

# CONTRACT MANAGEMENT COURSES

- Contract Management Principles and Practices
- Administration of Commercial Contracts
- Commercial Contract Management Applications
- Risk Management in the Sourcing Environment

## Participants will learn how to:

- Identify contract components and understand the process from start to finish
- Select the right contract type for their project
- Decipher contract legalese
- Choose the offer that will result in the best value for the buyer
- Agree on objectives, requirements, plans and specifications
- Negotiate favourable terms and make revisions to the contract
- Apply rules of contract interpretation in project disputes
- Administer contracts appropriately, and know when and how to terminate before or upon completion

## PMBOK® Knowledge Areas:

- Project Quality Management
- Project Risk Management
- Project Procurement Management

## Programme Objectives

Project managers, contract managers and other professionals involved in the world of contracts must be able to work effectively together and with customers, contractors and subcontractors to accomplish key organisational objectives. Because contracts are developed in an increasingly complex environment, including the rising use of contracted supplies and services throughout government and industry, a solid understanding of the contracting process is critical and can give you an advantage whether you are on the buyer's or seller's side.

Get an overview of all phases of contracting, from requirements development to closeout. See how incentive can be used to improve contract results.

This course explores these vital issues from the manager's perspective, highlighting key roles and responsibilities to give you greater influence

over how work is performed. Participants will also discuss actions that can be taken to help ensure that contractors or subcontractors perform as required under the contract.

Lectures are combined with case studies, exercise and negotiation role-playing to maximise the learning experience. Plus, participants will receive a comprehensive course materials package, including reference materials specific to each unit of the course.

Effective contract negotiation and administration can ensure project success, speed performance, and reduce risks and costs along the way. Discover the keys to contracting from your perspective in this practical course.

## Course Outline

### Understanding the Contract Management Process

- Contract management definition
- Description and uses of contracts
- Buyer and seller perspectives
- Contract management and the PMBOK® Guide

### Teamwork — Roles and Responsibilities

- Concept of agency
- Types of authority
- Privity of contract
- Contractor personnel

### Concepts and Principles of Contract Law

- Mandatory elements of a legally enforceable contract
- Terms and conditions
- Remedies
- Interpreting contract provisions

### Contracting Methods

- Contracting methods — competitive and non-competitive
- Purchase cards, imprest funds or petty cash

- Sealed bidding, two-step sealed bidding, competitive negotiation and competitive proposals
- Reverse auctions
- Purchase agreements vs. contracts
- Single-source negotiation vs. sole-source negotiation

### Developing Contract Pricing Agreements

- Uncertainty and risk in contract pricing
- Categories and types of contracts
  - Incentive
  - Fixed-price
  - Time and materials
  - Cost-reimbursement
- Selecting contract types

### Pre-award Phase

- Buyer activities
  - Plan purchases and acquisitions
  - Plan contracting
  - Request seller response
- Seller activities
  - Presales
  - Bid/no-bid decision
  - Bid or proposal preparation
- Understanding the PMBOK® Guide

### Award Phase

- Source selection process
- Selection criteria: management, technical and price criteria
- Evaluation standards
- Evaluation procedures
- Negotiation objectives
- Negotiating a contract
  - Tactics and counter-tactics (buyers vs. sellers)
  - Document agreement or walk away

### Contract Administration

- Key contract administration policies
- Continued communication
- Tasks for buyers and sellers
- Contract analysis
- Performance and progress
- Records, files and documentation
- Managing change
- Resolving claims and disputes
- Termination

## Participants will learn how to:

- Effectively prepare for contract administration
- Avoid common problems and reduce risk
- Apply best practices of payment management, quality assurance and completion criteria and acceptance
- Manage the change process more effectively
- Resolve disputes quickly and reduce costs
- Manage contracts to increase profitability

## Programme Objectives

This course provides practical, in-depth guidance on both carrying out the "routine" but vital responsibilities of contract administration and handling the challenges that typically arise during the life of a contract. Participants will learn how to use a proactive team approach to successfully administer contracts of all types and sizes to increase profitability and improve customer satisfaction.

This course introduces and clarifies basic contract administration principles, policies, responsibilities, and proven best practices. Using this foundation, participants will then learn how to get contract performance off to a good start through planning and kick-off activities. Participants will also learn the importance of documentation and which specific types of records and files must be maintained to protect their organisation's interests.

The course is highly interactive, using discussion, exercises and case studies to teach effective approaches to analysing contract terms and conditions, assuring quality, managing changes, resolving disputes and remedying inadequate performance. Participants will also see how different legal systems affect contract administration practices.

## Course Outline

### Contract Administration: A Proactive Process

- Purpose of contract administration
- Main tasks in contract administration
- Contract administration realities
- Contract administration is a team effort
- Buyer's perspective vs. seller's perspective

### Contract Administration: Planning - Who Does What, Where, and When

- Contract work breakdown structure (CWBS) as a tool
- Responsibility matrix
- Schedules
- Contract administration plans are a must
- Pre-performance meetings
  - Internal kick-off meeting
  - Meeting with the other party

### Dispute Avoidance and Resolution - A Proactive Approach to Problem Solving

- Open communication is critical
- Early identification of potential problems
- Measure/assess potential impacts
- Seek prompt resolution
- Importance of documentation
- Rules of contract interpretation
- Dispute resolution methods
  - Negotiation
  - Mediation
  - Arbitration
  - Litigation

### Changes Management – Risk vs. Opportunity

- Types of changes
- Analysing impacts
- Principles of changes management
  - Identification
  - Authorisation
  - Estimation
  - Negotiation
  - Documentation
  - Implementation
- Do's and Don'ts
- Delegation of authority issues

### Monitoring Progress – Tools and Techniques

- Performance observation
- Progress reports
- Performance variances
- Records
- Corrective action

### Quality Assurance and Acceptance – What Works

- Inspections and tests
- ISO 9000 series
- ISO 9001 and ANSI/ASQC Q91 and Q94
- Acceptance methods - what is best
- Acceptance criteria - what to do
- Types of warranties
- Warranty issues - cost vs.risk

### Invoice and Payment Management – Cash is King

- Payment objectives
- Payment procedures
- Types of payments
  - Advance payments
  - Progress payments
  - Partial payments
  - Final payments
- Invoice Preparation
- Early payment discounts
- Late payment penalties

### Terminations – What to Know, What to do

- Mutual agreement
- Default or cause
- Notification - what to say
- Settlements

### Contract Closeout – Final Actions

- Administrative closeout
- Completion of work
- Closeout checklists
- Lessons learned database

## Participants will learn how to:

- Apply team-building strategies in a contract management environment
- Analyse an RFP and evaluate the risk vs. opportunity
- Put together a winning proposal
- Plan and conduct contract negotiations
- Apply contract administration best practices in a real-world situation

## Programme Objectives

By synthesising, reinforcing and building on the competencies gained in the other courses, this highly concentrated course is a complete guide to applying the skills and knowledge participants have gained.

Working in teams, participants will complete an extensive and realistic simulation in which they confront challenges typical of those that arise throughout the life cycle of a contract. Their team will identify and analyse problems, weigh alternative solutions, make trade-offs and take action based on their decisions. Participants will also confront issues involving communication difficulties, internal conflicts, conflicting assertions of fact, clashing contract interpretations, ethical dilemmas, unexpected events and unreasonable customer demands. Each phase of the simulation is the subject of group discussion and evaluation. Participants will leave the programme with firsthand experience in

managing a wide variety of situations through a multi-functional team approach.

**Reminder:** If participants choose to take Commercial Contract Management Applications, it is required that they first complete the two mandatory sourcing management courses, Managing Projects and Contract Management Principles and Practices. Also, it is strongly recommended that they take this course as their final capstone course.

## Course Outline

### Team Building

- Project assignment
  - Initial project assignment
  - Team ownership
- Organisational assessment: working with what you have
  - Staffing
  - Resources
  - Management support
- Options assessment
  - Pre-emptive troubleshooting
  - Historic review

### Pre-proposal Analysis and Planning

- Analysing the market
- Assessing risk vs. opportunity
- Building the team and reviewing roles
- Developing a plan to complete the proposal

### Preparing a Winning Proposal

- Evaluating the requirement
- Evaluating terms and conditions
- Obtaining the team's commitment
- Writing the winning proposal
- Delegating to team members
- Managing time constraints

### Proposal Evaluation and Source Selection

- Evaluation methods
- Scoring and selection

### Negotiation/Agreement

- Pre-negotiation planning
  - Fact finding
  - Issue development
  - Position development
  - Strategy development
- Negotiation
  - Exploratory session
  - Joint-gain resolution
- Post-negotiation actions
  - Memoranda of understanding and letters of intent
  - Communication
  - Pre-contract agreements

### Contract Formation

- Delivery schedule
- Products and services - statements of work and specifications
- Payment
- Other terms and conditions
- Signed contract

### Pre-performance Planning

- Project kick-off meeting
  - Goals
  - Participants
  - Principal points
- Project planning

### Contract Administration – Real-Life Challenges

- Kick-off meeting
- Performance problems
- Interpreting contract requirements
- Reporting progress
- Managing changes
- Negotiations
- Dispute resolution
- Invoicing and payments
- Acceptance
- Warranties
- Documentation of lessons learned

### Contract Closeout

- Completion of work
- Final settlement
- Continuing obligation

### Lessons Learned and Best Practices Summary

- Individual assessments
- Team assessments

## Participants will learn how to:

- Manage risk in a sourcing environment
- Use ESI's Risk Management Model to identify, analyse and respond to risks during all phases of the sourcing life cycle
- Recognise the value of investing in thorough risk management up front
- Use tools and templates for managing risk
- Apply risk management methodology to any sourcing situation, the different types of arrangements and the six different stages of the sourcing life cycle
- Recognise the value of creating and promoting a collaborative relationship between buyer and seller
- Create a common framework between buyer and seller for dealing with risk
- Delineate how global sourcing is different from other sourcing environments and situations
- Apply risk management methodology to global sourcing situations

## Programme Objectives

Sourcing is a common phenomenon in today's marketplace, due to its labour, technical cost-saving solutions for businesses and government. But, in order for organisations to reap the maximum benefits of sourcing, they must manage the myriad risks that can accompany a sourcing relationship.

This course deconstructs the sourcing relationship into six major stages and describes how risk management can be applied to each stage to ensure contract success.

Participants will learn to apply risk management methodology to real-life sourcing scenarios. The course also takes an in-depth look at

the unique risks of global sourcing endeavors and presents proven strategies for addressing such risks. This course is appropriate for a broad spectrum of sourcing professionals. And, because the course covers all types of sourcing relationships – from purchasing to business process outsourcing – the concepts and methods taught can be applied to all sourcing situations.

**Reminder:** This is not a course in the basics of contract management. It assumes that the participant has already taken Contract Management Principles and Practices or has equivalent experience involving contract management.

## Course Outline

### Introduction to Risk Management in the Sourcing Environment

- The sourcing environment
  - ESI's Sourcing Continuum
  - ESI's Collaborative Sourcing Model (sourcing life cycle)
- Risk (elements of risk, types of risk, typical risks in sourcing)
- Risk management
  - Benefits in sourcing environment
  - Collaboration and communication
- ESI's Risk Management Model
- Scalable risk management process
- Operational risks and barriers common to every stage

### Risk Management in the Strategy and Planning Stage

- Stage activities
- Typical risks in this stage
- Rapid assessment and recovery process

### Risk Management in the Search and Select Stage

- Stage activities
- Strategies for typical stage risks
- Contract types
  - Business objectives
  - Managing risk with contract incentives

### Risk Management in the Negotiations and Contract Award Stage

- Stage activities
- Sources of risk in terms and conditions
- Collaboration and communication between buyer and seller
- Negotiation phases, process and best practices
- Strategies for typical stage risks

### Risk Management in the Start-up and Transition Stage

- Stage activities
- Strategies for typical stage risks
- How risks in this stage differ along the sourcing continuum

### Risk Management in the Relationship and Governance Stage

- Stage terminology, activities and characteristics
- Increasing complexity and the scalable risk management process
- Strategies for typical stage risks

### Risk Management in the Termination and Migration Stage

- Stage descriptions and activities
- Strategies for typical stage risks

- How risks in this stage differ along the sourcing continuum

### Risk Management and Global Sourcing

- A typical profile of global sourcing
- Potential benefits of global sourcing
- Risk management in global sourcing
- Single greatest risk
- How does a global sourcing relationship differ from its domestic counterpart?
- Risks impacting global sourcing arrangements at each stage of the life cycle

### The Big Picture

- Risk management: a critical component of sourcing relationships
- Key benefits of managing risk throughout sourcing life cycle
- Key to successful sourcing
- Key to recovering a troubled arrangement
- Rapid assessment and recovery process



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