

Contracting Processes Diagnostic

1	2	3	4	5
Not doing it very well	In its infancy	Not good / not bad (or unsure)	Moving forward	Doing it very well

No	Area	Score: 1-5 (3 if 'not good/not bad' or 'unsure')
1	Does your organisation have a clearly documented system to avoid or minimise unauthorised variations?	
2	Do key managers and staff know the expiration and option dates of all KEY contracts?	
3	In a dispute, will you be able to quickly and easily locate and retrieve all relevant specific contract documents (the original contract, files, correspondence, reports etc)?	
4	Do you have processes to ensure that similar contract problems will not reoccur in the future?	
5	Have all your contracts gone through a detailed approval process before they were signed (which includes a review by experienced contract professionals)?	
6	Do ALL persons in the organisation who are authorised to contractually bind the organisation understand the seriousness of agreeing to an indemnity clause?	
7	Are you confident that your organisation will be able to defend itself against a commercial contract legal action (a breach of contract / negligence / misleading and deceptive conduct etc claim) 5 years from today?	
8	Have all key executives and managers from the CEO down identified the various potential risks of poorly implemented or non-existent contract management process?	
9	Are your financial systems updated to reflect any cost/revenue variations from the contract?	
10	Are you certain that you are not losing any money due to cost leakages in your procurement contracts or revenue leakages in your sales contracts?	
11	Can you analyse your contracts across vendor, customer or products?	
12	Do you undertake regular risk assessments of your contracts and have mitigation plans in place to manage key risks?	
13	Do you as a seller (and your suppliers if you are a buyer) have adequate insurance (for example public liability and professional indemnity)?	
14	Do you have appropriately trained contract management staff across your organisation to effectively manage your contracts?	
15	Do you have only legally-qualified staff create and sign large commercially sensitive contracts?	
Total		

Note:

- Results:
 - Score: 60 + = you have a well-structured contract management system
 - Score: 45-60 = you need to keep watching your contract management system
 - Score: under 45: Your contract management system needs immediate attention. Your organisation may be facing significant risks.
- This Diagnostic is for education purposes only and no action should be taken unless first advised by a commercial contract professional. You still may be facing significant risks with a high score.