What is Contract Management?

The type of business and administrative organization of a company dictates what Contract Management means. For most companies it encompasses Prime Contract management, Subcontract Management, Purchasing, and Pricing/Cost Estimating.   In a small organization, generally these functions are typically not split out into departments, nor even split out by individuals. A small organization often has one person wearing all these hats, or as often the case with very small companies, the owner and engineers/sales people trying to fill these roles.

The functions of contract management are 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.

Why is Government Contract Management Different?

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 in the aforementioned areas, 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.

Why is Contract Management Important?

From - "An Organizational Alignment Study: Tips on Creating and Sustaining a Successful Contracting Organization" – by Sean D. Garcia and Allie Stanzione, Contract Management magazine, March 2015.

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.

Why Does Contract Data need to be tracked?

One of the biggest reasons contractors track data is to populate their Contract Briefs for DCAA submission. However, contract data can be used to make effective business decisions, ensure requirements are being met and provide insight for the organization into those agreements that are providing sustainment to the company.

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

If you're a government contractor, and don't know what critical data is in your contracts, or how your contracts are performing from a time, money and requirements standpoint, you cannot be expected to make good decisions in a timely manner.

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
- 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?

In addition, having a global view of critical contract data allows management to see the performance and progress of contracts. In addition, in a small organization, it provides critical contract data at stakeholder fingertips. Allowing those who need to act quickly on a contract requirements to do so without trying to flip through tens of pages of documentation to be interpreted saves time and money; not to mention better ensures compliance.

Below are a list of Contract Data Management tasks that must be done at all companies in some fashion or another; either by dedicated contracts manager/administrator, or a few others in a company with various responsibilities.

Contract Data Management Tasks
Populate Contract Data in MS Office tool
Schedule Deliverable reminders in Email Calendars
Disseminate critical contract dates and restrictions to project team
Update Contract Data with invoiced amounts to track progress on funding
Update Contract Data with modifications
Update team on changes to critical contract data
Update calendars with new due dates
Manually pull Contract Data for reports
Manually build DCAA Contract Briefs
Build Company Contract Summary
Ad hoc reminders for deliverables sent to stakeholders
Critical Needs Related to Contract Data
Management having real-time information
Accounting having succinct invoicing instructions without referring back to file, a separate cheat

sheet or having to request from the contracts manager
Reminders auto-sent to pre-determined stakeholders for deliverables and other reporting well ahead of time to ensure deliverables aren't missed
DCAA Contract Briefs ready for submission – timely reporting of historical data
Reports on numerous data points for quick management decisions
Alerts for when funding or cost limits are near

What Can a Tool Do to Help?

Many companies find themselves simply recording info in Microsoft Excel ®; the type of info they record is driven by their contract requirements and activity on the contracts. But most find recording basic info about a contract is extremely helpful. They don't have to go back and forth searching over and over information from a large contract hard copy binder, or even scrolling through pages of electronic files. It can become very difficult for the person in charge of managing contracts and deliverables to get a handle on who the authorized customer personnel are, when the contract ends, if and when they need to notify the customer that they're running low on funds, and what the rates could be on a contract. Managers and owners of companies need to see the bigger picture; which contracts are ending and how soon, are any contracts overspent, are their options that are going to be exercised in the year.   Microsoft Excel® does help organize, but it is difficult to get data connections to "talk", be live with information, and generate reports.

This is where a tool can help; a tool that was built specifically with contract managers and company decision makers in mind. There are large software solutions for government contractors on the market, but they typically run over $10,000 initially and thousands of dollars a year thereafter. They also include quite a few bells and whistles that either a small company does not need, or that a contracts department doesn't care to use/see.   A simple tool, that can also perform reporting, such as a DCAA Contract Brief, promotes efficiency and transparency into a process that is often overlooked at a company's cost.