Implementing a Contract Management Solution: A Practical Guide and Advisory Article for Beginners [1]

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Abstract

Effective contract management has become a strategic imperative for organisations seeking to enhance commercial performance, strengthen governance, and reduce operational risk. As contractual portfolios expand in scale and complexity, manual or fragmented approaches are no longer sufficient to ensure compliance, visibility, and accountability. This practical guide examines the requirements/considerations required when implementing a Contract Management Solution (CMS) through the dual lens of organisational requirements and several references to academic and professional literature. It highlights the need for end-to-end lifecycle support, workflow automation, legal/commercial integration, procurement governance, and alignment with wider organisational processes such as project management, risk management, and document control. The analysis demonstrates that a CMS must not only standardise processes and enforce financial and legal controls but also provide accurate, auditable records to support dispute resolution. Successful implementation requires strategic alignment, robust change management, and careful consideration of data migration and system integration. The article provides a structured advisory framework for individuals and organisations to consider when seeking to adopt or enhance a CMS. It concludes that a well-implemented CMS delivers measurable improvements in efficiency, compliance, and organisational resilience.

Introduction

Contract management has become a strategic organisational capability, essential for ensuring commercial discipline, regulatory compliance, and effective supplier relationships. As organisations expand their contractual portfolios, the complexity of managing obligations, risks, and performance increases significantly. Implementing a Contract Management Solution (CMS) provides a structured, technology-enabled approach to managing the contract lifecycle and its interfaces.

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The author has developed a mind map (see Figure 1 below) which highlights the breadth of this domain, spanning contract processes, legal/commercial review, procurement governance, dispute management, and integration with wider organisational systems. The author emphasises that the objective of a CMS is *"to improve the application of Contract Management as an overall process with its interfaces and support those involved"*. In addition to Figure 1, Figure 2 provides some clarification points on the mind map. This article will expand on the points made in Figures 1 & 2 and provide several points for consideration in an advisory-based perspective.

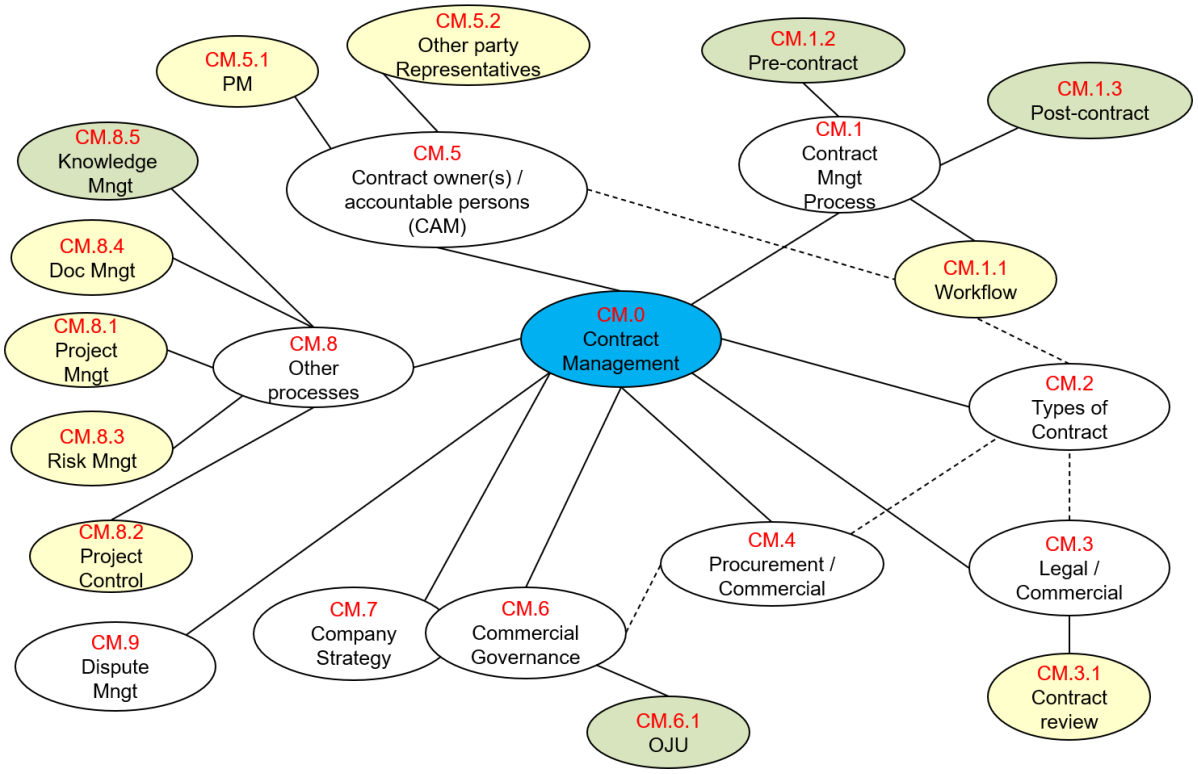


Figure 1. Contact Management (Mngt) Solution mind map

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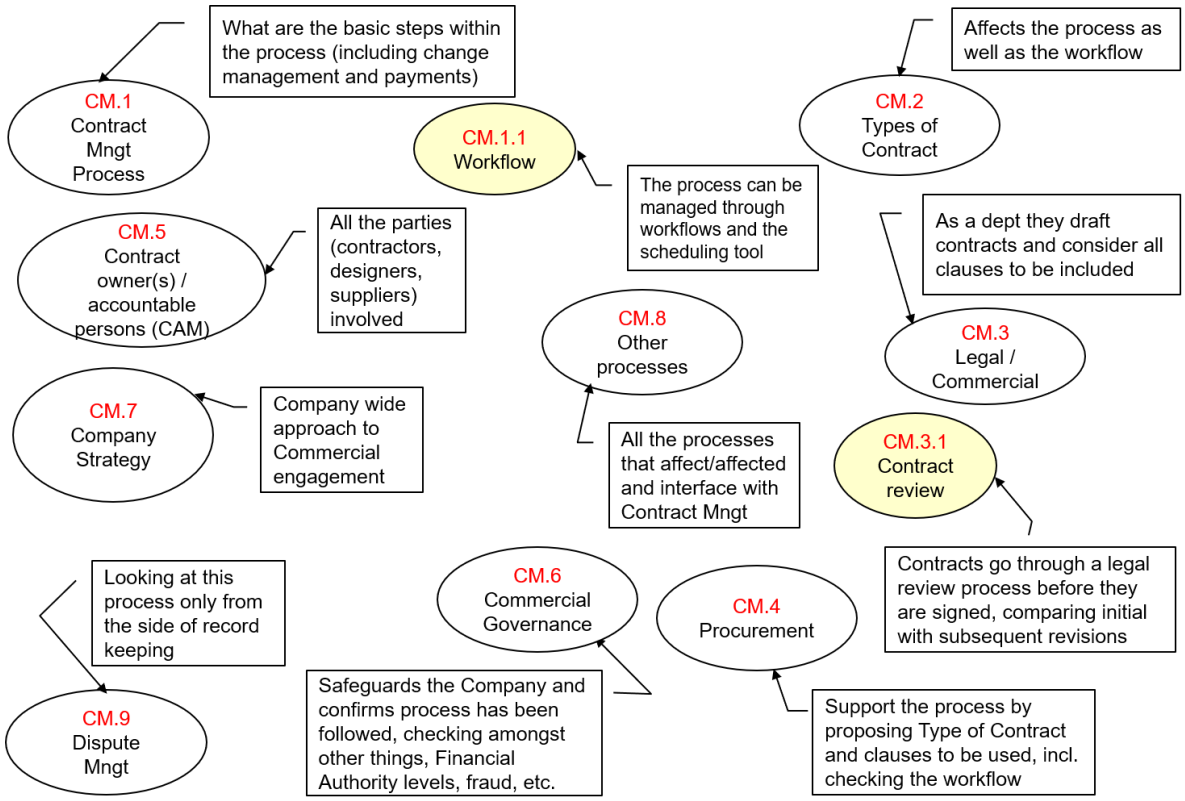


Figure 2. Mind map clarification points.

Strategic Rationale for Implementing a CMS

World Commerce & Contracting (WCC) reports that poor contract management can lead to value leakage of up to 9% of annual revenue, largely due to weak governance, missed obligations, and inefficient processes (WCC, 2020). A CMS mitigates these issues by standardising workflows, improving visibility, and strengthening compliance.

Garrett and Rendon (2015) argue that contract management maturity is directly linked to organisational performance, and that technology-enabled lifecycle management is a critical enabler of that maturity. Strategic alignment must be reinforced as the company strategy (CM.7) to be implemented will affect the solution.

As mentioned above, the objective of a CMS is to improve the application of Contract Management as an overall process with its interfaces and to support those involved. This aligns with the broader literature. According to WCC, poor contract management can cost organisations up to 9% of annual revenue due to leakage, disputes, and inefficiencies (WCC, 2020). A CMS addresses these issues by:

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- Standardising processes
- Increasing visibility of obligations and risks
- Improving compliance with governance frameworks
- Enhancing collaboration across departments
- Reducing cycle times and administrative burden

Contract management tools are most effective when implemented as part of a strategic transformation rather than as isolated IT projects.

Key Requirements for a Contract Management Solution

The mind map in Figure 1 identifies several domains to consider when designing or selecting a CMS. These are expanded below.

Contract Lifecycle Processes (CM.1)

A CMS must support the full contract lifecycle, including pre-contract activities, execution, post-award management, change control, and payments. Individuals/organisations must consider *"What are the basic steps within the process (including change management and payments)?"*

CIPS (2021) emphasises that lifecycle coverage is essential for ensuring accountability, performance monitoring, and risk mitigation. Fragmented processes lead to governance gaps, which will be expanded below.

The author proposes that a CMS must support the full contract lifecycle:

1. Pre-contract (CM.1.2): drafting, negotiation, approvals
2. Contract execution: signatures, version control
3. Post-contract (CM.1.3): performance monitoring, variations, payments, renewals
4. Close-out and knowledge capture

According to Garrett & Rendon (2015), lifecycle coverage is a critical success factor, as fragmented tools create gaps in compliance and accountability.

Workflow Automation (CM.1.1)

The process can be managed through workflows and the scheduling tool. The advent of Artificial Intelligence (AI) and AI agents can be even more helpful with this task. Workflow automation ensures consistency, reduces cycle times, and enforces approval hierarchies.

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Deloitte (2022) finds that organisations adopting automated workflows reduce contract cycle times and improve compliance with financial authority levels, as indicated in Figures 1 and 2. Workflow automation is central to modern CMS platforms. It ensures:

- Consistent routing of approvals
- Enforcement of financial authority levels
- Automated reminders for renewals and obligations
- Audit trails for governance and compliance

Contract Types and Templates (CM.2)

Different types of contracts will affect the process as well as the workflow. Different contract types require different clause sets, risk profiles, and approval paths.

Different contract types, e.g. fixed-price, cost-plus, framework agreements, service contracts, etc., require different:

- Clause libraries
- Approval paths
- Risk profiles
- Performance metrics

The importance of structured clause libraries and template governance to ensure consistency and reduce negotiation friction should be stressed here. A CMS must support configurable templates and workflows. As Bailey (2021) argues, adaptability to contract type is a hallmark of a mature contract management solution. Therefore, contract classification should be established early in the implementation process. The software must be capable of applying different workflows, approval matrices, templates, and governance requirements according to contract type.

Legal/Commercial Integration and Review (CM.3, CM.3.1)

Legal/Commercial teams draft contracts, review revisions, and ensure compliance. The question that will have to be considered when implementing a CMS tool is: *"How does the Contract Management tool interface with legal/commercial?"*

Legal/Commercial involvement must be embedded in digital workflows/the CMS through clause libraries, redlining tools, and version comparison to ensure compliance and reduce negotiation friction. Digital legal processes reduce bottlenecks and improve transparency. Some of the best practices include:

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- Clause libraries maintained by Legal
- Redlining and version comparison tools
- Integration with document management systems
- Controlled access for external counsel
- Template management;
- Version control;
- Redlining capabilities;
- Legal review workflows;
- Audit trails for contract revisions.

Standardised templates and approved clause libraries are widely recognised as best practices because they reduce legal risk and improve consistency across the organisation.

Procurement and Commercial Governance (CM.4, CM.6)

Procurement and commercial governance safeguard the company and confirm process has been followed, checking, among other things, Financial Authority levels, fraud, etc. A CMS must therefore enforce governance rules and integrate with procurement systems.
Contract management is central to supplier governance, risk management, and commercial assurance. OECD (2016) provides further guidance on preventing fraud and ensuring transparency in procurement processes.

A CMS must:

- Enforce approval hierarchies
- Provide spend visibility
- Integrate with ERP and purchasing systems
- Support supplier performance tracking
- Route approvals based on delegated authority levels;
- Support procurement workflows;
- Record procurement decisions;
- Integrate with supplier management systems;
- Provide visibility of commercial commitments.

The role of contract management and, therefore, the CMS is highly important in strategic sourcing and supplier governance.

Contract Ownership and Accountability are also very important, as indicated in Figure 1 (CM.5). The process and the CMS need to identify, through metadata, contract owners and accountable persons, or in many cases, the Control Account Managers (CAM), using the Responsibility Assignment Matrix.

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In more detail, a successful CMS design and implementation requires clear assignment of:

- Contract owners;
- Contract administrators;
- Legal reviewers;
- Commercial managers;
- Project managers;
- Supplier representatives;
- Executive approvers.

Role-based access controls should align with organisational/governance accountability structures.
Without clearly defined ownership, even the most sophisticated technology will fail to deliver meaningful control.

Integration with Other Organisational Processes (CM.8)

Several interfaces with other processes and supporting software tools will have to be considered when designing the CMS tool. For example, the interfaces with several project management subprocesses, risk management, project controls, document management, knowledge management, etc. As Deloitte (2022) indicate, siloed systems are a leading cause of contract non-compliance.

PwC (2020) and McKinsey (2021) also highlight that integration is one of the strongest predictors of CMS success, enabling real-time data sharing and reducing administrative duplication.

In addition to interfacing and linking to other project supporting software tools, the CMS should link to and enable automation of governance requirements. These must be included in workflows rather than managed through external manual controls. For example:

- Delegation of authority
- Risk assessment/management checkpoints
- Auditability
- Approval hierarchies;
- Compliance requirements;
- Regulatory obligations (OJU, etc.).

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Dispute Management and Record-Keeping (CM.9)

Another area that should be supported by the CMS is dispute management by providing accurate record-keeping, in addition to any contractual data.

Disputes often arise from poor documentation; therefore, digital audit trails, through a CMS, significantly improve dispute outcomes. Kumaraswamy (2003) and Kassem (2017) highlight the importance of digital records in claims management.

Strategic alignment in support of dispute management and record keeping may include:

- Centralisation vs. decentralisation
- Standardisation vs. flexibility
- Digital transformation maturity
- Risk appetite
- Version history
- Communication logs
- Change orders
- Performance data

As Porter (1996) argues, operational tools must reinforce strategic positioning rather than contradict it.

Implementation Considerations

The author will briefly describe below some of the implementation issues that will need to be considered when implementing a CMS solution. These are tool selection, change management and data migration and standardisation.

Tool Selection

Selection should be based on lifecycle coverage, integration capability, workflow configurability, legal functionality, and usability for all contract stakeholders (CM.5). WCC stresses that user adoption is the most important determinant of CMS success (WCC, 2020).

Some of the questions to be considered and tackled prior to and during a CMS implementation are:

- "What software tools should be considered?"
- "Is there a requirement for more than one software tool to be integrated?"

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Selection criteria include:

- Lifecycle coverage
- Integration capability with:
  - Enterprise Resource Planning (ERP) systems;
  - Procurement systems;
  - Project management platforms;
  - Document management systems;
  - Risk management applications;
  - Financial systems.
  - Scheduling and change management software, etc.
- Workflow configurability / automation
- Security and access control
- Approval routing
- Clause management
- Reporting and analytics
- Obligation management
- Renewal management
- AI-assisted contract analysis
- Usability for diverse stakeholders
- Support for contract types
- Legal/commercial functionality

Implementation experience across industry demonstrates that CMS systems often achieve the greatest value when integrated into a broader digital ecosystem rather than operating as standalone applications.

Change Management

As any other major transformation which involves processes, software tools and people, the implementation of a CMS tool should be treated and managed as a change. Kotter's (1995) change model provides a useful framework for CMS implementation, emphasising leadership, communication, and stakeholder engagement. Also, as on many occasions, digital transformation in legal and commercial functions requires cultural as well as technological change. Therefore, a supporting structure will need to be provided.

A CMS implementation is a cultural shift. Therefore, briefly, some of the key success factors to be considered include:

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- Executive sponsorship
- Training and user support
- Clear governance policies
- Phased rollout
- Stakeholder analysis;
- Communication plans;
- Process documentation;
- Pilot deployments;
- User support structures.

Data Migration and Standardisation

Data migration, always a challenge, will have to be addressed carefully as contract data cannot be tampered with or omitted. In particular, attention should be paid to legacy contracts, which often lack metadata or consistent structure. CIPS (2021) recommends a structured migration plan, including data cleansing, template standardisation, and classification of contract types. Data challenges include:

- Legacy contracts in inconsistent formats
- Missing metadata
- Poor version control

In addition to other benefits, a careful data migration will enable the organisation to standardise contract metadata, which will support an easier adoption of an AI tool.

Conclusion

Implementing a contract management solution is fundamentally an organisational transformation initiative rather than a software deployment project. It is a strategic initiative that touches several departments and functions, such as governance, legal/commercial, procurement, project management (and its subprocesses), finance, etc. The success of the implementation depends on understanding how contract management interacts with the other departments and how the contract strategy to be implemented will support the organisation.
The contract management mind map (Figure 1) highlights the importance of viewing contract management as an interconnected business capability. Organisations that focus exclusively on software functionality risk automating inefficient processes. Conversely, organisations that begin with strategy, governance, process design, stakeholder engagement, and integration requirements are more likely to realise the full benefits of contract lifecycle management technology.

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Ultimately, the most successful contract management solutions are those that strengthen commercial governance, improve contractual performance, enhance organisational knowledge, and provide a reliable foundation for informed business decision-making.

A successful CMS must:

- Support the full contract lifecycle
- Embed robust
- legal and governance requirements
- Integrate with organisational systems
- Provide accurate records for dispute management
- Align with company strategy
- Be supported by strong change management and user champions

A well-implemented CMS enhances commercial performance, reduces risk, and strengthens organisational resilience.

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Dr Dimitris N. Antoniadis PhD MSc BEng(1st) CEng FAPM FCMI MIMechE, based in UK, has 35+ years' experience in Programme and Project Management positions, having covered project phases from concept to handover and operation / maintenance.
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He has held Senior Management posts in major utilities, infrastructure and construction organisations delivering programmes of works ranging from £250M to £3.2Bn. As Head of Programme Management Office (PMO), he has set up and run departments in challenging partnering environments, establishing processes from governance to reporting. He has also led / co-led major business transformation programmes for Client organisations in UK and abroad, integrating project management software tools with ERP systems.

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He is the author of the book '*Demystifying Project Control*'; contributed chapters in books on complexity, leadership and other project management topics and has written a number of journal and conference papers. He has been a guest speaker at UK Universities as well as International conferences on various project management topics.

He was awarded the PhD from Loughborough University, UK, on the subject of '*Managing Complexity in Project Teams*', where he developed a framework for managing the effects of complexity on projects.

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