



Contract management

Managing contracts efficiently and minimising contract risks

Contracts are increasingly dynamic instruments, which make an important contribution to the efficient preparation of market services. Thanks to targeted contracts and their systematic management, you can concentrate more on the core competences of your own company and

increase your value creation. With integrated, central, needs-orientated contract management, you can also optimise your processes, fulfil legal requirements, lower contract risks and identify optimisation potential, therefore saving costs overall.

The goal-oriented company model according to MAK

A long-term vision and strategy ensures that all activities coordinated in your company are oriented towards the same objectives.

A clearly-defined attitude to management, risk and value will systematically and lastingly guarantee the operational control of your company – while maintaining high standards.

The project level sees to it that you implement change and innovation guidelines to continuously develop your company. The foundation of your enterprise is represented by its process level because your net value added is guaranteed by the performance process.

The implementation of strategic direction and the corresponding delivery of market services are sometimes definitively ensured and controlled through contracts. Integrated and uniform contract management increases the quality of drafting contracts, implementation, controlling and maintenance. The central and structured access to contract data forms the basis of sound management decisions, as well as for sustainable risk management with regard to contract risks and opportunities. An efficient contract management process lowers costs and promotes uniform handling of contracts across the whole company. Projects for the periodic checking and optimisation of contract management processes and instruments ensure continuous adaptation to the strategic guidelines and framework conditions.



Image: goal-oriented company model according to MAK[®]

Contract management as a complex company task

Contracts form the basis of business relationships. Their regulation includes:

- Services which are supplied by subcontractors and partners
- Services and end products which are sold to partners and customers
- Services which are delivered by staff within the company
- Financial, organisational and legal arrangements with companies, partners and third-party companies

To ensure the provision of market services, the dependencies between contracts must be considered, as well as guaranteeing the smoothness of related services that are delivered and sold.

Besides the variety of types, the number of contracts and their complexity, the number of groups of people involved is an additional challenge for the process. Practically all departments along the value creation chain - as well as support or management-related departments, if necessary - participate in the process of contract management.

The variety of groups of people involved in contracts can lead to decentralised responsibilities, area-specific filling and management of contracts, inefficient and differing procedures, an unequal information status for staff, as well as neglect of contract updating and controlling.

With company-wide and needs-orientated contract management, the requirements of individual groups of people with regard to contracts, can be fulfilled uniformly, transparently and efficiently.

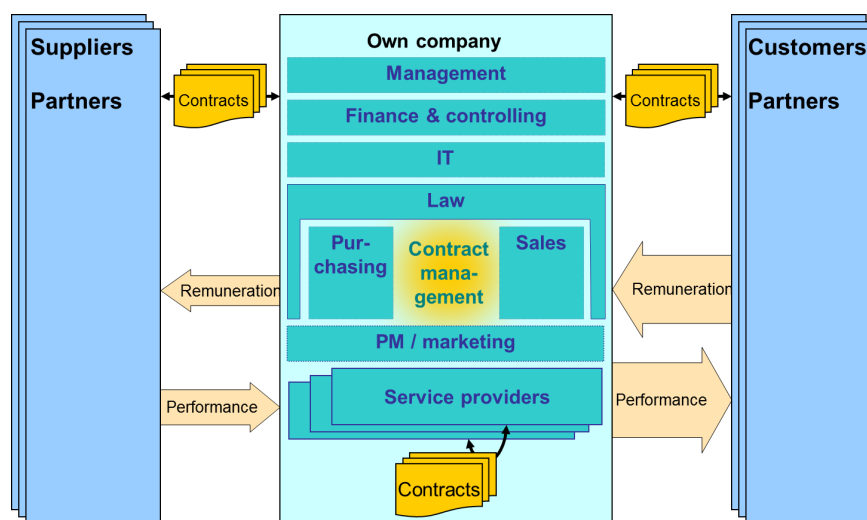


Image: Organisations and groups of people involved in contract management[®]

Appropriate contract management essentially brings benefits to your company in the following two elementary company tasks (not exhaustive):

Drafting, management and processing of contracts

- Provision of clear contract information through a complete, current and central file, which is available at all times
- Increasing productivity via transparent and efficient work processes

- Cost reduction based on lower management and transaction costs
- Maintaining legal requirements thanks to established company standards
- Improved quality management for contracts based on clear guidelines

Identification and analysis of business-relevant risks and opportunities from the contracts

Active risk and opportunity management of contractual agreements (including sound options for action and optimisation measures)

- Improvement of prices and terms and conditions (active planning and negotiation by using economies of scale)
- The option of comprehensively analysing and optimising business relationships and their temporal and financial effects
- Option for contract-based company management with an early warning system (information on all PLANNED, ACTUAL and TARGET figures and their relationship with the relevant aspects in the company)
- Option for ongoing analysis of contract processes and the subsequent identification and introduction of the best practice procedure

Characteristics of contract management

MAK considers all process stages from analysis, design and implementation of your contract management - from contract drafting, implementation and controlling to periodic contract maintenance. Thus, the entire life cycle of contracts can be completely covered and ensured. Furthermore, for all process stages, the dimensions of content, handling and monitoring are taken into account according to your requirements.

The individual aspects of contract management are tangibly concerned with the following matters:

Contract content

- Service content (catalogue of services, SLAs, deadlines, etc.)
- Contract dependencies (smoothness of delivering services, mutual service dependencies of contracts, etc.)
- Contract frameworks (prices, terms and conditions, contract partners, etc.)

Contract monitoring

- Financial compensation (type of service calculation, contractual penalties, etc.)
- Deadline agreements (monitoring terms, validity of subcontracts, etc.)
- Agreed services (recording activities, quality, reporting, upholding deadlines, escalations, etc.)

Contract handling

- Document management / administration (contract templates, configuration, tracking history, filing, searches, data access, etc.)
- Responsibilities and laws (access laws, security, maintenance responsibilities, change management, contract dependencies, etc.)

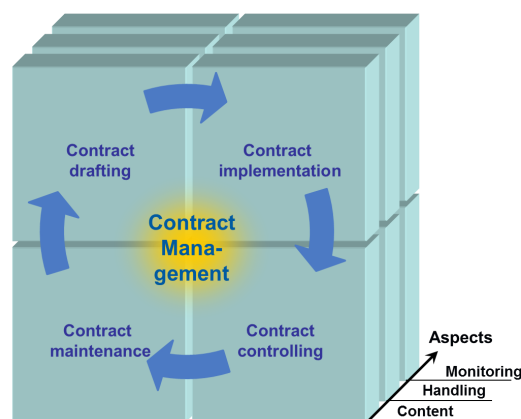


Image: The contract management process and aspects considered[©]

How can MAK support you?

There are a variety of different approaches and IT-supported tools in the field of contract management, and the challenge lies in finding a solution that can be integrated and which meets your requirements. MAK has no financial relationships or contractual commitments with manufacturers or sellers of products and systems. MAK therefore places the emphasis on objectively supporting you in finding solutions.

MAK supports you in all phases - from analysis to design, execution and implementation up to periodic monitoring and adaptation.

MAK offers the following specific services in these areas, which can be tailored to your requirements in a modular form:

- Introductory workshops customised to your requirements on the subject of "contract management"
- Analysis of your existing contract management (flaws, risk and opportunity analysis) with sound optimisation potential and handling options
- Definition and implementation of company-specific contract reporting (bases for management decisions, contract risk management with early warning indicators, etc.)
- Design and execution, as required, of integrated contract management, customised to your needs
- Defining the requirement specifications as well as support in the evaluation and procurement of an IT-assisted solution according to your needs
- Support in the sustainable implementation of your integrated contract management
- Executing assessments for the periodic evaluation and continuous improvement of your existing contract management

Possible support by MAK:

- Project management
- Support / coaching of your internal project team
- Cooperation / support in your internal project team
- Support by our specialists to complement your internal project team

We offer these types of cooperation in conjunction with the complete execution of a project as well as supporting individual project phases.

Portrait of MAK

MAK Consulting AG is an independent consulting company in the fields of consulting, project management and implementation, as well as operational business support. In its activities and processes, MAK always complies with Business Excellence (EFQM). Thanks to its track record of practical experience and tried-and-tested methodological instruments, MAK makes substantial contributions to the targeted and sustainable further development of companies.

Cooperation with MAK brings tangible results such as

- Improving competitiveness
- Optimising value creation
- Promoting growth
- Effective instruments
- Efficient execution of planning

Are you interested in receiving further information? We will be pleased to answer your questions in an in-person meeting.

Your partner beyond the conception phase



MAK CONSULTING AG
MANAGEMENT • ASSESSMENTS • KNOW-HOW

MAK Consulting AG
Hübeliweg 1
CH-3052 Zollikofen

Tel.: +41 (0)31 382 06 00
Fax: +41 (0)31 382 06 01
contact@mak.ch
www.mak.ch