



# Building a Transformative Contract Management Practice

TIPS AND TRICKS FOR STREAMLINING THE MULTI-FACETED CONTRACTING PROCESS

Katie Cook



# Introduction

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Thank you for downloading this eBook on Building a Transformative Contract Management Practice. We hope you find in it some useful information to help you in the multi-faceted and critical work of contract management, including the hiring and managing of contract managers.

This eBook will cover the following topics:

1. The roles and duties and essential qualities of a top contract manager
2. How to assess candidates for suitability during the recruitment process
3. What can and cannot be controlled in the contract management process?
4. Planning for the transition of arriving and departing contract manager employees
5. Monitoring the productivity of your contract managers
6. Looking towards the future of contract management

Your comments and feedback about this eBook are most appreciated and they can be directed to Katie Cook at ContractRoom at [kcook@contractroom.com](mailto:kcook@contractroom.com) .

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Best regards

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**The roles and duties and  
three essential soft skills  
of a top contract manager**



**If you have seen “The Secret Life of Walter Mitty”, the “grey blob” Walter embodies at the beginning of the film (stuck in a “back office” in the building basement) is exactly how one may have traditionally imagined a contract manager. However, what one should be looking for when hiring a contract manager is not the Walter Mitty introduced at the beginning of the film but rather the more vibrant, outgoing and adventurous personality Walter transforms into by the end.**

This is because a contract manager’s role involves an enormous amount of relationship building as well as highly developed problem solving skills. Organizational skills are also required but advances in technology have meant that contract managers can relax a little as software can be programmed to guide them at each stage of the process.

This means key deliverables can be met and all processes and procedures can be complied with without contract managers having to rely solely on their memories or manual organizational abilities.

The roles and duties are many and vary between contract manager roles. However, in general the job description can be broken down into three basic parts - relationship management, problem solving and organizational skills. Some duties fall into more than one of these categories. Let’s now take a look at the duties and responsibilities in these three categories in some more detail.

## **1. Relationship management**

- Serve as the contact point for customers including effectively fielding complaints and inquiries from these parties as well as maintaining good relationships with them;
- Keep project managers and other operational staff in their company informed about the contract process, guide them through any tasks these persons must perform and train them on contracting practices and procedures as required. This also involves an organizational element as the contract manager needs to coordinate communication and ensure they are adequately across all relevant details;



- Manage compliance by company employees with contracting procedures and identify problem areas. This also requires a problem solving ability for identifying the problem areas and an organizational ability for monitoring compliance;
- Negotiate with customer and client attorneys, purchasing staff and other relevant parties until agreement is reached and terms and wording of relevant contracts are settled upon;
- Collaborate with risk management and finance to ensure the company maintains appropriate insurance. This also requires a problem solving ability as contract managers work with risk management and finance to choose the most appropriate coverage;
- Collaborate with finance to assist them in adhering to broader finance and risk requirements. This may include an understanding and evaluating of financial impact of terms and options, i.e. this duty incorporates a problem solving element;
- Collaborate with product management and marketing to ensure company products are offered with appropriate terms and conditions. In order to fulfill this duty adequately contract managers are required to engage with customers to gauge their satisfaction with terms and conditions and contracting practices. This duty also requires a problem solving element as it requires contract managers to monitor competitive terms and recommend changes according to the competition's terms and conditions and customer experience to optimize product performance.

## 2. Problem solving

- Draft, evaluate and propose appropriate amendments for various types of contracts. This involves having a good understanding of the implications of all contractual terms and thinking laterally to problem solve to amend these terms when appropriate;
- Keep abreast of and solve on-going issues and foresee and plan for future anticipated problems;
- Develop and implement processes and policies for contract lifecycle management and amend them as appropriate.



### 3. Organizational skills

This includes the ability to use technology to assist in the organizational process - most of these duties can be automated or guided by contract lifecycle management software.

- Monitor compliance with contracts (ensure all milestones and deliverables are met and invoices received)
- Ensure Service Level Agreements are complied with;
- Oversee contract close-outs, extensions or renewals;
- Maintain all contractual records and documentation including correspondence, customer contact information sheets, contractual changes and status reports.



**How to assess candidates  
for suitability during the  
recruitment process**



## Evaluating candidates for the essential 3 soft skills

Now that we have determined the three most important soft skills that contract managers must possess, let's look at some of the ways you can determine whether candidates possess these qualities.

### Pre-Interview

Prior to calling the candidate for an interview, you will have reviewed their resume, perhaps looked at their LinkedIn profile, and generally searched the Internet for any information on them.

From this you should have a general idea about their employment history and education. You will know how much experience they have in the field of contract management or a similar role.

Some specific things you can look out for in this preliminary process are whether the candidate has worked in a number of different organizations and in varied roles as this may indicate they have interacted with many different types of people and have a capacity to effectively do so in many different contexts -- i.e., they are likely to have good relationship management skills.

However, having too many varied positions could indicate the candidate has difficulty holding down a single position or lacks the ability to persist in challenging circumstances.

A candidate may describe a situation on their resume in which they've been responsible for solving a problem within an organization -- e.g., they may have written a business plan or policy. This would indicate they have good problem solving skills. A description of how they methodically went about solving a problem would indicate they have good organizational skills.

### Interviewing Contract Managers

The **relationship management duties** of a contract manager involve keeping others informed, negotiating and collaborating with other teams within the organization. Keeping this in mind the following questions would be appropriate to ask via phone or in person.

1. Describe a time when you have had to persuade someone, perhaps someone working in a different team within your organization or from a different organization altogether, to accept your





point of view. Were you successful in convincing them? And whether your answer is “Yes” or “No”, how would you have done it differently?

A candidate’s answer to these questions will give you insight into how they interact with others including whether they can empathize with others’ points of view and whether they have strategies for agreeably influencing others to consider alternative viewpoints and ideas.

2. Describe a time when you had to negotiate. What strategies or style did you use in the process? Why? What style did the counterparty use? Did you reach an agreement? Were all parties satisfied with the end result? How could software help with the process?

A candidate’s response to these questions will indicate whether they are aware of various negotiating strategies and when it is best to use each of these. It will also demonstrate their ability to understand another’s behavior and bargaining position in a negotiation and use this understanding to achieve positive outcomes.

3. Describe a time when you were responsible for ensuring others completed tasks assigned to them on time. How did you go about ensuring these people completed these tasks on time? Did you deal with a situation where someone was not on track and did not see the urgency in completion? How did you deal with this situation? If you have not faced this situation, how would you go about resolving it? How did you ensure your own tasks were completed on time? What was the end result of the project? Were all tasks completed on time?

A prospective employee’s responses to these questions provide insight into how he or she relates to others and influences them to ensure everything is completed on time as well as providing an illustration of some of their organizational abilities.

A contract manager is required to **problem solve** in the context of drafting and amending agreements. They also need to be able to think on their feet to solve and stay ahead of day-to-day issue that arise.



Appropriate questions to ask to determine whether a candidate has the ability to problem solve in this context include the following.

4. Tell me about a time when you have had to review information apply it to an issue and then make a recommendation based on your assessment of that information. You could also give the candidate some actual information or document to assess, such as a draft contract, provide them with some time to review it and ask them to give you a recommendation based on the information they have reviewed for an issue related to the material e.g. if the you provided them with a draft contract ask them what changes, if any, they would make to this.

Answers to these questions will give you an indication of how the candidate analyses information and applies it to scenarios for recommending options.

5. Tell me about a time when an issue has arisen unexpectedly. How did you deal with this issue?

An answer to this question will give you an indication about the candidate's ability to think on their feet and be flexible.

**Organizational skills** including being technically competent are also essential for a contract manager. One of the questions included above addressed the candidate's ability to ensure all people involved in a project as well as they themselves complete their tasks on time. This ability is essential for a contract manager. Some other questions that may help you assess whether someone possesses other organizational IT skills for the role include the following.

6. Describe a time when you used an IT system to help store essential documents and manage your time for completing projects. What was the type of system you used? Did you have any problems with this system -- i.e., was it a good aid or a hindrance to you organizing your work? What did you do when you ran into difficulty in this IT system?



If you follow the tips outlined in this article when searching for and recruiting contract managers you should end up the best contract managers who will ensure your company's success.



What can and cannot be controlled in the contract management process?



**Serious consequences can arise from lack of oversight during the negotiation phase or mismanagement of contract commitments after execution. Poor time management or a simple manual error, either pre-or post-signature, could lead a business to miss a key deliverable and even risk being sued. This in turn could lead to significant undo legal expenses or even losing future business from with a counterparty.**

Having control over the entire contracting management process is essential. Stages of the contract management process include:

- 1. contract drafting and re-drafting;*
- 2. internal sign-offs;*
- 3. counterparty negotiation; and*
- 4. contract execution*

Not all aspects of the contract management process can be controlled. How a counterparty may behave, for example. However, a good contract manager (whether legal counsel or a business professional) can do the following to add control throughout - even with a manual contracting process:

### **Contract drafting and re-drafting**

- #1.** Categorize the types of contracts - for example, insurance contracts, contracts with customers of various profiles, contracts with businesses for essential services;
- #2.** Keep a list of any standard contract terms that must be met for each category of contract;
- #3.** Keep a list of any statutes or laws under which each category of contract falls so that legal updates can be followed and templates amended accordingly;
- #4.** Identify contractual forms or templates that may be used without prior approval. This improves efficiency and ensures those forms or templates that do require approval still obtain it;
- #5.** Establish and follow policies for when reviews of standard contracts should occur. This decreases the likelihood of missing legal amendments that require changes to be made to standard contracts;



## Internal Sign-Offs

**#6.** Maintain a record of all the persons with appropriate authority or delegations for sign-offs and update this at regular intervals. This reduces the chances of someone approving something over which they have no authority. It also increases efficiency as if someone with authority is absent a alternative person with authority can be found quickly;

**#7.** Create a workflow diagram of the sign-off process that needs to be followed. This way those involved can see visually where they are in the process at any time, giving them a greater sense of control over the whole process;

## Counterparty Negotiation

**#8.** For each negotiation maintain a record about your experience interacting with the counterparty and how “agreeable” they were - e.g., how long did they take to get back to you, how many clauses did they change and how many times did they change these clauses. This way you have a record to refer to at a later date that assists in predicting how someone may interact with you in the future. You can then make allowances in your time scheduling for this predicted interaction;

## Contract Execution

**#9.** Create a workflow diagram of the contract execution process. This way those involved can see visually where they are in the process at any time, giving them a greater sense of control over the whole process;

**#10.** Build a list of all those persons who need to perform tasks in the contract execution process. This way at a glance you can see who is responsible for all deliverables and check in on them regularly; and

**#11.** Implement a sound project plan, which incorporates key milestones that need to be met on certain dates and by specific individuals.

## Contract Management Software

Software can be a great help in automating many of the above control tips.



Planning for the transition of  
arriving and departing  
contract manager employees



**Contract Managers carry with them a lot of valuable knowledge, data and wisdom. It is important you ensure your business captures this information so that when an employee contract manager leaves the company, these gems do not exit with them and can be leveraged for future use.**

Here is a list of information and valuable data a Contract Manager holds and why it should be captured.

1. Knowledge about how long past contract negotiations took and why they took so long. This knowledge can assist in the forward planning of negotiations;
2. Knowledge about the terms or specific parts of contracts that caused the most amount of pain in specific transactions. This knowledge can assist when considering which templates to use for various terms in future contracts;
3. Knowledge about how retained attorneys (e.g., outside counsel) performed in relation to past contracts including specific types of contracts. This knowledge can assist in ensuring future efficiency by ensuring retention of effective attorneys and save time and money;
4. Knowledge of where they have saved all documentation such as all contract correspondence, customer contact information sheets, contractual changes, status reports and other relevant documents for all projects. It is essential this data is collected to prevent any oversights occurring. It is better if you have system that stores this information centrally and prevents problems caused by employees storing this information in personal drives;
5. Views and wisdom in relation to company policies on Contract Management Standards i.e knowledge of recurrent pressure points in relation to these policies;
6. Knowledge of important contractual insurance points. A good Contract Manager will know which contracts and/or particular terms involve the most risk and require adequate insurance. As insurance policies are renewed/changed it is important that these risk points are still covered to prevent unforeseen losses;





7. Knowledge of the personalities people have with whom you negotiate regularly. A Contract Manager will hold perceptions of those with whom he or she has worked i.e. whether that party is aggressive, wanting to fight each and every point, collaborative and willing to work to achieve a win, win or excessively detailed insisting on meticulously reviewing each and every detail of a contract. Having this knowledge can assist in planning timelines for future negotiations;
8. Knowledge in relation to the current and future to do lists. This is essential this data is collected to prevent any oversights occurring.

Software can assist in helping you collect this data and leveraging it to assist in future negotiations.



Monitoring the productivity  
of your contract managers



There are many ways to measure the success of a contracting cycle. For example, the time the contract took to negotiate, the timeliness of the delivery of services and the accuracy and quality of the services delivered are all things that could be measured and considered. But how many of these factors can be used to measure the performance of your internal contract managers? Is it the case that some factors lie outside of their control and should not be considered in managing their overall performance?

We are of the view that many of these factors can and should still be considered. Here are 9 factors that should be reviewed.

### Vendor Management

This is about managing how well services are delivered - e.g., the cost of the services, the quality of delivery, the time it took to deliver and how flexible the service-deliverer was (if and when any changes were required).

1. **Cost of the services:** If the cost of the services exceed the original budget ask the manager to detail the reasons why they chose this provider despite the high cost and if they attempted to negotiate on price.
2. **Quality of Delivery:** Was the work performed to an adequate standard? Quality should be reviewed and the contract manager questioned about steps they took to engage with the provider about resolving any relevant substandard work issues.
3. **Delivery Time:** When there were delays, ask the contract manager to detail how they engaged with the provider to query the reasons for the delay and negotiate compensation for not meeting the agreed time frame.
4. **Flexibility of the Vendor/Supplier:** Was there anything that had to be changed during the contracting process? Was the vendor accommodating of these changes? How was the contract manager involved in negotiating these changes? Was he/she successful in this process? If they were not successful, query them on their reasons for what they did and ask them to reflect on how they may go about the process differently next time.



## Relationship Management

This is concerned with the maintenance of the relationship between the vendor and the contract manager.

5. **Resolution of relationship problems:** How many problems were raised during the process. An example of a problem would be the contract manager or the vendor/supplier finding it hard to contact the other when required. How were these problems dealt with and resolved by the contract manager?
6. **Satisfaction of the vendor/supplier:** How happy was the provider/vendor with the performance of your contract manager? Ensure there is a place where suppliers can provide feedback. Perhaps they can even rate the ease of working with the contract manager. Ask them whether they would be happy to do business again after their experience. Should your contract manager receive a bad review, ask the supplier to explain why they believe they received this rating.

## Contract Administration

This is concerned with the formal governance of the contract and changes to contractual documentation. Factors relevant to this part of the contracting process include:

7. **Time spent drafting the agreement:** How many times were particular clauses re-drafted? If certain clauses took a particular amount of time to negotiate query why. Do this by asking things such as from where did your contract managers source their precedent clauses and did they consider data analysis available about the past performance of these contractual terms?
8. **Dispatch of fees and documentation:** Were all fees and documentation dispatched and received at the required times? If not, why not? Should there be fees and documentation required from the vendor that was not provided, then you should ask what steps your contract manager took to manage their delivery.
9. **Internal Reports:** Were all internal reports produced within the required timeframes? If not, ask your contract managers to provide reasons for not complying with internal processes.

A software solution can help with many if not all the above factors.



Looking towards the future  
of contract management



Various ways contract lifecycle management software is simplifying the contracting process have been outlined in the above chapters. However, one feature of these software tools requires some further attention - that of data analytics. This component of some platforms could lead to a complete change in the way contract management and negotiations is experienced.

Kingsley Martin of KMStandards (publisher of ContractStandards) suggests there are three main metrics that define the success of a contract negotiation process. All of these metrics overlap to some degree. These are:

1. **Quality** is defined by such things as how well it achieves its purpose, how much consideration it generates over time, its completeness and accuracy;
2. **Cost** is the cost of the negotiation and administration including all expenses related to litigation and disputes; and
3. **Time** spent on negotiations, administration of the contract including the time required to handle litigation or disputes.

Newer technology is seeking to help optimize all three of these aspects of the contract management process by measuring metrics on contracts for various purposes. An analysis of this data could lead a system to automatically produce contracts with optimized terms - i.e., the terms in the past that have required the least amount of time to negotiate. It could even predict what agreement parties will arrive at for the sale or purchase of a product and/or service. This could revolutionize the way contract management is experience all around the globe.



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