



## Top 3 ways in implementing a Professional Contract Management (PCM)

**Background:** Sourcing within organizations are responsible for making and implementing strategic initiatives. For example, a major topic is how to implement contract management within organizations in order to enable a ready-for-business supply chain. Sourcing's goal is to take part in enabling the organization to generate business and develop customer segments as a support unit and a hand-in-hand partner with the specialized departments. This article is for CPO's, Category Managers, Supply Chain Consultants or Sourcing & Procurement Specialists who are about to enter a project in building up a professional Contract Management within their operating Organization. How do you go on – to implement a Contract Management

which is going to function and has a buy-in from all stakeholder? Here are the steps you should undertake:

**Step 1 – Develop a project plan with set milestones and**

**contingencies:** Don't just talk about it within your steering group or project group – but actually draw down the plan and all the failures which could happen. This for example includes a fluctuation of the project team members, which includes sickness or holiday leaves of team members or of the contact persons within a team. Another topic is being clear of your categories upfront – clear your category and the responsibility upfront before going into action with the specialized department. Do not clear categories in front of the specialized department because the aim is for the sourcing department to be professional and not drag down tactical battles in front of the customer. Make a plan upfront on who communicates what to whom. This can solve many unproductive email correspondences and going in circles within the project.

**Step 2- Make the plan happen:** do not just write a plan and not

implement it the way you described it, but try to also take the necessary steps which you proposed upfront. For example, when structuring project folders or documents within a central point where they can be stored you can take following model: **Design** – what documents or contract templates, spend analysis, project monitoring files or other tools should be available. **Structure** – how should the documents be structured – contracts by highest spend, by categories by categories leads or other criteria. **Communicate** – communicate how you made the structure, as you have probably described in your project plan.

**Step 3 – Enable learnings and establish clear processes within the**

**project and the future:** A typical operative contract management process is establishing need from the specialized department, finding & selecting

the vendors , establishing a contract, implementing this within the systems e.g. SAP or other ERP Systems & communicating the outcomes to the relevant stakeholders. Picking to the sourcing & procurement department guidelines can often be a challenge but should be implemented even if the hectic times in a project are at peak. Having the right tools & templates will enable this change happen and making sure that the company name is correct and has a commitment from all relevant internal stakeholders can be a challenge especially when implementing a professional Contract Management within a Joint Venture. To go a step further, communicate your findings to the internal communication department, if you have one, so the organization can learn from your findings and this will give the Sourcing & Procurement department a better standing in the organization and the internal stakeholders will benefit from your learnings for their future enterprise projects. This could also be a project with your Sourcing & Procurement department, you never know.

**Conclusion:** Establishing a Contract Management for your organization needs planning upfront and a steering group / taskforce who agree to a joined plan. Looking at the details and understanding what could go wrong needs to be the core focus. For example, how does the reporting look like what information needs to be forwarded to which stakeholders to enable a successful outcome of the contract management project. Topics like cost savings, enabling the supply chain to be ready-for- business , eliminating “blacklist **suppliers**” could be project objectives which need to be integrated within the project plan. Having project reporting tools which can be adapted by each project member in a fast manner and not developing new reporting tools which are not committed by the regulatory members within the project team, are topics which should be discussed in regular meetings. Making a smooth outcome happen needs planning and not going into a “ad-hoc project management scheme”.

We wish you all the best in building your professional contract management and for more questions you can also contact us directly over linkedin under the following link: [www.rapidknowhow.com](http://www.rapidknowhow.com) , who is a leading provider in management consulting in digital solutions for CEO or high potentials.

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