

Implementing Contract Lifecycle Management



In a marketplace driven by high technology, ever-evolving compliance standards, and strong competition, success can hinge on the details of not just one, but a complex web of agreements affecting your entire business.

You need a powerful, comprehensive toolset for proper contract lifecycle management (CLM).

Every business is different. But a thorough understanding of contract management is essential to effective risk management, as well as building strong relationships that support the goals of your organization.

And whether your business deals with ten contracts or thousands, implementing an intuitive, automated CLM system can help improve legal compliance and reduce your liability exposure.

What is Contract Lifecycle Management?

Much more than a simple file or a stack of paper, a contract provides both an agreement between your business and another party and the foundation for an ongoing relationship.

Contract management is a method for organizing contracts and agreements, and the relationship between the parties involved.

CLM is an efficient and reliable way to plan and execute every stage of the contract lifecycle.

It boosts productivity and mitigates risk in the procurement, legal, and financial arenas.

The best way to ensure your agreements reduce risk, maximize compliance, and strengthen your company's bottom line across the entire contract lifecycle is to make contract management software the core of your contract workflow process.

The Stages of Contract Lifecycle Management

Like many contracts, a successful contract management solution is not a monolithic endeavor, but rather broken into distinct parts with specific purposes.

Centralized software moves your critical contracts from dusty file drawers and scattered hard drives to the cloud, where it can be accessed, analyzed, and put to good use.

With CLM software, especially as part of a procurement software suite, the contract management process is easily broken out into nine steps:

1. Collection and Organization

Before you can manage your contracts, you need to collect and organize them in a single place known as a contract repository, which will also house future contracts.

Once they've been gathered and sorted, the contract data can be transferred to contract management software for evaluation, legal review, and use in drafting contract templates for new contracts.

2. **Data Management and Tracking**

With a library of contracts at hand, records management can be used to target critical data and track it to make sure terms are met and milestones are reached.

CLM software greatly simplifies this process and also makes it easy to identify and prevent potential compliance issues at a glance.

It also provides easy searching, retrieval, and sharing during contract creation for all users, and facilitates an audit trail, if needed.

3. **Authoring and Assignment**

This stage of the contract management process focuses on contract authoring, or the creation of contract templates.

It also allows for the creation of a clause library—a collection of frequently-used clauses, including terms and conditions, for easy reference and improved efficiency.

In addition, authorization to request, create, and approve new contracts can be given to both business and legal staff members, based on their roles within your organization.

4. **Contract Creation and Construction**

With management software, tasks that used to take countless (and costly) work hours are streamlined and optimized in this phase of the contracting process.

Office staff can use a self-service app or wizard to create customize contracts already reviewed and approved by your legal team as needed.

Ideally, the management software you select will integrate with applications such as Microsoft Word and approval methods such as DocuSign for even greater efficiency and ease of use.

For more complex agreements, legal staff can create a new contract

“from scratch” using existing templates and data from the clause library.

They can also integrate your data into contracts submitted by outside parties and adjust them to ensure compliance and to support company goals for the relationship.

5. **Review and Approval**

Without a comprehensive approval process, an otherwise promising agreement can swiftly bring ruin to your company’s bottom line.

Establishing an approval workflow directs each contract to the proper member of your team for review and approval.

Contracts created with pre-approved templates will likely have a swift approval journey.

New contracts and those in need of special approval from legal, management, accounting, etc. can be flagged and automatically routed to the right person for review.

6. **Negotiation, Markup, and Revision**

After review, any contract that needs to be modified can be flagged and a checklist of necessary changes created.

With a top-notch CLM system, reviewers can compare the new and original contractual documents in real time, and make the necessary revisions while keeping all relevant team members in the loop during revisions and re-negotiations.

7. **Signing and Execution**

With a CLM software solution in place, signing stacks of paper goes the way of the quill and ink pot.

Finalized and approved contracts can be signed digitally, using a stored electronic signature or a third-party secured software key.

The contract becomes part of the central repository, and the final signed version is automatically compared to the approved version to prevent unauthorized modifications.

8. **Analysis and Reporting**

Everyone from senior management to legal and risk management staff can easily retrieve and review key contract data with a centralized contract management solution in place.

In addition to monitoring ongoing risk exposure and contract cycle times and terms, your team can also search and utilize the data in your repository to create detailed reports.

If the CLM software you've selected integrates with your Enterprise Resource Planning (ERP) and procure-to-pay (p2p) software, these reports provide invaluable insight into contract performance, and how it can be modified to further increase revenue.

9. **Renewal and Modification**

A lapsed contract can create expensive and potentially devastating financial consequences for your business as well as any other parties involved.

Management software helps companies keep a close eye on expiration dates, and provides the performance data needed to plan properly for renegotiation and contract renewals.

Top Benefits of Contract Lifecycle Management Software

While it has specific benefits at each stage of the entire contract lifecycle, CLM software also provides general benefits that boost your company's overall efficiency, performance, and revenue, including:

- Streamlining the contracting process with a centralized, collaborative

solution

- Comprehensive visibility of contract data for all team members
- Reduced overhead costs for contract generation
- Greatly improved contract consistency and reduced redundancy
- Improved risk mitigation and revenue monitoring
- Greater supplier compliance and stronger relationships
- Improved communication at all levels of your organization
- Simplified legal compliance for faster, larger return on investment (ROI)
- Enhanced procurement efficiency and value creation

Unlock the Power of Truly Effective Contract Management

Say goodbye to contract calamities and hello to a bigger bottom line—and stronger compliance.

By pairing a strong plan for CLM with a powerful software solution, you can minimize your risk, maximize your revenue, and navigate negotiations with ease.

Upgrade your contract lifecycle management system, and make a deal with your team for lasting success.

What's your goal today?

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