



ASSOCIATION OF  
INDEPENDENT  
COMMERCIAL  
PRODUCERS, INC.

The primary purpose of a production contract is to define rights and responsibilities. When producing a traditional television commercial, the purchaser of production services (i.e., the agency or advertiser) usually initiates the contract process by proposing the form of the agreement. The Production Company, in these circumstances, is thus challenged to review and negotiate – on a job by job basis – multiple “boilerplate” production contracts. The process is further complicated by changes made over a period of time to each agency contract. In addition, be aware that different offices within the same agency may have different contracts.

The following analyses were conducted by AICP in an effort to help your production company identify issues that should be of particular concern. These analyses have been assembled in the belief that the more you understand about the obligation and risk assignments in a contract, the better prepared you will be to assess what you think is appropriate for your company to assume—and, the more prepared you will be when issues arise during the course of a given job.

From time to time, agency contracts change. Do not assume that the contract included on the site is the same as the one you have been issued. Please check and compare the language carefully. If you find that there have been changes to the contract currently posted, please send a copy of the new contract to Denise Gilmartin at [deniseq@aicp.com](mailto:deniseq@aicp.com) at the AICP/West office. We will be issuing updates of these contracts and the corresponding analysis from time to time. Please periodically check this website for the most current AICP analyses.

### **How To Use The AICP Advertising Agency Contract Analysis**

For each agency contract\*, a reproduction of the Terms and Conditions has been provided. Language that should be reviewed carefully is highlighted in red. Numbers that precede the language are duplicated in the Analysis for easy reference.

#### **Contract Excerpt**

##### **12. Audit**

Agency and/or client shall have the right at all reasonable times to examine and audit all documents and records in the possession or under the control of Contractor pertaining to Contractor's services or charges under this Contract.

##### **13. Client**

Wherever used in this Contract, the term “Client” shall mean the corporation identified as such on the reverse side hereof, its parent, subsidiary, affiliated and

associated companies, its or their successors or assigns, or any one of them as such corporation may elect.

Following the contract language is the Contract Analysis. Numbers refer to the corresponding section numbers in the contract. For each paragraph under discussion, one or more of the following is provided:

**Description** of the purpose of the language.

**Comment** on why the language is problematic.

**Alternative** language that a production company may wish to use.

Language you may want to add is indicated by an underline. Language you may want to strike is indicated by a line through the text.

### **Analysis Excerpt**

12 . Audit

**Description:** The paragraph asks for the right to audit all jobs.

**Comment:** In some instances, a firm bid job may contain specific areas that are cost plus.

**Alternative:** Add the following at the beginnings of the sentence, "For services or charges designated in this Contract as cost plus ..." At the end of the sentence insert the following underlined words, "... pertaining to Contractor's cost plus services or charges under this Contract."

\*The AICP does not claim any ownership interest in or to the agency contracts contained herein.

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