

Contract Management VS Relationship Management



Risk

- Does the contract allocate risk to you?
- Should the price include a risk premium?
- Does your client understand the consequences of allocating risk?
- Has the contract been awarded at the lowest price or the right price if different?
- Are you in effect acting as an insurance broker and taking a punt?
- Remember at all times - risks only matter when they matter



Saint or Sinner

- Does your client understand the behaviours created by the contract terms
- Does your client understand all the rules of the contract
- Will your client cause his side to play by the rules of the contract
- Is the contract to be operated as written – probably worth asking the question to establish the rules at the outset
- Does your client want to pay the right price or the minimum price
- hopefully, the right price
- Do you understand what your client really wants from the contract
- Is your client going to act like a saint or a sinner



Issues with Contracts

- Contracts are often complex and include important commercial consequences
- Not many contracts are well drafted, with conflict between the contract documents and clauses
- Not many contracts are operated as written with administrators rarely understanding all of the contractual machinery
- External advisors invariably see their role as being to minimise exposure rather than ensuring the right price is paid
- Are the best contracts those based on trust and mutual respect?



Judgement Call

- Aspiration to maintain a good working relationship with your client
- Raising contractual matters is often seen as being confrontational
- There is no silver bullet how to deal with your client
- Understand your client and make a judgement call how to act
- Remember 3 important rules...
 1. The importance of records
 2. The importance of records
 3. The importance of records

