

How Owners Want to See Invoices

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SUMMARY

A project is not a success until the architect is paid for his or her services. Many owners require specific pieces of information on invoices before issuing payment. If the architect is aware of this information and the architect's accounts-receivable personnel can format the invoice to include such data, the architect has a better chance of being paid on time.

DETERMINE THE CLIENT'S NEEDS

First, find out how the owner prefers to receive invoices and in what format. Each owner is different, and every architecture firm has its own invoicing methodology. Balancing the architect's and the client's needs can ease the invoicing and payment process for both parties.

Once a contract is secured, ask the client which delivery method is preferred, be it fax, e-mail, or hard copy by mail. Do not assume that every client likes the same method. It may be best to both fax *and* mail each invoice to ensure receipt. It is a good practice to call the owner a few days after the invoice has been sent to verify receipt and find out whether the owner has any concerns. Some architects shy away from conversations about billing, but open and clear communication is vital to the client-architect relationship.

Details such as the owner's project or purchase order number along with the architect's job identifier can make it easier for the owner's accounts-payable person to identify the job because architects and owners often use slightly different job names. Each owner has different peculiarities and requirements for paying the architect. Make the owner's life easier and (we hope) you'll get paid faster.

THE INVOICE MAKES A DIFFERENCE

Due to past difficulties with architects, we now require specific invoice formatting. On rare occasions we have terminated qualified architects because of their billing practices. What a pity to go through all the work to secure a new client and lose the commission on back-office (nonarchitectural) activities by people with no client contact.

Make Required Elements Easy to Find

We keep it simple, with four required elements that each invoice must include to enter our system:

- 1) A restatement of the contract provision (e.g., schematics \$30,000, or 20 percent of the \$16 million estimated cost)
- 2) The amount of work completed to date
- 3) The amount received in previous payments
- 4) The amount due this invoice

The "amount due this invoice" should be clear and easy to find. It is helpful to highlight this amount through graphic techniques—bold font, a different-color font, a box around it, or highlighting.

Separate Fee Payments from Reimbursables

Hourly work, while rare for us, requires backup: personnel names, tasks performed, hours worked, and amounts. Failure to provide this information results in immediate rejection of the invoice. We urge our architects to separate the *fee* invoice from the *reimbursable* invoice. Why delay a \$20,000 payment over a questionable \$3.81 phone charge?

Finally, we require the project manager or a client contact designated by the firm to *sign* each invoice. This shows someone involved with the client has reviewed the invoice for accuracy.

About the Contributor

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RESOURCES

More Best Practices

The following AIA Best Practices provide additional information related to this topic:

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|----------|---|
| 08.03.02 | Calculating Billable Ratios |
| 08.03.01 | Financial Management: 10 Key Performance Indicators |
| 05.02.01 | Educating the Client |

For More Information on This Topic

See also “Financial Systems” and “Financial Planning,” by Lowell Getz, CPA, *The Architect’s Handbook of Professional Practice*, 13th edition, Chapter 8, pages 183 and 194, respectively. The *Handbook* can be ordered from the AIA Bookstore by calling 800-242-3837 (option 4) or by sending an e-mail to bookstore@aia.org.



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Key Terms

- Practice
- Financial management
- Architectural fees
- Design services fees