

# Maximizing Value in Supply Chain Management through Diligent Contract Administration

---

Companies are grappling with increasingly large volumes of contracts generated by both buy side and sell side activities. Contract Lifecycle Management (CLM) must deal with disparate contract workflows throughout the buy, sell, operational and legal functions, as well as with the challenges inherent in managing contracts across stakeholder, demand and supply activities.

A successful CLM model will analyze needs and priorities, document requirements and leverage best practices – while also developing solutions to address areas of non-compliance that have been identified. Proactive Contract Administration as part of CLM is critical to realizing the full value generated by your supply chain management function.

## Applying an Auditor's Lens

Renew's proactive approach to Contract Administration is unique as we apply a Contract Compliance Review and auditor's lens to the function. Our method includes:

- Contract Language Risk Assessment to implement industry-leading language and commercial terms while minimizing exposure to risk
- Contract Scorecards to regularly monitor and communicate performance
- In-depth invoice reviews which identify recovery opportunities in real time
- Assessment of contractor and subcontractor compliance to all contract provisions (co-employment, background checks, I-9 certification, safety, insurance/training requirements, commercial pricing schedules and more)
- Management Action Plans to ensure that corrective actions are being taken
- Key Stakeholders Communication Plans to report on progress, gain support for implementing corrective actions (change management) and provide direction on areas of focus
- Return on Investment as we capture, correct and record contract leakage

---

“ Nearly 65% of enterprises surveyed reported that Contract Lifecycle Management has reduced exposure to financial and legal risk when properly administrated.”

Source: Aberdeen Group

**The Role of Contract Administration**

Diligently-managed contracts dramatically reduce non-compliance, identify leakage early, eliminate errors going forward and accelerate return on investment – in many cases capturing millions of dollars in lost savings. Involving all key stakeholders ensures that these significant results are achieved with no impact on project schedules.



# 1 CaseStudy

In this case, clearer definition of “effective date” yielded a \$250,000 settlement and future savings. Our client signed a contract with a key supplier that resulted in a significant price decrease. The cover sheet was dated January 1, 2015. The body of the contract contained language stating an effective date of November 1, 2014, though the term “effective date” was not defined in the contract. The supplier’s position was that the lower prices should go into effect the day our client signed the contract: March 1, 2015. Our client, however, was expecting the decrease to take effect on the stated effective date of November 1, 2014. The price difference amounted to \$500,000 for the four-month period in question. Renew identified this issue and helped our client achieve a recovery settlement of \$250,000. Our team also provided specific language to be added to our client’s master purchase agreements defining the term “effective date” – and maximizing savings on future contracts.

---

Renew’s Performance Improvement services produce hard-dollar results for our clients – specific, tangible and often quite substantial. Please contact us today at 281-276-4500 or [info@renew.net](mailto:info@renew.net) to learn more. **You have everything to gain.**