First steps in contract management

At a glance:

Thoroughly assess current processes: Gain a deep understanding of your existing contract management practices, identifying inefficiencies and strong points.

Clarify contract initiation and purpose: Evaluate when and why contracts are generated, and streamline necessary versus redundant steps.

Map contract life cycles and types: Define the different pathways and categories of contracts to align with value and complexity levels.

Optimise with self-service for low-value contracts: Introduce self-service options where appropriate to free up legal resources for strategic tasks.

Engage stakeholders in process redesign: Involve both legal and non-legal team members in creating new solutions, fostering buy-in and smooth change management.

Understand the current process inside out

A comprehensive understanding of existing contract management practices is crucial. Review each step of the current process to pinpoint inefficiencies and also highlight areas that are functioning well. This foundational assessment enables targeted improvements that can streamline the workflow without sacrificing quality.

Evaluate when and why contracts are generated

Assess the triggers and purposes behind contract generation. It is important to determine which elements are essential for each contract and which may be unnecessary. For example, does every contract need a standard NDA, or can internal contracts bypass this requirement? Reducing superfluous steps can streamline contract management and reduce turnaround times.

Map out contract life cycles and define contract types

Create a visual map of the contract life cycles in your department, encompassing all ways contracts are generated and the paths they may take. This helps clarify requirements for different contract types and categorise them based on complexity and value. Consider defining contracts as one of the following: complex/high value, complex/low value, non-complex/high value, or non-complex/low value. This classification enables a more customised approach to handling each type.

Introduce self-service options for low-value, non-complex contracts

Where contracts are low in complexity and value, consider implementing a self-service approach. This can relieve legal teams from routine contract management tasks, allowing them to focus on high-stakes or strategic work. By automating simpler processes, legal departments can improve efficiency while maintaining quality.

Involve stakeholders in redesigning the process

Successful contract management improvements require buy-in from all relevant parties. Engage both lawyers and non-lawyers in redesigning contract processes, and consider appointing a team member as a champion for this initiative. This approach facilitates smoother transitions, helps address resistance to change, and promotes a sense of ownership among team members.

Based on an article written by Dr. Catherine McGregor, Strategic Consultant for the DLA Piper WIN Programme.