

# Problems in Contract Approval Processes



Touching on a wide array of business functions and transactions throughout your organization, the contract review and approval process can be complex and time-consuming.

Whenever a new contract is created, or an existing one modified, it's subject to several potential roadblocks as it moves through the contract approval process.

Fortunately, most common obstacles to a smooth and successful business workflow can be anticipated and solved by using a combination of modern automation technology and process improvement.

## The Contract Approval Process: Overcoming Common Problems

What types of contracts does your company use as part of its basic workflow? A few of the most common include:

- Procurement contracts/Vendor contracts
- Property and equipment leases

- Employment contracts
- Sales contracts
- Promissory notes
- Licensing agreements
- Indemnity agreements
- Nondisclosure agreements

For all of these documents, the human factor subjects the contract approval process to a range of potential problems.

Any time people are involved in the creation and modification of a document, there's a risk for error, potential legal issues due to noncompliance, and delay.

Perhaps unsurprisingly, you can nip most of your contract creation, contract review, and contract approval problems in the bud by using centralized purchasing software.

With a suite of contract tools, your team can create, access, customize, submit, and approve contracts on demand, from mobile devices or in the office.

How does next-gen document management, as part of a comprehensive contract lifecycle management software solution, address the most common challenges?

Consider the following hiccoughs in the contract approval process flow—and their solutions:

## **Inconsistent Formats and Wasted Time**

Without centralized contract management software, you might find that no two contracts are ever really alike.

Templates can change with every new contract, and it's possible not everyone will have access to the latest version if it's housed on a single hard drive somewhere in the labyrinth of PCs spanning your organization.

Rebuilding templates or searching for current terms and conditions is not only frustrating, but diverts your staff from more important, value-building tasks.

The same is true for legal phrasing, terms, and languages.

Manual contract creation exposes your company to risk in a variety of ways,

including compliance.

Without approved contract templates, your team members will spend more time and resources on contract review, too.

When it's done from scratch, contract creation can be time-consuming and difficult.

If source documents and relevant are scattered across departments, vendors, and third parties—with no easy way to consolidate and compare the information—your team might spend countless hours running down what they need.

## **How Automation Can Help With Inconsistent Formats and Wasted Time**

Contract management software lets you collect, standardize, and share everything necessary to let your team members create, modify, and approve a contract—integrating with tools they're already using.

For example, let's say your Procurement department is creating a new vendor contract.

With an automated system, they can access the legal department's pre-approved contract templates, or use assets like pre-approved boilerplate legal terms from a *clause library* to create, augment, or modify an existing contract, either in their word processing application (e.g., Microsoft Word, OpenOffice, etc.) or dedicated contract creation applications.

They add the vendor's information, terms and conditions, and other information (or pull it from the system, if a vendor-facing portal is used), import essential information from any additional documents, and create the contract in just a few clicks.

Everyone has access to the resources they need, whether in the office or on their mobile devices.

No matter what type of contract they need, your team can craft one consistent in language, character, tone, and compliance.

And because contracts are built, modified, reviewed, and approved much more

quickly, you can save money as well as time formerly lost to extra work hours.

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## **Missed Milestones and Overlooked Opportunities**

If an important contract isn't visible to all the key stakeholders related to its creation and approval, the contract may never make it to the review stage intact—let alone contract execution.

Paper versions are all too easy to conflate and confuse, and even email notifications can languish for days or weeks in busy executive mailboxes.

Multiple versions of the same contract might zip through the system, sowing confusion and wasting everyone's time as they try to track down the most current document for review or approval.

Without proper communication, a single document might even have multiple contract requests, creating even more confusion as each contract requestor adds their own version to the mix.

Even worse, compliance requirements, implementation benchmarks, and even time-sensitive incentives like vendor discounts can be overlooked or left out of the contract as it makes its haphazard way through the datasphere.

## **How Automation Can Help With Missed Milestones and Overlooked Opportunities**

Email is good for general communication, but it's simply too slow, too unpredictable, and too difficult to track to be the sole interface for your company's contract approval process flow.

With a software solution in place, you can create custom calendars and reminders for contract requests, along with expiration and renewal dates.

You can track each contract type as well as each specific contract, and know with a few clicks where each contract document is in the system.

Automatic contract event notifications keep team members on top of time-sensitive approvals, changes, and legal review to ensure no contract has to be renewed without required updates or added discounts.

Email becomes part of the system, rather than the sole means of communication.

In addition, integration with Customer Relationship Management (CRM) software like Salesforce means contracts can be sent out for review and approval on the recipient's PC or mobile device, and then modified as needed directly in the CRM application.

Approvals (or adjustments) can be made by assigned parties, signatures can be added electronically (using digital signature software like DocuSign, for example) and the contract sent on to the next stage, with accompanying reminders generated if there's a delay.

No more multiple versions; no more blown benchmarks.

As an added bonus, full transparency and shared resources means you can collect and analyze important process intelligence about how your staff handles contracts and target potential areas for improvement.

## **Say Goodbye to Complicated Contract Management**

From financial services to procurement to sales, *every* part of your business benefits from smart contract approvals, creation, and management.

Leveraging the power of a comprehensive procurement solution not only reduces risk exposure and human error, but simplifies every stage of the contract lifecycle.

Plus, it creates additional value for your business by freeing your team members

to focus on more strategic and high-level tasks.

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