



# The Good, Bad, and Ugly of Contract Management

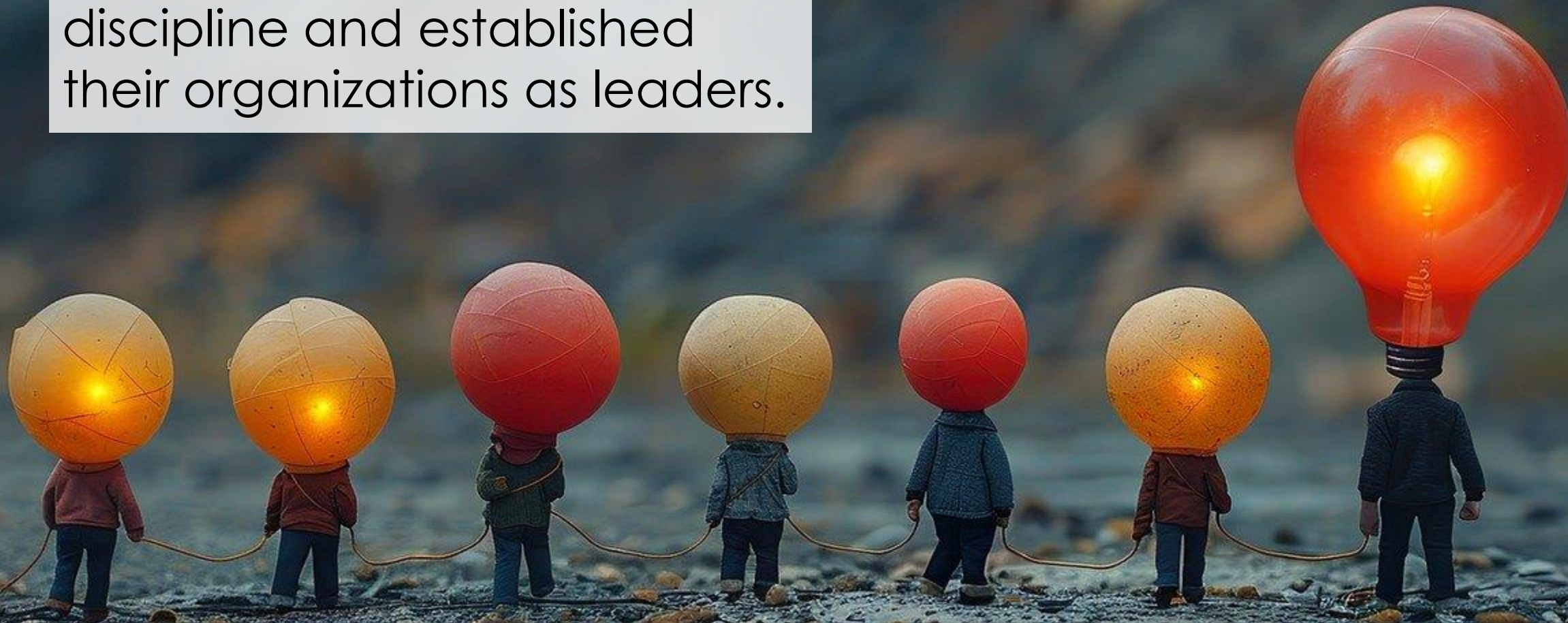
MAXIMIZING YOUR YIELD



During the past 20 years, contract management has experienced a significant transformation.



Many have embraced the contract management discipline and established their organizations as leaders.



Others, unfortunately, have struggled to transform and elevate to a leadership position.



A photograph of terraced rice fields on a hillside. The terraces are filled with young rice plants, and the scene is bathed in a soft, golden light, suggesting early morning or late afternoon. The terraces curve and spiral up the hill, creating a rhythmic pattern of green and yellow. In the background, more terraced fields are visible, along with a few trees and a misty atmosphere.

Growth has been seen in both organizational governance and practitioner skills.

# What's In It For You?

## **Cost Leadership:**

Contract management enables cost controls, ensures timely and accurate payments, and improves profits - leading to superior financial outcomes.

# What's In It For You?

## **Risk Mitigation:**

It helps mitigate, rather than merely allocate, risk by ensuring compliance with contractual terms - minimizing financial, regulatory, legal, and reputational risks.

# What's In It For You?

## **Efficiency Improvement:**

By improving the contract management process, and reducing the resources spent on contract administration tasks, contract management improves operational efficiency – for both commercial partners.



# What's In It For You?

## **Collaboration and Visibility:**

It allows for collaboration and innovation through contracts, increases visibility into the contract process, and ensures that all parties have access to the same information – building trust and reducing uncertainty and ambiguity.

# What's In It For You?

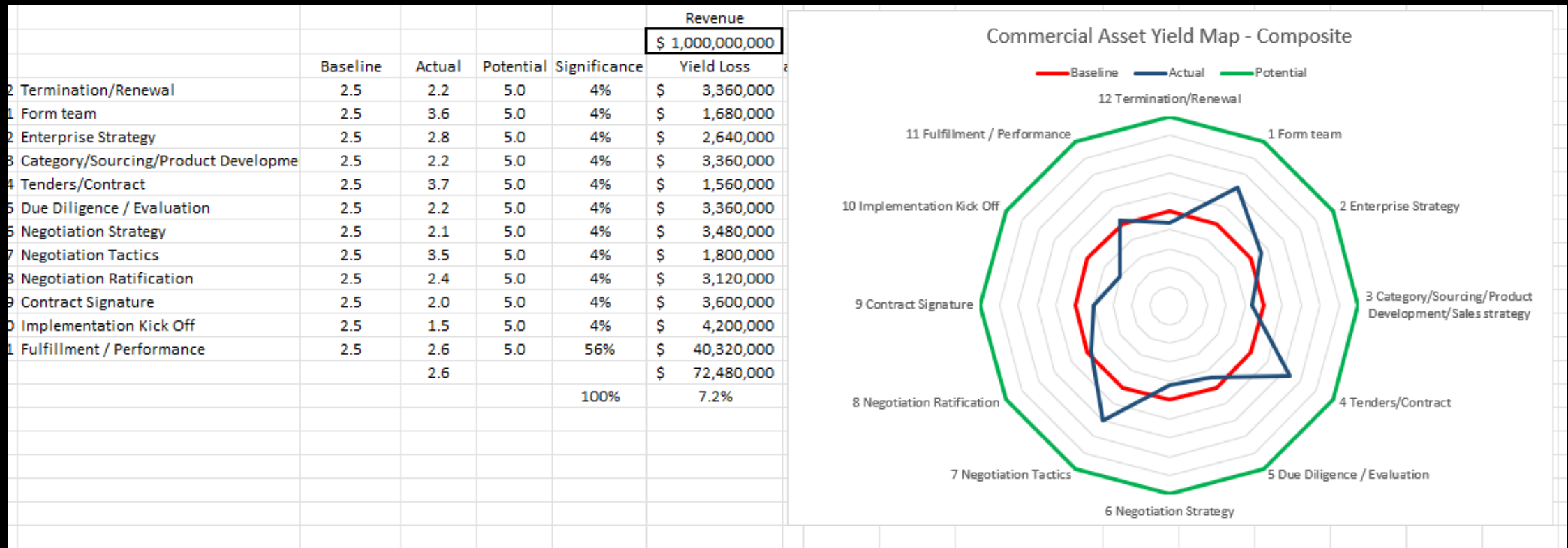
## **Compliance and Governance:**

Effective contract management ensures compliance with agreements, which is crucial for maintaining a strong reputation – helping avoid contractual liabilities and damages.

# The Good, Bad, and Ugly



# The Assessment Tool



# The Good, Bad, and Ugly

Research targets:

**Leading (2.5<sup>+</sup>) versus Lagging (2.5<sup>-</sup>) firms**

Leading firm – does this describe your firm?

Lagging firm – does this describe your firm?

# The Good

96%

## 1. **Centralized and Standardized Agreements:**

Centralizing and standardizing agreements can speed up contract creation and make contracts easier to edit and review.

# The Good

94%

## 2. Compliance and Audit Preparation:

Effective contract management ensures compliance with contract terms and improves audit preparation by maintaining accurate contract history and providing a centralized portal with audit trails.

# The Good

91%

## 3. Improved Collaboration and Accountability:

A well-established contract management system promotes better collaboration between various departments involved in the process, leading to improved accountability and reduced misunderstandings.



# The Good

90%

## 4. **Cost Savings:**

Effective contract management helps in minimizing costs by streamlining and automating the creation and maintenance of contracts, resulting in better cost control, higher productivity, and fewer errors.

# The Good

89%

## 5. **Integrated Team Effort:**

Leading practices have a common denominator – there is a team driving the effort.

# The Good

84%

## 6. Harness Automation:

Leading practices are enabled by big data, blockchain, AI, and other automation – integrated across the relationship.

# The Good

83%

## 7. Alignment to Purpose and Strategy:

There needs to be a North Star which serves as a focal point, ensuring contracts are aligned to a purpose.

# The Bad

## 8. Lack of Standardization:

Using outdated templates and making basic metadata changes before signing off can lead to major risks down the line.

92%

A grayscale image of a hand pointing downwards with the index finger, set against a black background. The hand is positioned in the upper right quadrant of the frame.

## The Bad

### 9. **Inadequate Compliance Monitoring:**

Failing to actively monitor compliance with contract terms can lead to risks and disputes.

89%



## The Bad

### 10. **Manual Processes:**

Relying on manual contract admin procedures can result in lost renewal opportunities and increased costs.

86%

# The Ugly

## 11. Poor Collaboration and Accountability:

Lack of clear roles and responsibilities, leading to misunderstandings and poor contract performance.

84%



# The Ugly

## 12. Inefficient Invoice Processing:

Ineffective methods of processing invoices can lead to delays and errors in payment administration.

83%

## The Ugly

### 13. Lack of KPIs on Contracting Process:

The contract management process is not measured nor monitored – leaving little foundation upon which to improve.

81%



# Questions

What is the difference between Good, Bad, and Ugly contract management?

Strategic integration – of both inbound and outbound transactions



# Questions

What prevents good contract management?  
What shackles us to bad and ugly?

Lack of investment – in  
tools, talent, and time



# Questions

What ensures a culture of good contract management? As well as bad and ugly?

Leadership and sustained focus at the senior level



# Questions

What needs to change for good contract management to thrive?

Compelling ROI, recognition, rewards, and a sustained improvement process

# Questions



What are the key governance and skills development elements?

Integrative process, integrated team, project/process/change management

# Checkpoints

- Process, process, process
- Build out your toolbox
- Embrace automation
- Develop skills across the team
- Decide how to calculate ROI





How Does This Apply to Your Situation?

What opportunity can you identify in your role?

Questions...



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