

**HALIFAX**

# **Contract Management**

2017 AMANS Conference

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# Agenda

- Contract and Contract Management
- Contract Management Life cycle
- Key Elements of Contract Management
- Typical Challenges and Issues

# What is a Contract

- A contract is an agreement between two or more people that is legally binding.
- A contract can be verbal or written.
- The contract includes an offer and an acceptance, has consideration for the exchange of money for goods and services, and clearly and concisely sets out the terms of the agreement.

# What is Contract Management

- Contract management is the process which ensures all parties to a contract fully meet their obligations.
- Enables the operational objectives of the contract and the strategic business goals of the customer.

# What is Risk

- **Risk** is the chance of an event occurring that would cause increase the cost, timing or complexity of a Project or cause a Project to fail
- Effective **contract management** incorporates identifying, monitoring and **managing risks** over the life of the project contract.
- **Risks not identified cannot be managed but only reacted to.**
- Risks can't be identified unless there are clear project objectives that provide an **unambiguous description of success for the project.**

# Contract Management: Cradle to Grave

- Procurement Stage
- Execution Stage
- Service Delivery Stage
- Closing Stage

# Procurement Stage

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"I understand what it means, I'm just saying  
'LOL' isn't really appropriate in a contract."

# Procurement Stage

- Resourcing (Internal or External)
- Planning & Development
- Developing Tools
- Integrate Management aspects in the contract
- Key Performance Indicators
- Defining Governance Responsibilities



# Execution Stage

- Managing Performance
- Managing Relationships
- Managing Changes
- Managing Contingencies
- Managing Documents and records
- Executing Governance Responsibilities



# Service Delivery Stage

- Managing Performance
- Managing Relationship
- Managing Changes
- Managing Contingencies
- Managing Documents and Records
- Delivering Governance Responsibilities

# Closing Phase

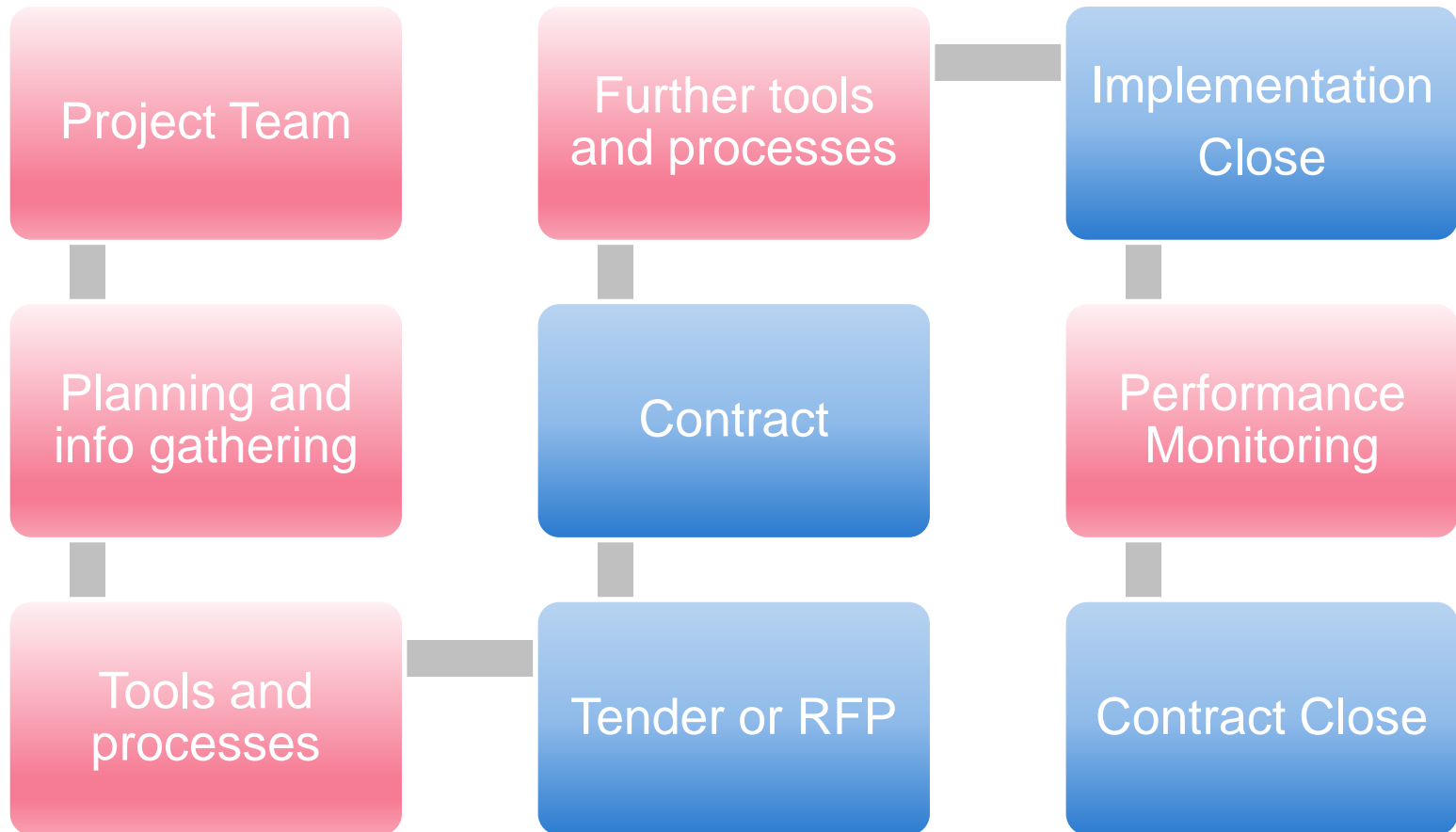
- Managing Compliance
- Maintaining Relationships
- Documenting Changes
- Operationalizing the Outcome
- Document Retention
- Informing the Management of the closure



# Procurement

- Foundations
- Management Methods
- Knowledge Transfer
- Urgency

# The Relationship of Procurement and “the team”



# “The Team”

- Small team
- Skills need to cover
  - Project Management
  - Technical (Functional and non-functional expertise)
  - Financial (Procurement and for more complex projects Accounting or Financial Policy)
  - Legal



# Best Value Contract

- Allocation of risk
- Service requirements
- Value for Money Mechanisms
- Procedures for contract management

# Key Elements

- Planning, Information Collection and Analysis
- Contract Administration
- Performance Reporting and Monitoring
- Relationship management, dispute resolution and issue management
- Governance, probity and compliance
- Knowledge and Information management
- Change management
- Contingency Planning
- Ongoing Review



# Planning, Information Collection and Analysis

- Understanding.
- Identify key risks and update over time
- Risk Analysis
- Assessment and Mitigation
- Understanding
- Planning
- Anticipation

# Contract Administration

- Procurement, Business Lead and Legal Services
- Understanding of the Contract:
  - Intent
  - Issues
  - Context
- **Contract manual**
  - What needs to be done?
  - Define Success
  - What is non-performance?

# Performance Measures

- Performance management
  - strategic objectives,
  - desired outcomes.
  - looking for weaknesses
  - quality of the service
  - take appropriate action



# Relationship Management

- Establish structures
- Understanding one another
- Establishing and using communication channels
- Succession planning
- Monitoring

# Change Management

- Changes are likely
- Ideally Changes are planned for
- Risk
- Benefit

# Change Management



# Change Management

- Processes
- Authority
- Assessment
- Prioritized
- Resources
- Controlled
- Tested
- Documented

# Contingency Planning

- Mutual risk
- Accountability
- Force Majeure



# Closing the Contract and Ongoing Review

## Evolution

**THANK YOU**