Welcome to this module on Contract and Commercial Management Leadership and Becoming a Trusted Advisor.

It's important to understand that you choose your attitude to your contract and commercial management role, and how much leadership you will bring to the success or failure of your organization; we need more leaders!

As people who are in contract and commercial management roles, we are often in a unique position to add value to our organizations. We are often the people who really understand how the business works, the details of the trading relationships which are the life-blood of our organizations, and the many opportunities and risks which will make the difference between success and failure.

We should not overlook the importance of knowledge and facts in our success. It is critical to our role that we have the facts, evidence and knowledge to back up our decision-making and the positions we present to senior management. Too often, decisions are made on the basis of opinions and anecdotes.

The research that has been done into inclusiveness in project teams showed that a key characteristic that gains greater inclusion in the team is not just what you know, but also who you know. People who are seen as professionally connected and networked individuals are given greater respect. IACCM provides a great opportunity for practitioners to become more connected and more networked. Take a look at our members and the various community forums for networking on the IACCM website and you'll see this opportunity in action.

As somebody in a contract and commercial role, you can choose to make a big difference, and IACCM is here to support and enable you in that objective.

Any discussion of contract and commercial management leadership needs to begin with a common understanding of those terms. We have also, in a separate module, talked about Commercial Excellence. How do all these terms fit together?

In the relevant module we describe Commercial Excellence as being a market management role aiming to increase value and in the case of the private sector, also raise margins. Commercial Excellence as a role includes a strong focus on such issues as segmentation, analytics, portfolio management and oversight of channels. Contracts and pricing are often responsibilities included in Commercial Excellence.

So Commercial Excellence is a far-reaching, market-focused role. This is really the vision for the way our profession is developing, and a role which adds great value to the organization, giving our profession a seat at the most senior table.

Today, it would be fair to say that most professionals in contract and commercial management are performing either a Contract Management or a Commercial Management role, rather than a Commercial Excellence role.

Contract management tends be more tactical and operational and is more aligned with specific deals and negotiations. Commercial management may have some strategic elements yet also lags behind in full embodiment of the Commercial Excellence vision. Let's take a look at these role terms in more detail.
IACCM has defined the terms as follows:

First, Commercial Management. This tends to be broader than the role or activities implied by the term ‘contract management’. However we find that the gap is narrowing. We’ll define contract management in a moment. ‘Commercial’ is often used to describe activities that are non-technical and can therefore embrace areas such as sales, marketing and business operations. Our definition is not so wide and embraces only those areas that are of direct relevance to the structuring, content and performance of the contract. We see the role of ‘commercial manager’ or of the ‘commercial process’ to ensure that all relevant stakeholder views have been incorporated and evaluated, to ensure that the needs (of the customer) and capabilities (of the supplier) have been aligned. In this sense, we view the contract as a tool to undertake and oversee ‘commercial assurance’ of a deal or relationship and this may be from either a customer or supplier perspective.

This role of dealing with stakeholder views is a critical area, in IACCM’s view. It was identified as the number one problem at a conference on infrastructure projects at Pennsylvania University’s Wharton Business School. It is worthwhile considering how extensive the contract and commercial management role is, and should be, in relation to stakeholder alignment.

Often, some of the stakeholders who will impact our contract and project are external to the organization, such as non-governmental organizations, public pressure groups, regulators, politicians, and so on. This raises the question: ‘what is contract and commercial management’s role in alignment of these external stakeholders?’ It may not always be appropriate for us to engage directly with these groups, but we surely must work with those who do engage directly with them.

A recent example arose where an executive at a major worldwide Oil and Gas supplier had responsibility for community liaison on major oilfield developments. As part of his work, he engages support from the local community by investing and creating employment opportunities for small to medium sized enterprises and start-up companies. He explained that one of his biggest problems in building trust is the contract and commercial policies of the organization, which are completely insensitive to the levels of education in that local community and the ability to understand terms, deal with risk and so on. In one case, he had to invest in giving tribal elders formal negotiation training so that they could engage with the organization.

This executive feels that he meets only obstacles from Legal and Procurement, and they seem to show no empathy with a key corporate objective of stakeholder engagement.

In another example, a global mining organization had a head office policy that a 50-page contract must be used with suppliers and that they must all connect to the SAP system, when the local suppliers in Mongolia do not have access to electricity! Reaching agreement on these corporate edicts was going to be challenging with those suppliers!

So these examples illustrate that while contract and commercial managers cannot possibly interact directly with all these different external stakeholders, we really must influence those from our organization who do have those interfaces, and help and support alignment and dealing with those stakeholders, to secure successful outcomes of corporate strategies.

Moving on from Commercial Management to talk about Contract Management; historically this has been viewed as more operational and administrative – and therefore much narrower and more reactive – activity than commercial management. It has often been a role that safeguards the rules or practices of others, rather than changing or questioning those rules.
However, IACCM challenges that narrow definition and positions contract management as an activity equivalent to commercial management.

We see contract management as the competence that provides sustained oversight of contracts in order to achieve the desired outcomes and manage the complexity and risk that can jeopardize those outcomes. This means that contract management needs to be applied in three key areas: before contract award, after contract award, and in what might be called a ‘strategy and enablement’ role, concerning itself with policies, practices, procedures and market research that will provide the framework of guidance and governance to enable better contracting outcomes. Contract management is emerging as a critical competency in organizations, as contracts become more complex and the risks of failure more severe.

**Learning Objectives – Slide 4**
This module provides an overview of influencing techniques and tools used by contract and commercial management leaders. We will also cover how to operate as a trusted advisor to your clients, whether they are inside or outside your organization.

Everyone can be a leader, regardless of job titles and whether or not you have staff reporting to you. Being a leader in this context means having a vision for where your organization and commercial contract function are heading, and being mission-driven to make a full contribution to the success of your organization. And showing leadership not only at the organization level, but also at the level of individual deals and projects.

Let’s take a look at the learning objectives of this module. By the end of the module you will:
- Be able to describe leadership and influencing behaviors in the context of contract and commercial management.
- You will also understand the different roles we can choose to adopt, when interacting with internal or external clients and suppliers, and which roles to strive for.
- You will understand how to motivate yourself and motivate others.
- And you will gain an awareness of some tools available to you to improve trust in your client and supplier relationships.

**What problem are we trying to solve? – Slide 5**
“I know my contract staff works really hard but I don’t know what they do." This is a statement from the CEO of a large international corporation. This reflects the core of the problem. If we don’t start showing leadership our value, we will remain trapped in a role that is not understood for its contributions to the organization. We can’t in the cost conscious era, leave our future to chance.

If you are adding value, your status as a professional and as a team is relevant and lifted.

There is a danger of contract and commercial management teams moving into self-repeating cycles; if the team is not involved early enough in the contracting process, they raise issues ‘late’ and are perceived negatively in the organization, being seen as blockers to getting things done. This can result in other functions in the organization not wanting to involve them. This problem of not being involved early enough is an example of the opportunity that exists to engage leadership to fix the problem, rather than merely complaining about the situation.

IACCM research shows that earlier involvement of the contract and commercial management team results in a reduction in cycle times and leads to fewer instances of dispute with trading partners post contract award.
It is important that contract and commercial management leaders are able to influence the rest of the organization with the use of objective factual evidence to support opinions. An example would be the use of IACCM research to substantiate arguments as to how the organization can improve to deliver better contracting outcomes. If you want to influence the organization to take a different direction, you need to gather and identify relevant facts and present them as a coherent argument for change. If you do this well, you will be able to gain commitment for change from the organization, and continue the journey of organizational maturity, towards a goal of world-class performance.

In order to be a trusted advisor, you must be sensitive to the interests of the group or community you are addressing and communicate in a manner that is relevant to them.

For example, if the CEO is interested in speed to market and you are trying to get involved earlier in the process by arguing that it is necessary for compliance control, then your CEO may not find your arguments appealing. If, however, you were to present to the CEO the IACCM research that shows that cycle times, and therefore speed to market, are impacted by the earlier involvement of the contract and commercial management team, then the CEO may find this a more persuasive and compelling argument.

CEO’s have been known in the past to lack clarity on what the contract and commercial management function does and how it adds value. One CEO likened the function to a telephone dial tone; it is always there and taken for granted, but you miss it when it is gone. We have to create greater clarity among senior management on what the role and added value of the function is, so that they can support, resource and interact better with us. We should be proactively creating value in the organization, so that we are valued as a function and are seen as much more important than a dial tone, or some kind of insurance policy, which is only there in case something goes wrong.

Leadership applies not only at the organizational level, but also in the context of individual deals and projects. This type of leadership includes a ‘readiness to challenge’. The CEO quoted above made the observation that the ‘contract and commercial management professionals in the organization never challenge’. The function defends itself by saying that nobody would listen if they were to challenge! However, it may be that this is so because their arguments are based on opinions, rather than on facts or demonstrated knowledge, which means that their views lack credibility. How much more powerful would their conversations be if they were to present research based evidence or factual data to back up their arguments?

The IACCM talent survey includes research that shows that many in the contract and commercial management role enjoy the job, but do not believe it can lead to a long, sustainable career path. We have to change this, to make contract and commercial management an exciting and rewarding place to work, with a motivating long-term career path. This begins with leadership in the function, by having a clear vision of where the function can take the organization, and enlisting your team to join that journey. We’ll look at the top practices of leaders in a moment on the next slide, and this will help you to think through how you might start to do that.

Commercial management, whether our job title is contract manager, procurement, supply chain or sourcing manager, or any number of related titles, seems to be commonly associated with an atmosphere of tension. Now given the nature of our jobs, and especially if it includes negotiation, we may not be able to eliminate tension entirely, but we can better manage it, not only for our benefit, but for the benefit of others too. After all, we have accepted the duty to strive for better contracts, better value, and better trading relationships, which are not always entirely complimentary goals with our customers or our client’s short term interests. Our clients are often over burdened with global responsibilities, for example,
to deliver against ambitious internal goals and responsibilities, and our goals may not always be aligned with theirs. And worse, this tension can escalate to conflicting interests, and worst case, an unhealthy working relationship can develop, leading to (or as a result of) lack of trust.

One of the most important elements in building trust and shifting the nature of conversations is empowerment of others. If you spend time and effort in finding ways to empower others in the organization to act, rather than having to refer every minor issue to you, they will be far more inclined to want your service, and to trust the service you provide. We encourage you therefore to think about how best to, and to what extent you are able to, empower others in your organization.

It is interesting further to consider whether the goal of the contract and commercial manager is to be a trusted advisor, or someone whose advice is trusted. For example, your advice could be trusted in a situation where you are merely relaying established organizational policy or rules. You may be stating a fact or the organization’s position on a particular contract term, for example. In this case, your advice will be accepted as the official line and you are trusted for your in-depth knowledge of policy.

This is however very different to acting as a trusted advisor. Trusted advisors are sought out for their judgments and views, because of their ability to apply experience, imagination, creativity and an understanding of underlying strategy and goals, in coming up with solutions that are good for the organization as a whole. This is much more than being able to state company policy. It is an approach that finds ways forward when our colleagues are stuck, because of conflicting options, issues, stakeholder needs and other contradictory factors.

IACCM’s view on this is that the best contract and commercial managers are able to offer trusted advice and to act as a trusted advisor, as required by the circumstances at the time.

The goal of this module then, is to move, to get “unstuck”, and discuss how we might take an approach toward leadership and trusted advisor status with our clients and other stakeholders that includes:

- strategic business partnering.
- a climate of empowerment, and
- value-based metrics that are client-centric.

In short, as the slide depicts, to move from an environment of excessive tension or conflict, to one of alignment, that can withstand the inevitable tensions inherent in commercial management.

**Leadership – Slide 6**

What are the characteristics needed to be a leader? Kouzes and Posner identified in their book ‘the Leadership Challenge’ the 5 practices of exemplary leadership:

- Model the way –
  - Your behavior wins you respect, so you need to act the way want your contract and commercial team to behave, and set the example for the rest of the organization. Your behaviors should be based on your values and principles.

- Inspire a shared vision –
You need to decide what an exciting, highly attractive future would look like for your organization, in a contract and commercial management context. You then need to share that vision with others, and inspire them to want to bring that same vision to fruition.

- **Challenge the process** –
  - Leaders change things. They are pioneers and they innovate. How will you use a research-evidence based approach to identify positive change for better contracting and commercial outcomes, and take steps to gain commitment in the organization to that change?

- **Enable others to act** –
  - Leadership is a team effort, so you need to foster collaboration and build trust. Leaders make it possible for others to do good work. This enables people to take risks, make changes, and keep their teams and organizations alive. It also enables people to become leaders themselves.

- **Encourage the heart** –
  - Leaders encourage the team to keep going, even when the going gets tough. This includes celebrating achievements and showing appreciation for people’s contributions.

In addition to the 5 practices of leadership defined by Kouzes and Posner, we would recommend considering two further characteristics which are critical to our role; self-awareness and accountability.

Self-awareness – all learning starts with an awareness of ourselves. For example, the IACCM skills assessment is designed to help individuals to assess their strengths and their priorities for further development. Remember that development and learning come in many forms -- it is not always about formal training. So researching a topic of particular interest, having conversations with subject matter experts, networking with your fellow professionals, and training or mentoring others in subjects in which you have achieved a level of expertise, all of these are learning experiences, and all contribute to your capabilities. Self-awareness begins with the understanding that no one individual knows everything, and that in a fast moving world, we must all keep learning, to stay on top of our professional game, whether it be learning about new technologies, new regulations being introduced, or new and better ways of contracting (such as relational contracting, for example).

Try to find ways to become more aware of yourself and your capabilities, and how others see you, whether this is by attending assessment centers, obtaining 360-degree feedback, or by taking advice from a personal mentor. Identify your own personality type and understand how this impacts your behaviors. This kind of review and assessment will open up new options for you to understand how you could choose to act differently in different situations, for greater effectiveness.

How aware are you of your areas of strength and your development priorities? What will be your personal development focus over the coming year?

Taking accountability is another critical characteristic of effective leaders. Accountability is a significant contributor to collaboration and building trust. After all, how can we get teams, suppliers and customers to collaborate with us, and influence them to help us to deliver better contracting outcomes, if we are not willing to be held accountable for our decisions and actions? As leaders, we need to lead by example, modeling the behaviors that we want others to emulate.
In order to get others to recognize the interdependencies that exist between them, we need to foster accountability widely in the organization. The more everyone believes that everyone else is competent and taking responsibility for their own areas of work, the more trust and collaboration will be possible.

If you work on these 7 practices of leadership, and keep them in mind as you make your plans for change in your organization, you will be able to show leadership which will propel your organization forward.

**Why alignment matters – Slide 7**

Why does it matter if we achieve the role of ‘leader’ or ‘trusted advisor’?

Do we have the last word on what goes into a contract? No, frankly, we don’t. Not in the long run anyway, and certainly not if you define the contract more broadly than what is written on paper. Being able to “stay in the tension” may be a good trait for negotiators, but an environment of chronic tension is not healthy for ongoing relationships with business colleagues or clients.

Further, as many IACCM surveys have indicated, one of our top goals as contract or commercial managers is:

- to get involved earlier in deals, and
- have a “seat at the table” to have greater influence on building productive and valued trading relationships.

Alignment is also important because it will allow for our expertise to be better utilized and our recommendations to be more frequently implemented. It also allows for us to strengthen not only our own and our organization’s talents, but also the commercial talents inside our client’s organization.

**Case Study 1 – Slide 8**

Let’s look at a scenario:

Suppose you are a contracts manager tasked with negotiating literally thousands of non-disclosure agreements (NDA) every year. You serve as an escalation point to internal clients on the sales and marketing team, and are tasked with streamlining the NDA process.

The problem is your clients are unsatisfied with turnaround time when negotiating NDAs. Not to mention the resource pressures it is putting on you and the rest of the contracts team. The business risk, if you do not solve the problem, is you risk delaying tender or proposal processes. This could result in lost business opportunities or delayed business benefits.

You have already conducted a “root cause analysis” and determined what issues are causing the delays. It includes lack of resources, and common clauses that are causing extensive redlining and back and forth, consuming valuable time.

You pull together a team to streamline the process, and three alternative solutions emerge:

Solution #1: The first is a “checklist”, in short, the checklist allows your internal client to review the NDA, check if certain elements and clauses are present, and if it passes the “test” to execute the NDA without negotiation or contracts resources involvement. It involves little or no collaboration with your internal client, except on communicating the checklist to them, and little changes to your NDA policy or form agreement.
Solution #2: The second proposed solution is a new “playbook and form agreement” and involves consulting collaboratively with your internal client and end-customer on the nature and type of confidential information they wish to protect, proposing changes to the NDA policy and form agreement for this type of confidential information, and seeking support for the changes based on external benchmarking of best practices of industry leaders.

Solution #3: A combination of solutions 1 and 2.

Solution #4: None of the above.

Which solution do you choose and why?

Please pause the presentation now while you consider your answer to this question.

<<<<<<Pause>>>>>>

Answer: The best answer to this question is probably Solution #3, i.e. a combination of solutions 1 and 2. Answer 1, the checklist, is useful and should be deployed straight away to yield some positive results and that behavior will lead to an ability to influence.

Answer 2, the ‘playbook and form agreement’ solution will take more work to put in place, and may be perceived as delaying positive results. It involves a much deeper collaboration with the internal client, what their goals are (and what their customer’s goals are), involves external benchmarking and alignment with senior management executives. So it may provide a positive long-term solution, while you put a short-term solution which demonstrates your commitment to improving the situation without delay.

Case Study 2 - Slide 9
Let’s take a different example. Imagine a situation in which you become aware that the sales team have been over-committing to customers on what your organization’s products can do for your customers. They have been making firm commitments that by buying and installing your products, customers will be able to achieve savings of 20% on their existing operational costs. While these kinds of savings might be feasible in some situations, you know that this is by no means certain, and is not something your organization can commit to doing, without considerable commercial risk. The sales team is under great pressure from senior management at the moment to achieve higher sales and revenues, and they are taking on more and more risk with customers, in the hope of closing more orders quickly.

Would you:
   a. Write an email to the CEO of your organization warning the CEO of the risk and suggesting that the sales team be stopped?
   b. Meet with the head of the sales function to discuss the approach being taken?
   c. Send an email to each member of the sales force warning them that if they persist with this behavior you will take action?

Please pause the presentation now while you consider your answer to this question.

<<<<<<Pause>>>>>>
Answer: While options a and c might put a temporary halt on the behaviors you are observing, a better long-term solution would be b. -- to meet with the head of the sales function and to discuss the commercial risks as you see them, and how you and your team could help them to find alternative solutions and generate more revenues. A degree of empathy will be needed, in order to fully understand the position of the sales force and why they feel the need to act the way they have, and then to show leadership by demonstrating that there are other, and much better solutions to the problem of closing more orders and earning more revenues, solutions that do not jeopardize the future of the organization in the way that the current behaviors might.

Innovation – Slide 10

When we looked at the 5 practices of exemplary leaders earlier in the module, we saw that two of those practices were ‘inspire a shared vision’ and ‘challenge the process.’ What role does ‘innovation’ play in being a contract and commercial management leader and trusted advisor?

Inspiring a shared vision requires us to use imagination and foresight to create an exciting, highly attractive future for our organization, in a contract and commercial management context. Challenging the process suggests that leaders change things, that they are pioneers and they innovate.

How might you go about this? What steps can you take to innovate and take your organization in a new direction? What sources of inspiration are there to help you to do this?

IACCM research shows that 92% of organizations acknowledge that they do not have a contracting strategy. Without a strategy, it is inevitable that development of capabilities and skills is always reactive to change - and this means we lag behind the need for innovation and improvement. It does not have to be that way.

Does your organization have a contracting strategy? Can you describe how your approaches to contracting will change over the next few years to align with business and market needs?

You should consider first the resources available from IACCM to help you. Our ‘Future of Contracting’ research report is a good first step to help you to form an agenda for where your organization should be heading over the coming years in its contracting approach and strategy. A copy can be found in the attachments to this module.

No matter what the challenges of the various organizations studied for the Future of Contracting report, we have found a common theme: there is typically no strategic plan for the development of contracting and commercial capability. Whether buy-side or sell-side, contracts and related policies and practices are generally reactive to business and market demands. As a result, they tend to be seen as slow to change and are viewed by many as inflexible and perhaps even bureaucratic.

There is no strategy without a vision. To develop strategic plans, we must have sense of where we are going. You need to develop a compelling view of the future of contracting for your organization, and then gain commitment in the organization to making that future a reality.
Roles of Trusted Advisor – Slide 11

In order to build credibility and trust with your internal clients, think of yourself as a consultant. Not just a consultant but a ‘collaborative consultant’. Similar to our contract and commercial management role, a consultant, as defined by Peter Block in his book Flawless Consulting, “is a person in a position to have some influence on an individual, group or organization, but who has no direct power or responsibility to make changes or implement programs.” Contrast that with a ‘manager’. A manager has direct power and responsibility. Many people in staff roles are actually consultants – e.g. HR, Finance, Legal, Contracts and Sourcing.

Because consultants (and contract and commercial management trusted advisors) have no direct control over implementation (for example, in the delivery or sales teams), they become very dependent on line managers (e.g. the internal client) for producing results. The line manager will ultimately decide whether to take action, and this choice will be based on how internally committed the line manager is to the recommendations of the contract or commercial manager.

The trusted advisor (or consultant) who assumes a collaborative role enters into the relationship with the notion that issues can be dealt with effectively only by joining his or her specialized knowledge with the manager’s knowledge.

What other roles can advisors take? There are 2 others that are common but not nearly as effective: Expert and Pair of Hands.

The problem with the “expert” role is if the line manager plays an inactive role, and decisions all rest with the advisor. The risk is that most problems are not purely “technical” requiring only a technical expert to solve. (Most problems have a people element in them.)

The problem with the pair of hands role is the line manager is saying, in effect, “I have no time to deal with this issue – just get it done”. But the risk is the trusted advisor can become a convenient scapegoat, particularly if the line manager’s assessment of the project or problem is not fully complete or accurate.

Which role will you adopt, as you move forward in your career? And if you choose to adopt the ‘collaborative consultant’ role, what personal development activities might you undertake, to increase your ability to create credibility and trust, and to influence others?

Pause the presentation now, to consider this question, and make your action plan notes.

Trust Advisor Tools - Components of Trust – Slide 12

Trust in business is about more than just personal integrity. Trust is created from using your knowledge and experience to create solutions rather than just identify problems.

Here are some of the components of trust in business:
Firstly, Knowledge – which might be expressed by your internal client as “you have the expertise to guide me”

Second, Integrity– your client might say “we hold similar values and are principled”

Thirdly, Motives – your client might say “you have my best interests at heart/a win-win approach”

Next, Resources – your client might express this as “you have the resources/capacity/scale to help me”

Finally, Empathy – this might be expressed as “you understand my position and know where I’m coming from”

It’s probably fair to assume that the people flying the airplanes in the picture have a high degree of trust between them. They probably think a lot alike, they certainly will have very open and frank conversations after each air show display. They probably share their ideas, fears, and concerns very openly. They probably have a lot of empathy for one another, knowing exactly how each feels about each maneuver they carry out.

Or take the man in the bottom picture – he is Philippe Petite and he walked on a tightrope between the twin towers of the World Trade Centre in New York in 1974. The gap was 200 ft. (61 m) between the towers (at a height of 1,368 ft. (417 m)).

He displayed a high degree of trust, in his colleagues, in his equipment, in his capabilities, his skill.

He also did a lot of planning and preparation; the "artistic crime of the century" as it was called at the time, took six years of planning, during which Petit learned everything he could about the buildings, taking into account such problems as the swaying of the towers because of wind, and how to rig the steel cable across the huge gap.

So while he displayed a high degree of trust, this trust was earned through his meticulous preparations. He trusted the equipment and people involved, because he KNEW it was all reliable and well prepared. Rather than blind faith that everything would be ok, he checked carefully that he had reason to give his trust.

Maybe senior executives act a little like this too: they are in the business of taking risks (you can’t make money in business without any risk) but they want to know that they have surrounded themselves with people and systems and processes that are reliable and exercise sound judgment.

It is important to note that in order to establish this trust, that contract and commercial managers must ensure that their metrics are customer and client centric, and not overly focused only on functional metrics like savings or risk reduction. Otherwise we will find ourselves stuck in the chronic tension between our role and the greater needs of the organization to grow, and employees and shareholders to prosper.

**The Trust Equation – Slide 13**

Charles H. Green built a model of trust over a number of years, called the Trust Equation. It can be used to analyze the extent to which trustworthiness exists.
In this model, four variables are used to describe trustworthiness.

Credibility is to do with the way in which we express ourselves in language. For example, “I trust Bill, he really understands contracts and commercial issues”.

Reliability is to do with actions. This can be expressed as “I trust Kate. When she says she’ll deliver a contract draft by Thursday, I know that she will do it.”

Intimacy refers to the feeling of safety or security we get from somebody. So we might say “I can tell Margaret anything in confidence, she would never pass information on unless I was ok with it”.

Self-orientation is about where a person’s focus is primarily. So we may feel that we can’t trust David because he is usually most concerned to protect his own position, ahead of mine, or he doesn’t care about how he comes across to others, so he tends to lose credibility when giving presentations.

Increasing the value of the first 3 factors (credibility, reliability and intimacy) increases trust. Increasing the value of the fourth factor (self-orientation) reduces trust.

A good example comes from the world of sales. If you are selling to a customer, you will be most successful when you focus as much attention as possible on helping your customer to solve problems, and focus less on yourself. In this way, customers will buy without you needing to ‘sell’, because you are helping them. Sales people commonly struggle to achieve sales when they are heavily focused on the sale and trying to get the customer to buy. In other words, they have quite a high value for ‘self-orientation’ in this model.

Living these trust values will help you to create trustworthiness, and will help you to be accepted as a trusted advisor.

**Start with ‘why’ – Slide 14**

Simon Sinek presents a persuasive case for starting our thought process, vision and planning with the question ‘why’, rather than the ‘how’ or the ‘what’. He has the concept of the ‘golden circle’, in which he urges us to keep the ‘why’ at the center of everything that we do. In other words, his suggestion is that we should always have a very clear purpose, mission, and vision in mind, when we decide what we will do, and how we will do it.

This should be true for the organization you work for, and equally for the team you manage, and for you as an individual. Are you clear about why your organization exists, what its mission and vision are, and what success really would look like for your organization at the most strategic level?

And how well could you answer these questions for yourself and for your team?

It is likely to be much easier to trust you and your team if the rest of the organization is clear about why you exist, what value you are there to add. How clear is this to them today?

The reason Simon puts the ‘why’ at the center of the circle, is that what you do and how you do it are secondary to ‘why’ you do it. And the ‘what’ and ‘how’ will change over time, as necessary, to deliver success on the key measure of ‘why’ you do it.

This is a powerful idea that will add great clarity to your development as a leader, and to the clarity of purpose of your team, so it is worthwhile taking the time to think about these questions in some detail, and continually develop your answers to these questions.
Creating High Performance Teams – Slide 15

As we have seen several times already in this module, our role as leaders and trusted advisors is to work through teams of highly motivated individuals who share a single vision of the future and are working to make that future a reality. This then raises some questions on our role as leaders in creating high performance teams.

Let’s start with a definition of such a team. This one comes from an article in PM World Journal called ‘Unlocking a Project Team’s High Performance Potential’ (a copy of the full article can be found in the supplemental materials to the module).

A high-performance team can be defined as a group of people with specific roles and complementary talents and skills, aligned with and committed to a common purpose, who consistently show high levels of collaboration and innovation, and who produce superior results.

The article goes on to describe how project success is directly related to the individual and group behaviors of the project manager and the project team. Specific cognitive constraints and enablers can be identified through observation of the team, and these need to be addressed to improve project team performance.

It is argued that cognitive readiness of the team can be observed, measured and improved, and will have a big impact on the performance of the team. Cognitive readiness is defined in the article as the mental preparation (including skills, knowledge, abilities, motivations, and personal dispositions) an individual needs to establish and sustain competent performance in a complex and unpredictable environment.

The article concludes by recommending that cognitive readiness of the team needs to be included as one of the key metrics of project performance.

It is also important to consider the role of personality types in putting together a high performance team. There are many different models to analyze personality types, for example the Myers Briggs Type Indicator, based on Carl Jung’s work, and Thomas International personality profiles, to name just two.

A third, and simple to understand, example is shown on the slide. This one is called Herrman’s brain dominance, from Herrman International. This theory, as you can see from the picture, views personality preference types as relating to four different segments of the brain. The right hemisphere of the brain gives rise to the Experimental and Feeling preferences and the left hemisphere contains our Rational and Safekeeping preferences. All human beings have all four parts of the brain, and therefore in different contexts exhibit different personality preferences. However, each of us tends to have one, or perhaps two, dominant personality preferences, being the way we prefer to act and think, on average, most of the time. This is where we are most comfortable, and feel like we are being most ‘us’. For example, if I have a strong preference to be Experimental, I prefer to play, be curious, take risks and be spontaneous. Very different to somebody who is a Safekeeper type, preferring to avoid risk and act in a very organized, procedural and reliable way.

This can be very helpful in looking at the composition of your team, in the context of the goals of the team. For example, is the team largely composed of left-brain dominated rational and Safekeeper types, and if so, are they likely to generate the break through innovative ideas you have asked them to find? Or if your team is predominantly

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Experimental, is it really surprising that they often miss project deadlines, and seem disorganized and unreliable?

Thinking about an appropriate mix of personality types for your team, and understanding what types you currently have, including your own personal personality type, will be very helpful in maximizing the effectiveness of the team to achieve the goals you have set for them.

**Working in cross-cultural teams – Slide 16**

Many professionals today work within cross-cultural project teams. These are not necessarily multi-national projects; even single country projects often involve team members from different cultural backgrounds. IACCM’s cross-cultural team’s research study involved participants in 250 companies in 51 countries. The study found that there is a common perception that cultural issues often damage results. A large majority reported that their organizations are doing nothing about it, wasting opportunities to make positive changes that could increase the health and wealth of their businesses. Only one-third are taking action, and they are reaping benefits in terms of faster cycle times, greater employee engagement and – to a lesser extent – reduced costs and higher quality.

Those working in multi-national organizations say culture clashes can be significant when working in multi-cultural teams and that it interferes with achieving best results. An example of such a culture clash would be the common perception of bureaucracy in the organization. Another culture clash is an imbalance of power and the difficulty of ‘making your voice heard’.

Other cultural barriers identified include:

- a tendency to overlook the need for forward-planning and thereby run into significant operational difficulties
- different national cultural norms around communication, ethics and language
- barriers to inclusive behavior, e.g. ‘a headquarters mentality’
- organizational barriers, such as having a dominant function, e.g. Engineering or Finance, which constrains effectiveness

Most people prefer to work as part of a team, seeing this as a more productive approach than working in isolation or with other functional colleagues. It is significant that while over half of the professionals surveyed blame cultural barriers for problems that arise in cross-cultural teams, almost as many see this as attributable to weaknesses in management and lack of people skills in project leaders. In other words, many believe that better management could do much to reduce or eliminate the negative effects of cultural barriers. Just one third of respondents were able to identify specific actions taken by their organization to train and improve cross-cultural working.

The most significant effects from poor management of cultural variations were on time, where there is often severe impact on the time taken to complete tasks, with concerns over excessive bureaucracy and delays in decision-making. There was also a perceived impact on cost and quality. However, in all cases (time, cost and quality), there is a marked difference in the relative impact between different organizational cultures.

Whether the dominant corporate culture is one of Power, Role, Person or Task, has a marked effect on the extent of the impact of poor management of cultural variations. These are the four types of corporate culture identified by Charles Handy in his book “Gods of Management”.

Briefly, the four types are:
• Power culture, where power is concentrated centrally in the hands of a very few individuals (family businesses are a good example);

• The Role culture is the second type, which is a bureaucracy in which decision-making takes place at the top, with functional pillars below carrying out those decisions. This allows the functional units to develop specialization, and for the whole to be made to work through development of job descriptions, processes, procedures, organization charts and so on. Authority to act comes from job description, rather than personal initiative;

• In the Person culture, a consensus model is used, so that the individuals together determine the direction of the organization. There is unlikely to be management control or reporting relationships, so this structure is not usually seen in business organizations;

• And the Task culture is one typically found in research and development organizations, where the whole is very fluid and dynamic. There is a lot of change and teams come together to tackle each task.

You might like to consider which of these organizational cultures you work in, and what effect on team engagement and inclusiveness cross-cultural working issues may be having in your organization. You may wish to pause the presentation for a few minutes to consider this further.

Overall, it is clear that the greater frequency of cross-cultural working in today’s global business environment is having an effect on teamwork and its efficiency. Organizations are struggling to find the balance between control and creativity, resulting in many employees feeling frustrated in their efforts to contribute. Those in which there is greater investment in cultural awareness training are suffering significantly lower impact in terms of productivity and overall employee morale.

For more detail on this subject, you can view IACCM’s cross-cultural team research study report in the supplemental materials.

Behaviors that build trust – Slide 17
Finally, let’s look at what Stephen Covey has to say about building trust. These are from his book, The Speed of Trust, the One Thing that Changes Everything.

Please pause this presentation now and take a moment to reflect on this list of behaviors and identify those where you feel you might like to develop your skills in the future.

<<<<<Pause>>>>>

In closing, and to quote Stephen Covey: The best motive in building trust is genuinely caring about people.

Conclusions – Role of IACCM in your success – Slide 18
As we noted at the outset of this module, it’s important to realize that we choose our attitude to our contract and commercial management role, and how much leadership bring to the success or failure of our organization.

We pointed out the importance of knowledge and facts in our success. It is critical to our role that we have the facts, evidence and knowledge to back up our decision-making and the
positions we present to senior management. Too often, decisions are made on the basis of opinions and anecdotes.

The research that has been done into inclusiveness in project teams showed that a key characteristic that gains greater inclusion in the team is not just what you know, but also who you know. People who are seen as professionally connected and networked individuals are given greater respect. IACCM provides a great opportunity for practitioners to connect with others and expand their networks.

There really is a great need for more leaders in organizations, and those of us in contract and commercial management roles have a unique opportunity to make a difference and add value to our organizations.

We looked in this module at some of the techniques and tools used by contract and commercial management leaders, and how they operate as trusted advisors to their clients.

We also considered the different roles we can choose to adopt, when interacting with internal or external clients and suppliers, and which roles to strive for.

We discussed the role of motivation of ourselves and others, and looked at some of the ways you can improve trust in your client and supplier relationships.

As a last point for you to reflect upon, please consider this question: do you know – absolutely know – what the top strategic priorities of your executive team are right now? Are they about collaboration? Speed? Improved margins? Cost savings? Or something else? Can you describe exactly how you and your team are directly contributing to those priorities? Since the priorities were expressed, what have you done to change? And do top management know about it? What more could you be doing to contribute to those priorities, and what would it take to do so? For example in terms of altered policies, investment in resources or tools?

If you choose to accept this mission to bring greater contract and commercial management leadership to your organization, IACCM is here to support and enable you in that objective!

End – Slide 19
This concludes our Module. Please take the time to complete the Module Feedback.

Once you have completed the Module Feedback, we recommend that you go to the supplementary materials to review the additional information.

A Module Test is available for you to take in order to check your understanding of the material or practice for the Certification Exam. The required pass rate for all Module Tests is 80%. You may take this test as many times as you wish: please allow 24 hours between each attempt.

Once you have passed all the Module Tests with at least 80% you will be invited to take the Certification Exam.