CLARKSTON CONSULTING

Specialty Pharmaceutical Company

Streamlining Contract Lifecycle Management

SUMMARY

This leading, US-based independent specialty pharmaceutical company relied on paper-based, manual processes to execute more than 4,000 legal agreements each year. The process was hindered by:

- Lack of cycle time visibility;
- Minimal internal collaboration;
- Last minute financial approvals;

- Inconsistent application of risk tolerance;
- Heavy reliance on memory rather than data storage;
- Lack of clear business rules.

The company partnered with Clarkston Consulting to streamline their current contract lifecycle, by defining a standardized process that offered greater visibility, fostered collaboration, and enabled them to realize contract benefits more efficiently.

CHALLENGES & SOLUTIONS

Challenge 1: *Provide all stakeholders with complete visibility into the status of the contract lifecycle*.

The most common question asked by contract requestors was "Where is my contract?" Though our client had an existing contract management technology, it was used primarily as a document repository for executed contracts. Contract requests and their associated approvals were all paper based. Requestors were unable to track the status of their contract requests easily so they relied on phone calls to the legal department for updates.

Solution: Contract status visibility is a key component to fostering contract management efficiency. It provides not only awareness, but also accountability to all participants in the contract process. Further, full visibility facilitates contract effectiveness analysis; an important process in making sure your company remains agile and flexible in an unpredictable climate.

Clarkston led the implementation of an online contract lifecycle management system which allowed all participating stakeholders to see the status of their contracts real time. The implemented technology not only provided increased visibility into the contract management process, it also triggered notifications when actions were required, further accelerating stakeholder involvement.

The increased visibility also extended to milestone management. Alerts can be added to remind stakeholders of upcoming milestones or contract expiration. These alerts allow the company to manage and mitigate risks proactively vs. reactively.

Challenge 2: *Increase the quality of new contract requests and decrease the time to develop, review, and approve new contracts and amendments.*

The manual nature of the company's contract process caused inconsistency in the request, development, approval and execution of similar contracts. Contract requests were often submitted without key information and missing necessary approvals. As a result, the cycle time to execute, and therefore to realize the benefits of, a contract was often excessive.

Solution: Clarkston worked with the company to establish a standardized lifecycle workflow including required reviews and approvals by lifecycle stage. This standardization ensured the appropriate functions were involved in contract requests and negotiations based on dollar amount and contract type. The requestor no longer had to guess who should be approving the contract nor did legal have to coordinate the approvals through informal communications.

Clarkston leveraged the contract management technology to ensure contract request quality. Predetermined metadata fields were identified by contract type and reduced the need for the legal department to make multiple calls to collect additional information about the contract. Instilling consistency in the contract lifecycle requires ensuring the right people are requesting, reviewing, approving contracts and facilitates alignment with departmental and organizational goals. This consistency raises the quality of requests, condenses cycle times to execution, and reduces the risk of entering into unfavorable contracts.

Challenge 3: *Create a searchable, single-source repository to maintain executed contracts controlled with appropriate levels of security.*

Though our client had an existing contract repository, all contracts were maintained on paper until fully executed and confidential agreements were not added to the repository at all. The company was concerned with keeping classified information secure, but was at greater risk of losing critical details and documents as a result of their manual process.

Solution: In addition to establishing which roles should be involved in the approval workflow of a contract, Clarkston identified the roles which should have access to a contract type based on functional responsibility. Due to the highly sensitive nature of some agreements, typical end users would only have access to contracts pertinent to their respective roles. Key roles in senior management however required greater access to evaluate overall business risks and obligations. Clarkston helped the company determine the required roles and ensure security was established appropriately within the system. Whether your company has paper and electronic contracts stored in a myriad of locations, or has grown through M&A activity, centralization is a key first step to control and benefit realization.

RESULTS

Clarkston provided our client with the ability to track contracts in real time and reduce the cycle time from request to execution through process standardization and the implementation of a contract lifecycle management technology. Contract documents are now maintained securely in a reportable repository that provides insight into current contract obligations. The single system of record provides the company with the ability to:

- Provide all stakeholders with complete visibility into the status of the contract management process;
- Decrease the time to develop, review, and approve new contracts and amendments;
- Facilitate management control through a standardized process;
- Prompt stakeholder participation through system-generated emails for review and approval;
- Reduce business risk through increased contract request quality, internal/external collaboration and timely approvals;
- Use system generated reports in lieu of multiple Excel files;
- Enable off-site end users to participate in the contract management processes;
- Measure end-to-end cycle time and bottlenecks enabling improved operational performance.

PARTNERING FOR SUCCESS

Clarkston's expertise in program management, business process redesign, system implementation and organizational change management, along with a longstanding relationship and great cultural fit, secured Clarkston as the right partner to help with the transition from a fully manual contract process to system automated contract lifecycle management. Due to the anticipated decrease in cycle time, improved operational performance, increased visibility and reduced business risk through value add collaboration, the company is now positioned to produce quality agreements that can be executed more swiftly, enabling them to do more business, faster with their customers.

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ABOUT CLARKSTON CONSULTING

Clarkston Consulting is a different kind of management and technology consulting firm. We deliver a unique experience for market leaders within the Consumer Products and Life Sciences industries. Considering professionalism, expertise, and value as prerequisites, we take service a step further through our unyielding commitment to the success of people as individuals, both our clients and our employees. By combining integrity, adaptability, and a whatever-it-takes attitude, we have achieved an extremely high rate of referral and repeat business and a 10-year average client satisfaction rating of 97%.

For more information, email us at **info@clarkstonconsulting.com**