

What is your best defense against a lawsuit?

It starts with **Documentation**. The best way to protect yourself against getting sued in the first place and limiting any of your financial responsibility if you are starts before you do any consulting. The contract or engagement agreement is a document that spells out the scope of your operations, the work you intend to do for the client, specifically work you will not do, and the terms and conditions of payment. It includes how you are compensated for your time (billable hours), your travel, lodging and supplies furnished to complete the task. Furthermore, it spells out the timing of those payments.

A large number of the lawsuits filed against all professional including consultants are generated over disputes for fees. While no insurance policy will cover or provide you a policy to cover those fees, many professional consultants find themselves surprised when a former client counter sues for negligent or poor performance only after taking aggressive legal action to collect fees. The main point is a contract or agreement will help to prevent you from getting sued in the first place. Your main tool to do that is a complete and fully executed contract with your client that not only spells out how much your services will be, but also schedules how you will be paid over time. As long as your client sticks to the payment schedule and you remain business like in collection of payments, you can avoid this source of loss.

The Contract or Engagement Agreement is the number one piece of **Documentation** that helps prevent loss. Remember – as “project creep” enters into your consulting job, you need to change, amend and update the agreement to keep it current and documented as to client expectations. Update both the scope and payment changes and time frames for delivery.

Consult our links to sample agreements and discuss the best approach for your business with your legal advisor.