will be doing all work for a set amount of time. If this is not a salary, it could be considered being “[under retainer](#).” I also suggest that if you actually go into business for yourself (vs. freelancing on the side), see a lawyer.

See example quote online. Once a quote has been provided, you would then be granted the work or refused. Even though you would provide a quote before a contract, a quote is very similar to the nuts and bolts of a contract without needing to be signed. It is up to you if you work with contracts or not.

step 3:
contract Contracts can be tricky, especially if you have never done one. Depending on the client, he/she might be scared off by it. See [this booklet created by AIGA](#) (national). There are many examples of templates available. The following are tips from *HOW*. Many of these tips are also applicable to your quote and invoice forms.

tips 1 **7 Tips for a User-Friendly Contract** *Same goes for quotes and invoices*

“Before you start drafting your own contract, consider the following recommendations to ensure that it’s signed quickly:

- Eliminate all legalese such as “shall,” “hereof” and “thereto.”
- Call it a “letter of agreement” instead of a “contract.” It sounds nicer.
- Don’t use small print. Doing so makes it seem like you’re hiding something.
- Use your firm’s name and the client’s name throughout the document instead of the generic terms “client” and “designer.” The agreement will read as if it’s been customized specifically for your particular relationship.
- Be confident and understand what your terms mean. I cannot tell you how many creatives don’t even understand their own contracts because they had lawyers draft them. If you don’t understand the terms yourself, your clients won’t either, and you can’t negotiate effectively.
- Walk through the contract with your client to ensure that it’s understandable.
- If a client requires specific legal clauses, such as liability and confidentiality, more than likely, the client will give you their own standard in-house agreement to sign. But that doesn’t mean you have to sign it without negotiations. In fact, before the client sends you their agreement, give them your firm’s agreement and ask that they (or their legal team) incorporate the same conditions you’ve outlined into their contract. This way, the client knows up front the important parameters for your relationship.”

tips 2 **13 Key Clauses for Guiding a Successful Relationship**

These may or may not be in your contract, depending on how specific you would like to get. **But discussion of these subjects is worth it if you have never worked with the client.**

Note: This might be too much to comprehend if you’ve never given signed a contract or not been paid for work that you completed for a client; however, the first time you aren’t paid for your work (and it will happen), you will understand the importance of all of this.

“The language provided below is generic and isn’t meant to be a comprehensive list of terms nor a full agreement. As recommended earlier, the final terms you use should be customized to your firm and each client relationship. **While this type of informal language may not be legally binding, it will help guide the relationship so that you won’t have to go to court.**

As you can see, an agreement that includes clauses that are free of legalese, direct and to the point will be easy to read and less formal. Nonetheless, it can be equally powerful at communicating the **important conditions of a relationship**. An agreement written in this manner will almost always be more effective and easier to negotiate than a contract drawn up by lawyers. The result is a **mutual understanding of the terms by both the client and the creative team (or you)**, friendlier negotiations, and quicker approvals.

“**Schedule Parameters:** Timelines and schedules are a common industry challenge. Clients expect creatives to work all hours under even more compressed schedules, so having terms that prevent this from happening and clearly defining what is expected will result in a more seamless relationship.

- **Work Hours/Days:** This agreement assumes work will be completed within the standard work week (Monday through Friday, 9 a.m. to 6 p.m.). (Design Firm Name Here) is closed on all major holidays and the entire week of Christmas and New Years.
- (Note: Of course this means that you should not answer the phone after these hours!)
- **Schedule:** The work outlined in this agreement will be turned around within a reasonable, non-rush schedule to be determined, where possible, and mutually agreed upon at the start of each project. Late or weekend hours incurred to accommodate additional compressed deadlines, if needed, will be negotiated separately. Our schedules assume timely review and response by (Company Name Here) of all deliverables.

Client Responsibilities: It’s also important to outline what your expectations for the client are in the relationship. For example, who is the main client representative and key decision-maker (they should be one and the same), and what are the materials/services they’re expected to provide—and when?

tips 2 (cont.)

- **Client Representative:** (Company Name Here)'s representative, (name of client representative here), has full authority to provide and obtain all necessary information and approvals throughout this project. (Name of principal of design firm here) and (name of client representative here) represent that they have full power and authority to enter into this agreement and that it is binding upon (Design Firm Name Here) and (Company Name Here) and enforceable in accordance with its terms.
- **Client Responsibilities:** (Company Name Here) and/or (Company Name Here)'s subcontractors will provide accurate, complete and timely information and materials to (Design Firm Name Here). (Company Name Here) guarantees that they have all the necessary rights and ownership in such materials to permit (Design Firm Name Here) to use them for the project.
- **Client Approvals:** (Company Name Here) will approve and proofread all final designs, type, press proofs and test sites. (Design Firm Name Here) will make all efforts to ensure that no information is misrepresented. However, (Company Name Here) assumes all responsibility for content. (Company Name Here)'s approval of all tangible materials and artwork will be assumed after the work has been submitted to (Company Name Here) for review, unless (Company Name Here) indicates otherwise in writing.
- **Client Changes:** In order to avoid errors, text changes and corrections will not be taken over the telephone and must be provided electronically. Any text with extensive changes must also be provided as marked up hard copy, indicating the revised text.

Samples and Credit:

- **Samples.** (Design Firm Name Here) can use samples or photographs of the work created under this agreement and the name of (Company Name Here) for publications, exhibition, competition and other promotional purposes (such as our website) once the project has been made public.
- **Credit.** The following credit will be mentioned on all publicity/promotion of this project and/or our relationship, including, but not limited to, awards, competitions, press releases, etc.: (List required credit here, i.e., Design: [Design Firm Name Here]).

Payment Parameters: Beyond the incremental payment schedule, you should include the following language that provides further protection in common problem areas, including:

- **Delays and Termination.** All payments received are not refundable in the event the project or the relationship is terminated for any reason. If any part of the work for this project is delayed for longer than 30 days, (Design Firm Name Here) will bill for work completed.
- **Consequences of Non-Payment.** (Design Firm Name Here) reserves the right to suspend work and/or withhold issuing any project documents if invoice payments are not received within a reasonable period of time from invoice date.

Electronic Files: Ownership and the quality of electronic files can also be a sticking point with clients, so including protection in this area is critical.

- **Length of Storage.** (Design Firm Name Here) agrees to store all final electronic files created for (Company Name Here) for a maximum of two years.
- **Retrieval Fee.** (Design Firm Name Here) will charge \$XXX to retrieve/transfer any elements of our electronic files from archive at the request of (Company Name Here), providing related usage rights have been negotiated.
- **File Requirements.** If (Company Name Here) has specific requirements for how project files must be prepared, (Company Name Here) must communicate this, in writing, to (Design Firm Name Here) before the project begins.

step 3:
invoice

The following is from [this article](#). When crafting your invoices, you should refer to the following checklist as a minimum of items to include:

- Your company logo (if available)
- Your name
- Your contact information
- A unique invoice number *you* have assigned for *your* files
- Any relevant PO number issued by the client (if available)

invoice (cont.)

- Name and address of your client
- The word ‘invoice’ on the document
- The date – this ensures that if payment isn’t received, you have proof of when it was submitted
- Item(s) and description(s): Describe the work you have done for your client
- **If quote was per project:** the final cost should match. If extra revisions were made, this should be listed in an hourly format. All math should be clear.
- **If quote was hourly:** Hours worked on project x the agreed charge. All math should be clear.
- Terms and Conditions: Include your payment terms, i.e. “Payment must be made within 30 days.” An optional explanation of consequences for later payment may be included.
- Where/how the payment should be made. You may provide a P.O. Box or street address for a check to mailed or bank information. Payment app links like Cash, Paypal, or Venmo are also a great idea.

when you get paid

Even if you only do a couple of jobs a year and choose not to pay quarterly taxes (be careful), remember that you must count on your client reporting the payment to her/his taxes because this can be helpful in reducing tax owed when investing in one’s own business. If (when) the government knows, it will be expecting some of that money from you in your taxes via a [1099-MISC](#) form for each client.

Hopefully, you put about 25% of the money you earned from this job immediately into a savings account that you don’t touch. Remember that taxes include payment to Social Security and Medicare, which are often “hidden” when paid at other jobs you may have had where you filled out a W2. (They’re not hidden at all, but most of us don’t check our paystubs so diligently.)

Even if the client doesn’t report it and you receive no 1099-MISC, *you* should still report it. Nobody wants to get audited by the U.S. government when a large amount of savings appears in your accounts that are earning interest.

It is also common to hear from designers to “keep it under \$600 and nobody will know.” It is true that the person who paid you does not *need* to report the job to the IRS if it’s under \$600, but you are legally still supposed to report the amount as self-employment income and pay taxes.

The other option someone may offer you is to get paid “under the table” where nobody reports anything. This is not legal. Again, getting audited by the U.S. government is not a goal you should have.

Scared of taxes yet? Don’t be. Keep your receipts for anything you have to keep you in business, even if that’s just your computer and its software and the cost of your business cards. Find out more about all the things for which you could receive deductions. Programs like TurboTax can explain all of this to you if you cannot afford taxes to be prepared for you. It’s not as hard as it all sounds. Just be sure you keep all receipts, invoices, etc. It all matters.

schedule

Wed Oct 31: *Notes due over weekly readings.*

- *RD 3 Cover Letter and Resumé DUE.* Job Hunt Journal DUE.
- Begin Business Plan Project. Begin Quotes, Contracts, and Invoices Project.
- **Begin working on Quote and Invoice.** See “problem” on first page. You may complete in Illustrator or InDesign.

Fri Nov 2: AIGA-Memphis Student Day • “We’ve Been There” • For Freedoms Exhibition Brand Book project sheet also provided sometime this week. Check Facebook.

schedule (cont.) **Wed Nov 7:** *Notes due over weekly readings.*

- *Return RD 3.*
- *DUE: Social Media Plan Form Part 1.*
- **Lecture:** Taxes and other legal information;
- **Discussion:** How/why to bypass filters

Fri Nov 9:

- *DUE: Social Media Plan Form Part 2 and 3.*
- **DUE:** Proof that you have begun (or completed!) the Business Plan form so that you can relate to and ask questions of Prof. Leslie.
- **Guest Speaker:** Prof. Leslie to discuss entrepreneurship and successful freelancing.

Wed Nov 14: *Notes due over weekly readings.*

- *RD 4 (final) cover letter and resumé DUE.*
- *DUE: Social Media Plan Form Part 4*

Fri Nov 16:

- In-class: work on Business Plan. Discuss in groups.

Wed Nov 28: DUE at the start of class:

Create a **SECTION 3** folder in your shared folder. Within this folder, place your Social Media materials and both of the following:

- Business Plan. Package the correctly named file with fonts and a PDF. Place this packaged folder within the SECTION 3 folder. Also move all Social Media project items into this SECTION 3 folder.
- **Invoice** and **Quote** PDFs.

Discuss in groups. You will have only 2 days to make any revisions, so be sure you have created A+ work the first time.

Fri Nov 30: PDF of Brand Book DUE. Preparation for final show.

Wed Dec 5:

8-10am: Meet for scheduled final. Final over readings completed in class on Google Docs.
BRANDED SHOW that evening.

evaluation You will be graded on the following:

- Directions were followed accurately with absolutely no errors.
- At a minimum, forms copy information on provided samples.
- No misspellings or grammatical errors.
- Materials support brand positioning statement.
- Ambition - How much did you challenge yourself? Did you plan your time well?