Contract Management vs Relationship Management

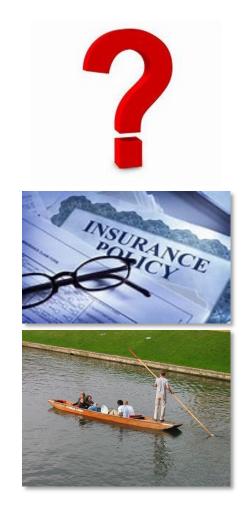




Risk

- 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











