# Contract Management Workflow: Let’s Get Physical!

Healthy organizations are not that different from healthy bodies. To become a top performer, you have to stay in physical form, and doing so requires work. You don’t become a marathon runner by sitting on the couch and thinking about getting in shape. Is your company operating at peak performance? Or are you falling behind deadlines and missing obligations with your vendors and customers?

Perhaps your business is in need of some strength training – tightening and enforcing policies to get more out of your operational processes. Or, maybe it could use some cardio work - trimming down and streamlining processes to ensure you’re spending an efficient amount of time and resources managing your contracts. Or, perhaps your business just needs some old-fashioned discipline for better managing your contractual obligations.

Many companies are now looking to improve their workflow processes to better manage their contracts. Why? Because contracts spell out your organization’s obligations - such as who is buying from you and who you’re buying from, when and how to remit payments, and when the agreement is scheduled to expire or renew. More efficient contract lifecycle management begins with understanding the information required to execute and manage each contract and the related obligations.

## Information: the building block for strong contracts

When it comes to gathering multi-departmental information and putting together a contract, the data must be solid and accurate. Any negotiated terms should be clearly stated with consensus agreement. The quality of your information serves as fuel to keep your contracts moving in the right direction.

When information that goes into your contracts is poorly constructed, outdated, or inaccurate, your business will find itself vulnerable to employee error, missed deadlines, poor customer service, and even financial loss or regulatory non-compliance.

Being able to manage obligations is the most important benefit of having accurate information in your contracts. Whether you're dealing with vendors or customers, having clear and direct access to terms and conditions helps organizations better understand their overall business risks and upside opportunities. Some key questions to consider are:

- What are the approved standard vs. non-standard contract terms?
- What are the business policies that drive what goes into a contract?
- What are the non-negotiable terms that we must protect?
- What information or language is needed to ensure regulatory compliance?

It is equally important to understand the order in which contractual commitments are established during the negotiation process. Most companies have both internal procedures and regulatory policies that they have to follow before finalizing binding commitments with suppliers, customers and partners. These procedures should be managed as a logically sequenced workflow with checks and balances to ensure that all policy requirements have been met.

While all of this sounds easy and straight-forward on the surface, the devil is in the details when it comes to modeling efficient workflow processes that effectively manage the creation, execution and monitoring of contractual agreements.

## Strengthening your people's performance with good processes

Having a well-defined workflow process to drive your contracting efforts provides greater visibility and transparency while protecting the interest of each negotiating party. Maintaining focus on the desired outcome allows each resource to execute the defined tasks in a collaborative environment.

A well diagrammed workflow process should document how each piece of the information flows through the organization. Formally documenting key business rules and policies that govern decision rights and approval authority help eliminate glitches and bottlenecks.

Armed with a clear understanding of how information flows through their company, management can quickly address any slowdowns or inefficiencies. The organization becomes more nimble – and ultimately more profitable as a result. This exercise clears communication lines between departments and answers questions such as:

- What is the information we need?
- Is that information getting to the correct people at the right time?
- Do we have the right people working on the right things at the right time?
- How can process improvements enable us to be more proactive (rather than reactive) with our partners, vendors and clients?

Once accomplished, resources across an organization's operations, sales, legal and finance departments learn to collaborate better, reevaluating and improving how their business is done.

## Improving your contract management health with a rules engine

The newly defined workflow processes can then be automated using a policy-based rules engine that serves as a traffic cop for everything that flows through the contract management system. Specifically, the rules engine enables you to steer the contract process through your organization according to your specific business policies. It empowers end users and allows them to engage proactively when managing the iterative interactions involved in contract negotiations. A policy-based rules engine acts as a nucleus that makes sure all processes run smoothly, and that all parties involved with the contracting process work together.

Most companies who operate with manual contract management processes realize that they simply do not work – dates are missed, terms forgotten, and obligations fall through the cracks. A rules engine helps an organization focus on serving their customers' and vendors' needs rather than get caught up with time-consuming administrative tasks.

Automated contract management processes allow policies, procedures and rules to drive the workflow – freeing individuals to focus on more productive tasks.

Healthy contract lifecycle management execution equals a healthy company with expanding margins and a more productive workforce. With the right policies and processes in place, managing your workflow to create better contracts will improve your organization's performance one contract at a time – and will better equip you to compete in the marathon of maintaining a successful business.

### About CLM Matrix

CLM Matrix is the market leader in Contract Lifecycle Management (CLM) software solutions on Microsoft Office and SharePoint technology platforms. Our solution extends the functionality of traditional contract management software by adding features such as:

- Rule-based document creation
- Clause libraries
- Policy-based approval workflow
- Automated reminders and alerts
- Real time user defined reporting
- Integration with legacy enterprise software
- Contract compliance tracking
- Multi-language capabilities
- Support for global environments
- Fully configurable to specific process and document types without code (wizard driven)

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To learn more about CLM Matrix and our award winning software solutions, please visit clmmatrix.com or contact us directly at 1.800.961.6534.