

# Service Agreement

## What is a Service Agreement?

A **service agreement** is a formal contract between two parties, usually a service provider and client, that outlines the terms and conditions under which services will be provided.

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## What are the Components of a Service Agreement?

A **Service Agreement** (sometimes called a Service Contract or Consulting Agreement) typically includes:

- **Scope of work** – what services will be delivered
- **Payment terms** – how and when payment is made
- **Timelines or availability** – deadlines or working hours
- **Responsibilities** – what each party is expected to do
- **Termination clauses** – how the agreement can be ended
- **Liability and legal protections** – who's responsible for what risks
- **Confidentiality or non-disclosure** terms (if needed)

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## Why is a Service Agreement Put in Place?

A service agreement serves several key purposes:

### 1. Clarity and Alignment

- Ensures both parties have a shared understanding of what's being provided and expected.
- Reduces miscommunication

### 2. Legal Protection

- Protects both parties if a dispute arises (e.g. payment, performance, liability).
- Helps demonstrate intent and terms in a court or arbitration setting if needed.

### 3. Defines Payment Structure

- Outlines how much will be paid, when, and under what conditions (e.g. hourly, milestone-based, or monthly retainer).

### 4. Manages Risk

- Limits the service provider's liability.
- Sets expectations around delays, cancellation, or incomplete work.

## **5. Outlines Exit Terms**

- Provides a process for ending the relationship (e.g., with notice or for cause).
- Helps avoid sudden service interruptions or payment issues.

## **6. Builds Professionalism**

- Shows that both parties take the arrangement seriously.
- Often required by companies, especially for consultants, freelancers, or vendors.