What is Contract Data Management and Why is it Important?
By: Stephanie Amend, Arrowhead Solutions, LLC

Synopsis:

Managing critical contract data is a part of the contract management function. However, it should be leveraged appropriately to allow a contractor's team to function optimally and efficiently. The article discusses why contract data is important, and why sharing it with your entire team adds value to your role as a contract manager.

What is Contract Data Management?

The type of business and administrative organization of a company dictates what Contract Data Management means. For most companies it encompasses tracking critical data found in agreements to support Prime Contract management, performance, compliance, and finance. In large organizations, the contracts department may be responsible for contract data management and the effort is split out by functional areas within departments. In a small company, generally this function is not assigned out to departments, nor even organized by individuals. A small company often has one person wearing all these hats, or as often the case with very small companies, no contract data management is occurring.

As we know, the functions of contract management span from "cradle to grave". From assisting in the development of a proposal, to negotiating the prime contract, to issuing and analyzing subcontracts, guiding proper procurement, ensuring contract requirements are met, and closing agreements out at the end of the project – and everything in between. Contract management is the backbone within every strong government contractor organization. The critical contract data points that must be tracked cradle to grave impact the entire contractor team. Without tracking critical data, the contract manager, or the team supporting government contracts, is fumbling in the dark; wasting time constantly referring back to the contract documents to understand where they are and what their obligations may be.

Usually, companies that do not perform contract data management find themselves a "day late and a dollar short". An example of poor contract data management causing a performance issue could be: A key deliverables is submitted late because one person thought a report was due the 30th, when it was due the 29th. This was due to a miscalculation/misinterpretation of due dates based on calendar days vs working days made by two different people. Such a miscalculation can also be made by one person looking at the contract two different times and interpreting it differently each time they picked it up. Another example would be a cost overrun because an engineer was tracking expenditures in MS Excel™ on their hard drive, but accounting had the accurate costs in Quickbooks™. A cost overrun occurred and the firm fixed price contract just went into the red.

Why is Government Contract Data Management Different and Important?

As a Government Contractor, a company is held to the rules found in the Federal Acquisition Regulation (FAR) and agency supplements to the FAR. These regulations drive compliance functions for contractors that, although follow the lines of typical business practices, apply more administrative burden to a company; particularly in the areas of managing budget, cost, time, and purchasing. In addition, a contractor's past performance is tracked and recorded to be used to evaluate the prospect of that company doing future work for the government.   Government contractors must hold their business operations to a higher standard and keep a more critical eye on their contracts in order to avoid

compliance issues and issues with future work. Therefore, paying very close attention to the data your contracts include ensures a higher likelihood of success on project and ensures better profitability.

Contract data management is important to the success of the overall organization.[i]
1. A Successful contract organization must have a strong relationship with the program management function.
2. The relationship between contracts and supplier management is immutable
3. Contracting Officers (professionals) like finance professionals, have a fiduciary responsibility to the organizations they represent.

Not tracking critical contract data weakens a contract manager's relationship with the program management function within their company.   Not having data easily available at your fingertips can lead to delay, inaccuracies, different interpretations from one time to the next, and ultimately unnecessary costs directly attributable to inefficient contract management. Consider the contract manager as the keeper of the "truth" and sharing the "truth" with the team provides an essential role for the contract manager, while ensuring the team is aware of the "truth" at all times.

What Contract Data is Important to Track?

Time and money are the critical elements to track for obvious reasons.   Knowing how much time is left on a contract and how much is left to spend are drivers for program management. In addition, going over budget or over schedule can be detrimental to the contract and would endanger future work. But what other contract data does your organization need to track, or should track, to be efficient?

- POCs – who has authority to bind the customer? Who is the technical POC for your team?
- Modifications – what changed in the contract and when?
- Deliverables – what is due and when is it due? Who is responsible to send and receive?
- Ancillary documents – Is there and NDA in place? Is there a DD254 to track?
- Key pricing information – What are T&M rates? Which fee is a being applied? Who are key personnel?
- Line items – What line items are on the contract and how much are they valued at and funded for?
- Costs Incurred – How much is left to spend? Is a notification required to your customer?

In addition, having a global view of critical contract data allows management to see the performance and progress of contracts. For example, in a small company, effective contract data management provides critical business information at stakeholders' fingertips. Allowing those who need to act quickly on contract requirements to do so without trying to flip through tens (maybe 100+?) of pages of documentation to be interpreted saves time and money; not to mention better ensures compliance.

Below are contract data management tasks that must be done at all companies in some fashion or another; either by a dedicated contracts manager/administrator, or a few others in a company with various responsibilities. This is not an all-inclusive list of course, but a good representation.

Contract Data Management Tasks
Populate Contract Data knowledge management tool (cloud service, government contractor software, MS Office™, etc)

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Schedule Deliverable reminders in email calendars
Disseminate critical contract dates and restrictions to project team
Update contract data with invoiced amounts to track progress
Update contract data with modifications
Update team on changes to critical contract data
Update calendars with new due dates from modifications
Pull contract data for reports
Build DCAA Contract Briefs
Share invoicing requirements with Accounting
Send ad hoc reminders for deliverables sent to stakeholders
Track Limitation of Funds and Limitation of Costs
Manage historical information on contract changes
Track rate escalation and out year negotiated rates
Manage Base and Option year information (rates, start and end dates, labor hours, etc)
Keep record of all POCs, to include CO, ACO, DCAA, Specialist, PM and internal lead
Track Task and Purchase Order commitments
Critical Needs Related to Contract Data
Management must have real-time information to make critical decisions
Accounting needs to understand invoicing instructions
Reminders to stakeholders for deliverables and other reporting need to be sent well ahead of time to ensure deliverables aren't missed
DCAA Contract Briefs should be ready for submission when requested; Not built from history
Management must have reports on numerous data points for strategic decisions
Alerts should be set up for when funding or cost limits are near
Current POC information should be available to all stakeholders on a contractor team
When Options are exercised, ensure new rates are being billed and paid
Even when a contract ends, deliverables may still be due (e.g. DD Form 882), reminders still need to be in place

Top 5 Reasons to Track Contract Data

1. All stakeholders should know what the contract says and what the team's obligations are. Everyone from Accounting to Management should have a clear understanding of the basics.
2. Real time data must be accessible if the Contract Manager is not. Having data residing only with the Contracting Department (or for a small business, the one person managing contracts) can only lead to bottlenecks and assumptions.
3. Management doesn't necessarily care if 52.232-20 is contained in the contract, but they do want to know if the contract is running out of funding.
4. Avoid screw-ups. Just because a Program Manager is responsible for a program schedule, or because you had a contract kickoff with the team, doesn't mean that the 21st modification to

move one contract line item out was recognized by the Program Manager. Or that your accounting team charges an invoice to ACRN AA when it should have been charged to AB.

5. It makes a contract manager a valuable part of the team. As contract managers, sometimes we feel as we're the paper pushers who may be impeding progress of the team by always pointing out the "rules". However, by sharing and maintain critical contract data – and showing value to all stakeholders in making their jobs easier – will go a long way to incorporating the contract manager into post-award team.

Avoid Over-Sharing

As contract managers we often like to over-share information. We find there is so much critical information in the contract and so much detail to track, that we could overwhelm our team. Think of only that information that everyone needs to know. Information that relates to: Customer, Price/Cost, Period of Performance, Payment/Invoicing, Deliverables, and Due Dates are the types of data to share with your team. Your job is to manage the details in the background and avoid the pitfalls overall. But the team needs to work off the same sheet of music to ensure nothing is dropped.

Where Does the Data Reside?

For larger government contractors that may have greater administrative resources, data can be tracked in the contract file module of the complex all-in-one systems such as Deltek GCS or Unanet. These systems can pull various reports and keep a record of critical information. There is sometimes some information that may be kept outside the system in MS Excel™ perhaps. There are contract management software providers that are mainly developed for commercial corporations and include the ability to hold the contract documents within the software and task, email, and record notes about contracts within the program.   Cobblestone is a good example of one of these providers. The downsides of these systems are that they may not track the specific nuances we face in tracking government data, such as providing DCAA Contract Briefs. The aforementioned solutions may be pricey for a small company and take a good team to implement and manage, however, can be very beneficial to a contractor if done correctly. For smaller, more resource-limited contractors, MS Office™ products tend to be the go-to solutions. Usually using a combination of trackers, email notifications and internal forms to manage data are the cheapest and easiest solution. The drawbacks are that these systems are highly manual, static and configuration control can be tough. As can pulling reports or setting up an efficient system or process to manage the data. Finally, there are new, niche cloud-based database solutions that can combine calendar reminders, DCAA Contract Brief information, invoicing instructions, and all other critical info, into one package. This solution may be best for teams who have found managing using manual tools is becoming too burdensome and things are falling through the cracks, but they are not ready the larger all-in-one solutions. Karta is a good solution for that in-between company. Or even for the large company that finds it is using MS Excel™to track critical data outside their big systems.

Overall, often the best practice is implementing a simple tool or tools created specifically for just government contract management, to help the contract manager be effective by sharing and managing critical contract data with their entire team.

Best Practices to Implement Effective Contract Data Management at Your Organization

- First, choose an owner. Obviously this would be a contracts person. But there could be a lead and support team to help manage data. There should be one person who is responsible for the "truth" – the accurate and up to date data from the contract. So when a team has questions or sees an issue, they know who to go to.
- Second , get the team's buy-in. Accounting will probably jump right on board, excited to get accurate data quickly and easily. Your program managers may also be excited, feeling a bit of relief that they can trust the "truth" and look to contracts to support their role. According to Spring CM, the top three steps you can take to ease the adoption process are[ii]:
    - Internal Communication
    - An Admin Team
    - Executive Support

- Third, choose a system. Will you utilize a module in your all-in-one system? Build something outside of the system, perhaps in MS Office™? Or subscribe to a cloud-based solution? The return on investment here is probably important for a contracts department to share with those holding purse strings.
- Fourth, plan out how you'll import your contract data into the chosen system. How far back will you go? How many will you enter? You may want to start with a big, new award. Or, you may only want to enter in Task Orders underneath the biggest IDIQ. Or, set up a team to divide and conquer.
- Finally, stage the implementation and follow through. The ultimate key to managing contract data is actually managing it! Setting up the system and getting data in doesn't mean the job is over. Ensuring the system is correctly reminding the program team of deliverables due, and doing it on the right date is part of the owner's job.   Check in with Accounting to make sure they have received the right invoice info – or if the info in the contract is incorrect and the data needs to be changed or a mod is required. Contract data is critical for performance. A contract manager is a key figure who holds the key to that data, so having accurate and up to date information for your team is critical to your successful role as part of the project team.

Author:

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[i] "An Organizational Alignment Study: Tips on Creating and Sustaining a Successful Contracting Organization", Sean D. Garcia and Allie Stanzione, Contract Management magazine, March 2015

[ii] "Rallying Employees Behind A Contract Management Solution", Katie Lamenti, SpringCM Blog, https://blog.springcm.com/rallying-employees-behind-a-contract-management-solution