
“I’ve always felt that if you could develop an answer to a need, this was the way to make money. Most people are more anxious to make money than they are to find a need. And without the need, you’re working uphill.”

— Bill Lear

MANAGING YOUR SERVICE AGREEMENTS

So now you have a collection of service agreements. As with anything else that’s important to your business, this joyful new addition comes with some added work. Once you have agreements you’ll need to keep track of them, make sure they’re renewed on time, and make sure you use them to your company’s best advantage.

This chapter covers a series of administrative chores. We discuss getting agreements signed, keeping your agreements organized, and finding tools to help you actually perform the “managed services.” We finish with some sample cover letters to send out with your agreements.

EXECUTION

The first step in organizing your contracts is to decide how they will be executed (signed). As few clients have PGP or other means to digitally sign a document, you will probably execute your agreements by wet signature (a real human actually puts ink to paper) or by fax.

Our preference is to print two copies, sign both, and send them to the client with a cover letter. We use little sticky arrows to label the place where the client is to sign. I usually hand-write a note on stationary that says:

Please sign both copies and return one to me.
Thank you for your business,
KarlP

We include a 6" x 9" self-addressed, stamped envelope. This eliminates several excuses for not signing and returning the agreement.

If the agreement is a renewal, your cover letter should state whether changes have been made in some key areas. If no changes are made, you should say that as well. If no changes are made, the client is not likely to delay even a moment in signing.

The key elements that might change are: rate for regular hours, rate for extraordinary hours, and minimum hours to be charged for onsite and remote work.

If a client has asked for a change (e.g., you need to comply with drug-free workplace policies), you should note that you have added a section to address their request.

SALES TIPS FOR SERVICE AGREEMENTS

Whenever we quote any job that we think will fill ten or more hours, we mention the service agreement option. We often get an opportunity to discuss this on an initial visit or sales call.

Whether the client expresses any interest or not, we quote the work based on a signed service agreement and we include two copies of the “proposed” agreement, executed and ready to sign and return.

We make a note on the quotation that these are the special reduced rates that assume a signed agreement. Of course we also note that our standard rate is \$ _____. In our case, the contract rate is a nice clean 10% lower than the standard rate.

As with any setting, the easier you make it to say “yes” the more sales you’ll make.

You should have your lawyer review any agreements or contracts you sign.

STAYING ORGANIZED

When you sign your first agreement, all of your attention turns to delivering what you promised. For more information on that, see the next section. But you also need to put some energy into creating a business that manages service agreements. After all, the goal is to sign a second, and a third, and a fourth agreement.

If your agreements expire in, say, one year, then you don't really have to worry too much about managing your agreements for a year. But, if you're successful, you'll have twenty-five agreements when the year is up. And they'll all expire at different times. Some will require rate increases.

If you don't keep all this straight, you'll lose money. Therefore, it's in your best interest to put some kind of system in place to keep track of these agreements. A bit later we'll discuss a "real" CRM (customer relationship management) system. For now, we'll start with a basic tool we all have available – an Excel spreadsheet.

The following sample spreadsheets are included on the CD. The first one is used to keep track of clients who have only signed the one-page credit agreement and not a "contract" or service agreement. The second one is for keeping track of clients who have signed agreements.

