



Excellence in Contract Management

Common pitfalls from a practitioner's perspective

For more information contact



Katherine Kawamoto

Vice President of North America and Strategic Initiatives
IACCM

kkawamoto@iaccm.com



Paul Branch

Head of Deal Assurance
BT Americas

paul.p.branch@bt.com



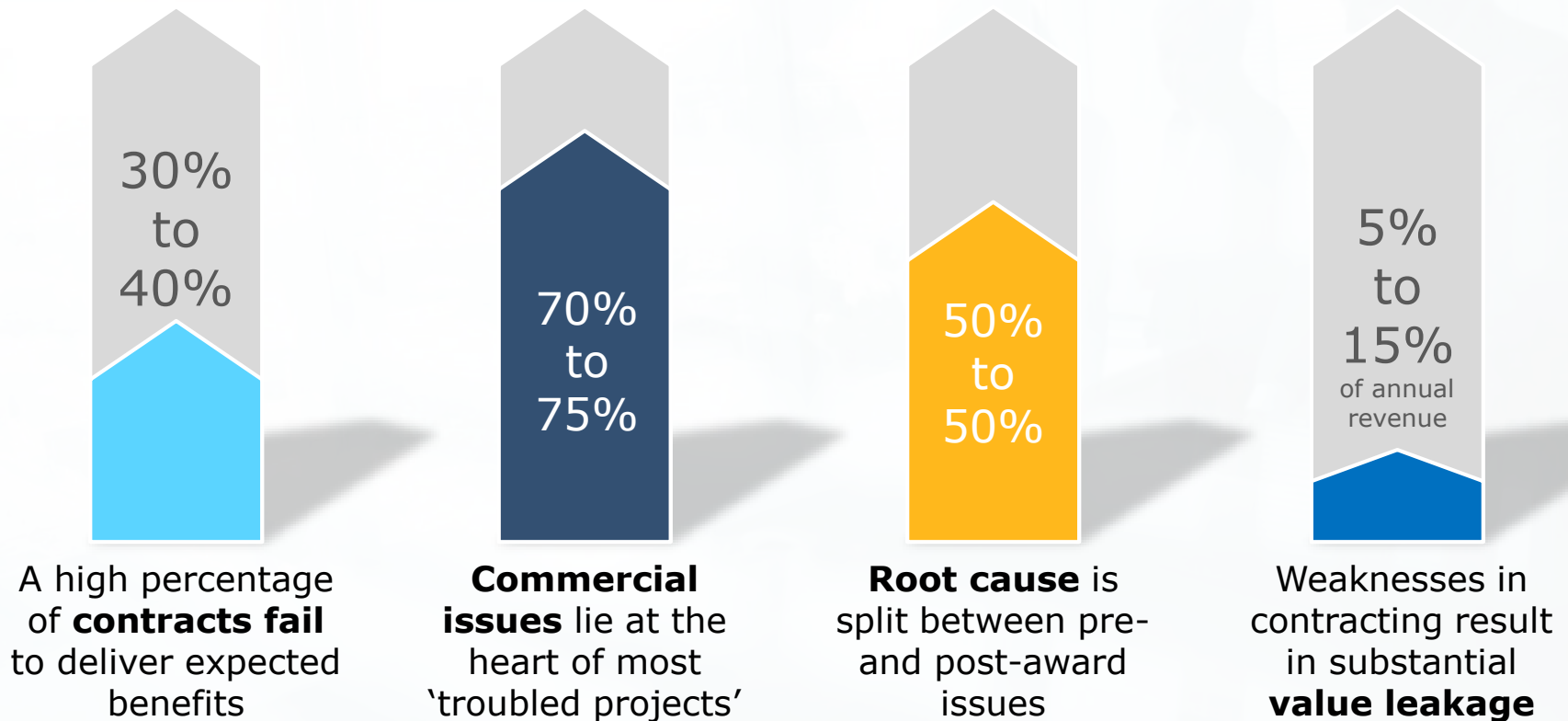
Ben Sharp

Managing Attorney
CPA Global

bsharp@cpaglobal.com

Mobilization, Transition and In-life Management

Insufficient attention is paid to post-award CM



Pitfalls



1 Lack of clarity on scope and goals.

Result: Cause of claims/disputes



3 Failure to engage stakeholders.

Result: Misaligned interests and future opposition



5 Negotiations focus on the wrong terms and risks.

Result: Loss of economic benefit; contract a weapon



7 Contracts difficult to use or understand.

Result: Users see contract as irrelevant to business needs



9 Limited use of contract technology

Result: Inefficiency and loss of quality in performance and analysis



Average value erosion 9.2%

2 Legal/contract team not involved early enough.

Result: Wrong form of contract & extended lead time



4 Protracted negotiations.

Result: Competitive exposure & delayed revenues



6 Contracts lack flexibility. Insufficient focus on governance

Result: Performance management dominated by blame/fault



8 Poor handover from deal team to implementation team

Result: commitment & obligations missed & misunderstood



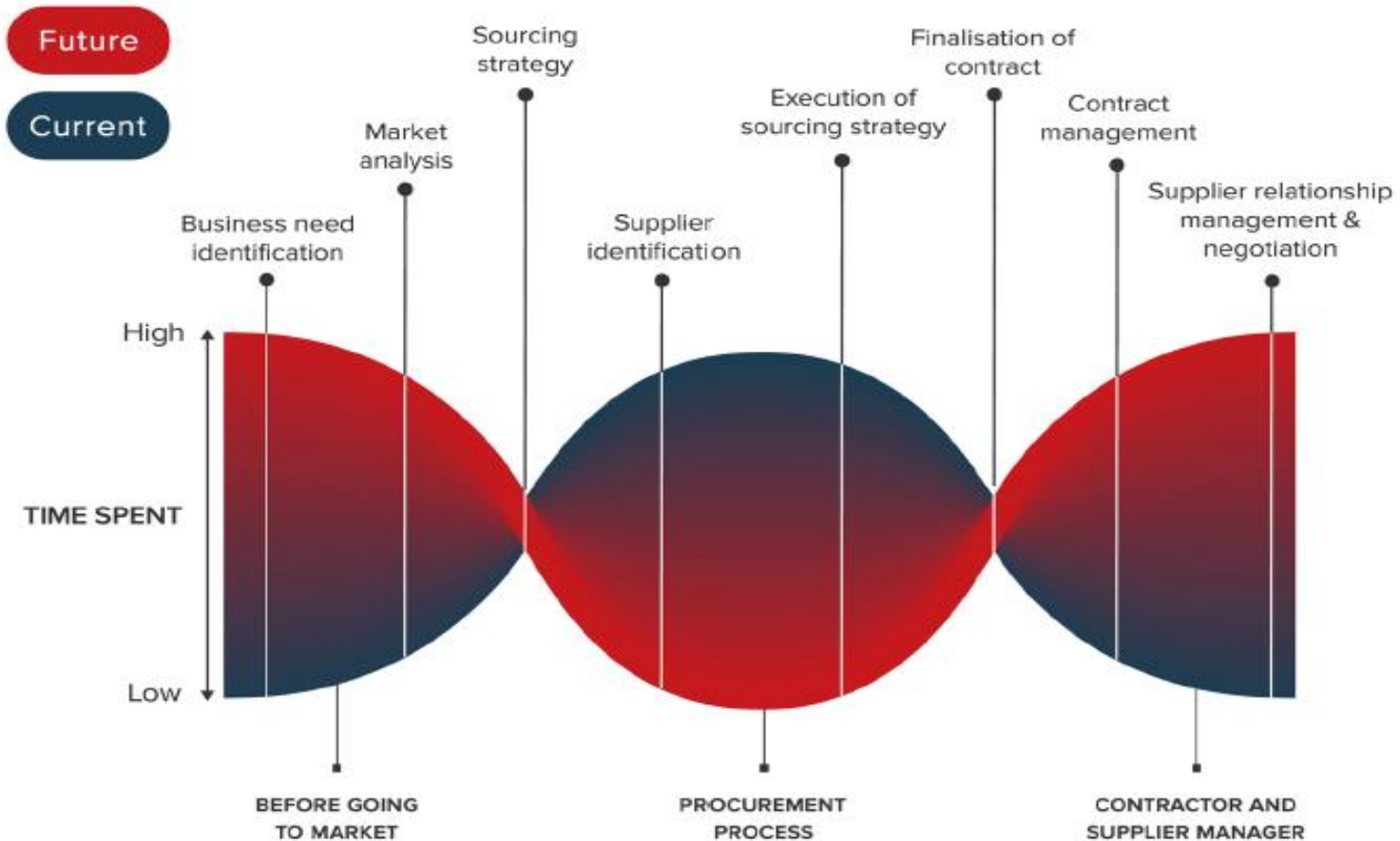
10 Poor post award processes and governance.

Result: Repetitive issues and errors causing value loss



Commercial Reform: UK Government view

Is there a new DNA for commercial practice?



Mobilization, Transition and In-life Management

FOUR DISTINCT PHASES



THREE FOCUS AREAS



... contracts rarely recover from poor transition

Poll # 1

In my experience, the root cause of problems with post-contract implementation is in...

A. the skills, capabilities and experience of the **PEOPLE** involved in the implementation

B. the business **PROCESS** that the teams execute during the implementation

C. the **SYSTEMS** that are used to support the implementation activities

D. a combination of all three

E. something else.

Understand and Plan: How to begin?

1

Design the best business **process**

Empower the right people with the right process and tools



PEOPLE

2

Enable the right **people** and skills to do the right work at the right time and in the right place



SYSTEM



PROCESS

3

Select the right **systems**, tools and technologies to deliver the best possible **business outcomes**

Organizational effectiveness and business outcomes by design

choose the right technology to support process and people

Understand and Plan: Critical Triggers

CRITICAL TRIGGERS TO PLAN FOR

...WHERE ARE OUR RELEVANT CONTRACTS?

M&A

RECALL

REGULATORY
MANDATES

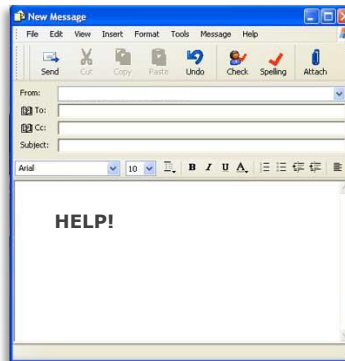
LITIGATION

CREDIT
EVENTS

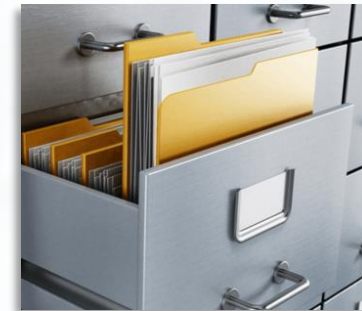
DATA BREACH



or



or



CLM

FILE
SERVERS

DOCUMENT
MANAGEMENT

SHARE DRIVES

PHYSICAL
CABINETS



Understand and Plan

Lean approach: build, measure, learn and repeat

1

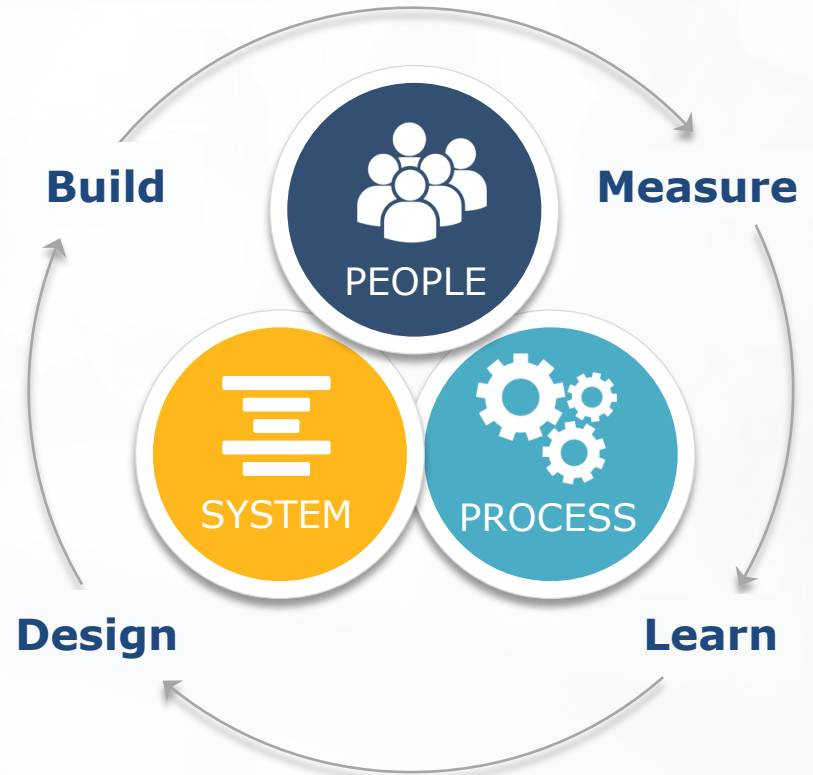
Prioritize by risk profile and business impact relative to **current state**

2

Think **incremental**, but complete – not necessarily small

3

Utilize a process you can **learn** from and **improve** your approach and **repeat!**



Deploy a cost-effective solution



- ✦ Raise the bar on the skills and capabilities of the people performing the CCM function
- ✦ Develop a Center of Excellence to champion improvement and drive change
- ✦ Make full use of Shared Services / LPOs to deliver repeatability and consistency



- ✦ Define and deploy standards-based, best practice processes
- ✦ Deploy effective governance with teeth to ensure compliance



- ✦ Buy don't make
- ✦ Leverage existing capabilities and involve IT early
- ✦ Pay particular attention to data protection and confidentiality provisions

Implementation – Changing Cultures ...

Implementation Pitfall	Anecdote
Plan: Multiple disparate change initiatives struggle to gain traction	Approach as a centrally-coordinated set of interlocking initiatives as part of a wider culture change program. Involve business leaders, HR and internal communications professionals.

Poll #2

When auditing your organization's management of existing contracts, what is the most common challenge you discover?

- A. Lack of consistent entry of contracts into the contract management system.
- B. Failure of contract managers or business units to adhere to the terms of the contracts.
- C. Backlog of contracts to be entered into a contract management system following an acquisition or reorganization.
- D. Contract management system that does not provide the needed features and alerts necessary to adhere to contract obligations.
- E. Something else.

Statistics

By the numbers: Your Contract Universe

The volume of business transactions that are **not governed** by contracts.

- Gartner Research

20% -
40%

The volume of contracts **missing or lost** and unable to inform business leaders

- Faulkner Information Services

>10%

The average volume of contracts that most organizations have **under management.**

- PWC

20,000 -
40,000

70%

The percent of executed and active contracts which are **not adhered to** by business units during the course of business

- KMPG



QUESTIONS



THANK YOU