

PUBLIC RELATIONS CONSULTANTS ASSOCIATION OF INDIA

Code of Conduct for Financial Efficiency and Healthy Commercial Partnerships

Preamble

Financial conflicts or payment disputes between Public Relations consultancies and clients can strain business relationships and disrupt operations. This guideline is part of Client Consultancy Partnership Charter developed by Public Relations Consultants Association of India (PRCAI), outlining actionable best practices for PR Firm founders, CEOs, CFOs, and senior leaders, as well as Corporate Communication Officers and other client-side stakeholders to harness healthy commercial partnerships and prevent and avoid payment disputes.

By adhering to this charter, both PRCAI member consultancies, and Clients, including their respective stakeholders, would commit to high standards of financial efficiency and propriety, creating win-win relationships for all.

1. Clear Contracts and Terms of Engagement

A comprehensive written agreement is the foundation of a dispute-free client-consultancy relationship. Verbal or vague arrangements can lead to misunderstandings, so both parties must insist on a formal contract for every engagement. Consultancies should ensure that the contract explicitly covers:

- a) **Scope of Work and Deliverables:** Detail the services, campaigns, or deliverables the consultancy will provide. Clarity in this section, first and foremost, prevents later disagreements over whether obligations were met.
- b) **Payment Terms and Schedule:** Specify the fee structure (monthly retainer, project fee, hourly rates, etc.) and billing schedule (e.g. monthly or milestone-based). Include the payment due period (Net 30 days, etc.) after invoice date. Unambiguous terms set clear expectations for when payment is due and in what amount.
- c) **Retainer and Fee Clarity:** If it's a retainer contract, state the retainer amount and what it covers per period. Note any additional costs (e.g. media spends, event expenses) and how those will be billed. Clearly delineate who bears responsibility for any third-party payments (such as vendor fees, media buys) so that such expenses do not become points of contention later.
- d) **Upfront Deposit (if applicable):** Particularly for project-based engagements or new client relationships, consider including a deposit or upfront fee.
- e) **Late Payment Penalties:** Without taking an antagonistic tone, the contract may include a reasonable late fee or interest that kicks in if a consultancy invoice is overdue beyond a grace period. Consultancy leaders are encouraged to adopt this as a standard policy in all contracts and apply uniformly. The presence of this clause often encourages timely payment, though in practice it can be waived if a client communicates and rectifies delays.
- f) **Dispute Resolution Clause:** To avoid protracted court battles, the contract can include a clause on how disputes will be handled. Most clients and consultancies prefer to attempt negotiation or mediation before litigation. Specifying mediation (for example, through PRCAI's Mediation Desk) or arbitration as first steps can set a collaborative tone in case any disagreement arises.

2. Client and respective internal stakeholder Commitments

On the client side, the Corporate Communications Officer (CCO) and other internal stakeholders such as procurement, or finance can also ensure a healthy commercial partnership by following the below recommendations:

- a) **Timely vendor onboarding:** Many payment-related friction points arise from delayed vendor onboarding process. PRCAl recommends CCOs to lead and align internal stakeholders to ensure timely vendor onboarding through their procurement teams (if applicable), and issue the necessary Purchase Orders (POs) within 10-15 business days of starting the engagement, or communicate expected timelines upfront to their consultancy partner.
- b) **Provide a single finance POC:** As part of their consultancy onboarding process, clients are recommended to nominate a Single Point of Contact (SPOC) from their finance department to the consultancy. Further, they may also share a clear escalation process for invoice or payment related queries.
- c) **Deliverable Acceptance:** Clients/CCOs are recommended to discuss and agree with their consultancy partner on the deliverable acceptance mechanism before approving invoices for payment. For example, in case of monthly retainer invoices, both parties may agree on the format and inclusions in a monthly report to be submitted by the consultancy for timely approval on their invoices. Similar reporting mechanisms can be mutually decided for projects.
- d) **Timely registering issues with the invoice(s):** Clients are encouraged to raise any invoice queries within 7-10 working days (or as agreed in the contract). If no query is raised within this window, the invoice may be treated as approved for processing under the agreed commercial terms.
- e) **Staying true to agreed scope:** Finally, client facing stakeholders are advised to avoid any last-minute expansions in the scope of work without discussing with the consultancy partner and agreeing on the commercials.

Honouring these commitments will go a long way in fostering mutual trust and reducing unnecessary friction between both parties.

3. Commit to Transparency and Financial Integrity

Trust is a two-way street. To encourage clients to honour payment commitments, it is important for Public Relations Consultancies to demonstrate transparency and integrity in all financial dealings. This means:

- a) **Honest Scoping and Pricing:** Avoid overpromising in deliverables or underquoting just to win a client and deliver what you have agreed upon. Clients are far less likely to dispute or delay payment if they feel the consultancy has fulfilled its promises and provided value. Make sure your fees are clearly tied to specified services or outcomes so the client understands what they are paying for.
- b) **Cost Approvals:** For any out-of-scope work or expenses, seek client approval *in writing* (email is fine) before incurring the cost. Surprise charges on an invoice can lead to friction. By maintaining openness about costs, you uphold financial efficiency and propriety (as encouraged by the PRCAl Code of Conduct) and build client confidence.

- c) **No Hidden Charges:** All fees, taxes, and pass-through expenses (like third-party vendor costs) should be transparently listed. If taxes (GST etc.) are extra, specify the rate. Clear breakdowns on invoices (see Section 5 below) will reinforce that you are billing fairly.
- d) **Professional Integrity in Billing:** Bill only for work done and expenses incurred as per contract. Mistakes or over-billing must be avoided. Double-check invoices for accuracy. This level of integrity and diligence signals to the client that your operations are credible and honest – setting the expectation that just as you deliver ethically, you expect timely payment in return.

4. Mutual fit and onboarding transparency

Just as clients typically include third-party reference checks as part of their consultancy recruitment process, consultancies too can consider conducting due diligence on new clients (in a respectful and transparent manner), before signing a contract, especially with an unknown or first-time client. The below steps can be taken:

- a) **Background Research:** Both parties are advised to do basic research on each other's business stability and reputation. For consultancies, a quick search on a prospective client can reveal issues such as complaints of non-payment.
- b) **Reference Checks:** Where feasible, consultancies may ask the client for permission to speak with their previous PR consultancy or other vendors. With the client's consent (to maintain trust), a short reference check can provide insights into the client's working style and payment track record.
- c) **Signals:** Consultancies are advised to pay attention during negotiation and onboarding. Unwillingness to sign a contract, excessive haggling on price, or reluctance to agree to any upfront payment in case of projects can indicate future governance issues. Also, slow communication during negotiation might foreshadow slow payment later. Trust your instincts if something feels off.
- d) **Client facing needs:** Clients are advised to ask their chosen consultancy partner for details and clarity on the servicing team, escalation matrix and POCs, conflict of interest, confidentiality, data handling, and AI usage protocols.
- e) **Pre-onboarding meeting:** As the pitch process moves towards finalisation and onboarding, it is recommended that a joint pre-engagement meeting be convened between senior consultancy leadership (Founder/CEO/ Business Head) and the client's business, procurement, and finance team, facilitated by the CCO. This interaction will enable mutual familiarisation, align expectations, and set the foundation for a transparent and healthy partnership.

Starting a relationship with open communication lays the groundwork for timely payments.

5. Clarity in Invoicing and Record-Keeping

Effective invoicing practices can significantly reduce delays and mitigate future disputes. Make your invoices and record-keeping as clear and organised as possible:

- a) **Prompt and Regular Invoicing:** Send invoices promptly as per the agreed billing schedule. If it's a monthly retainer, invoice on the same date each month; if project milestones, invoice immediately upon reaching each milestone. Timely billing signals professionalism and keeps payments on the client's radar. Delaying invoices can lead to client confusion or budgeting issues on their end.

- b) **Detailed Invoice Information:** Each invoice should contain all relevant details to avoid back-and-forth questions. Include the project or retainer name, the billing period or deliverables covered, the amount due, due date, and payment instructions. Break down the charges clearly (e.g. “Monthly retainer fee for December 2025”, “Third-party expenses: media monitoring subscription for Oct-Dec”). Reference the contract or PO number if applicable and state the accepted payment methods (bank transfer details, etc.).
- c) **Maintain Records:** Consultancies are advised to keep detailed records of the work done, time spent (if relevant), and expenses incurred. Maintain correspondence (emails, reports, deliverables) as evidence of services rendered. Having comprehensive records of services and hours provides solid evidence in resolving any payment queries or issues. Consultancies are also encouraged to send monthly activity reports to clients.
- d) **Use of Tech Tools:** Consider using contract management or invoicing software that logs invoices and can automate reminders. A centralized system reduces errors like missed invoices and maintains an audit trail of communications.

6. Payment Reminders and Follow-Up Protocol

Even with clear contracts and invoices, busy clients may occasionally overlook payments. That’s why a gentle but systematic follow-up process is essential:

- a) **Friendly Reminders:** Adopt a practice of sending friendly reminders shortly before and after the due date. For example, a week before an invoice is due, a courteous email can be sent: “This is a reminder that invoice #123 for ₹X is due on [Date]. Please let us know if all is in order for the payment.” Often, such reminders nudge the client’s accounts payable process without offending anyone.
- b) **Prompt Follow-Up on Overdues:** If the due date passes without payment, send a polite inquiry within a few days. Maintain a professional tone, assuming goodwill: e.g. “We wanted to check if there are any issues with the invoice we sent on [Date], as it appears unpaid.” Late payments are often an oversight or bureaucratic delay, and a quick follow-up resolves it.
- c) **Escalate Courteously:** Should the first reminder go unanswered for, say, a week beyond due date, consider escalating the communication. This might mean putting on CC a secondary contact like the client’s finance manager or your client facing main point of contact, in case the initial recipient is unavailable. A phone call can also be effective at this stage – sometimes direct conversation uncovers the cause (e.g. an internal approval delay) and helps resolve it.
- d) **Consistent Tracking:** Have an internal system (consider using an automated tracking tool) to track when invoices were sent and when reminders were issued. This ensures no overdue invoice slips through the cracks.
- e) **Avoiding Harassment:** While persistence is needed, avoid overly frequent or aggressive chasing, which can sour the relationship. A rule of thumb is a gentle reminder shortly before due, one immediately after due, and one more a week later if no response. If multiple attempts get no response, that is when to consider firmer steps (next section). But in most cases, clients do respond by this point with an update or payment.

Remember, as one legal advisor notes, asking for money you are owed is not impolite, it’s a normal business practice and *should not* be embarrassing. Oftentimes, clients appreciate the reminder.

7. Handling Delays: When to Pause or Escalate Service

If a client persistently delays payment despite reminders, consultancies must balance client service with financial prudence. Use the below guidelines on escalation and pausing work in protracted cases:

- a) **Internal Escalation:** First, escalate the concern within the client's organization. If your day-to-day client contact or the accounts team isn't resolving the issue, a letter or email from the consultancy's CEO/CFO addressed to a senior client executive (e.g. the client's CFO or CEO) can underscore the seriousness, while still maintaining a tone of partnership: e.g. "We value our relationship; however, we have outstanding invoices that need urgent attention to avoid disruption of services."
- b) **Pause Services (if absolutely necessary):** As a last resort before legal action, the consultancy may temporarily suspend work until payments are brought up to date. However, this is a significant step and must not come as a surprise to the client. For example, you might communicate: "Given that payments for the last two months remain pending, we will be unable to continue executing new campaigns next month unless the dues are cleared." However, for any crisis or business-critical work, both parties may agree a limited continuity protocol for a defined period while payments are regularised.
- c) **Consider the Relationship Impact:** When deciding to pause work, weigh the relationship and contractual terms. If the client is facing genuine short-term cash flow issues and has communicated with you, you might reach a compromise (such as a payment plan or partial payment) rather than a full stop of work. The goal is to get paid while preserving a future relationship if possible. However, do not let chronic non-payment continue indefinitely, or you risk mounting losses.
- d) **Document Everything:** If you do escalate or pause services, document these actions in writing. Email the client summarizing phone calls or meetings about payment delays and clearly state any agreed resolutions or timelines. This creates a paper trail in case the situation worsens.

Taking the step to halt services can be difficult, but it sometimes becomes necessary to protect your business. As one industry tip advises, *withdrawal of services is necessary to avoid further losses when a client simply isn't responding.*

8. Dispute Resolution and Legal Safeguards

Despite best efforts, a few cases may escalate into genuine disputes. For example, a client might question an invoice due to dissatisfaction or simply refuse to pay without valid reason. It's important to know how to navigate such situations:

- a) **Open Dialogue and Mediation:** In the spirit of maintaining relationships, always seek an amicable resolution first. If a client cites issues with work quality or deliverables as a reason for non-payment, address those concerns head-on. Clarify any misunderstandings about scope. Sometimes a moderated discussion can resolve the impasse. PRCAI can facilitate mediation support through its empanelled partners, upon member request, for consultancy-client disputes. Mediation or arbitration (if specified in the contract) is faster and more private than court and is generally recommended before any legal action.
- b) **Know Your Legal Rights:** Consultancies are encouraged to keep track of the legal frameworks that protect service providers in India. For instance, under the Indian Contract Act, consultancies have the right to seek damages or compensation for breach of contract (non-payment is a breach). More specifically, if a consultancy qualifies as micro/small under the MSMED Act, statutory timelines and interest provisions may apply.

- c) **Legal Notice and Action (Last Resort):** If all efforts fail and the client is neither paying nor responding to collaborative avenues, consultancies may consider pursuing formal legal remedies. Options include filing a civil suit for recovery of dues. Indian law provides a fast-track mechanism in the form of a summary suit under Order 37 of the Civil Procedure Code for cases of debt recovery, which can lead to a judgment faster than ordinary suits. If a payment instrument like a cheque has bounced, Section 138 of the Negotiable Instruments Act can be invoked. However, these steps often mean the end of the working relationship and can be time-consuming and costly. They should be undertaken only after careful consideration of the amounts involved and likelihood of recovery.
- d) **Industry Support:** PRCAI can guide members on dispute resolution best practices and even assist via its mediation or advisory resources. Sometimes, just sharing experiences with fellow PRCAI members can provide solutions.

Throughout any dispute escalation, consultancies must maintain highest standards of professionalism. Avoid public disparagement of the client especially on social media, or any communications that could be seen as defamatory or breach confidentiality. The objective is to recover dues while upholding your consultancy's reputation and ethical standards.

9. Ongoing Commitment to Best Practices

Preventing payment disputes is not a one-time effort but an ongoing commitment. Consultancy leaders should instil a culture within their teams that prioritizes these best practices: regular financial hygiene checks, continuous client communication, and adherence to ethical standards.

Training your Account Directors, Account Managers and finance teams on these guidelines is equally crucial as they are the frontlines who interact with clients on scopes, billings, and follow-ups. Establish internal SOPs for contract approvals, invoice issuance, and escalation so that everyone in the consultancy handles these situations consistently and professionally.

Conclusion

A healthy client-consultancy relationship is built on mutual respect, transparency, and accountability. With clear agreements, open dialogue, and a willingness to address issues proactively, financial conflicts can be minimized or altogether avoided.

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