

## INVESTING IN COMMERCIAL CAPABILITY

Training and learning solutions

Your relationships and contracts with third party suppliers are amongst your organisation's most valuable assets...are you equipped with the knowledge and skills to make the most of them?

**Open training courses we offer:**

Commercial leadership, awareness and culture	4
Contract management	6
Writing commercially 'fit for purpose' contracts	8
Contracting and commercial management of capital programmes and complex projects	10
Auditing contracts and contracting processes	12

Having people with the right commercial skills and knowledge can often mean the difference between business success and failure. Therefore, an investment in your peoples' commercial capability through training will ultimately pay the best reward.

### **Training to build commercial capability**

Our training courses and learning solutions are focused on helping individuals and teams secure the best commercial outcomes for their organisations.

They are structured at two levels – the initial open training course and the optional add-on practitioners' learning solutions workshop:

**Open training courses** – leading practice theory and its application. Details of our open training courses are set out on the following pages.

**Practitioners' learning solutions** – facilitated workshops where the leading practice theory is tailored for your organisation and implemented for your specific circumstances and your organisation's real contracts and commercial relationships. These optional workshops follow the open training and provide an in-depth learning experience.

Our courses have been designed and developed by experts with a strong background in contracting and whole life commercial contract management in both the private and public sectors. The training is designed around our best practice methodologies and tools, which equip attendees with the means of applying leading industry practice to practical situations. Our course material is brought to life with real-life experiences and current examples which are prominent in the media and relevant to your industry. We explore common pitfalls and the learning is reinforced during the sessions with case study examples.

### **Is this training right for you?**

Whether you are a business leader dependent on third parties for your success; a contract manager looking to improve your effectiveness; a purchasing / procurement specialist wanting to broaden your skills; a programme manager responsible for delivering a significant capital project; or an internal auditor looking to better understand contract risk, we have a learning solution to help you get the best out of your third party relationships.



**Walter Akers**  
Partner

# COMMERCIAL LEADERSHIP, AWARENESS AND CULTURE

The course examines the role that leaders can play in building an effective commercial culture and behaviours that result in positive commercial outcomes.

We look at the importance of the interdependence between business strategy, commercial risk transfer and effective commercial governance in the context of an extended enterprise. We explore the commercial risks and opportunities in strategic third party relationships and understand what drives commercial behaviour and the areas of conflict.

## Key learning areas

**The extended enterprise and your organisation's place in the value chain** – how supply chains work commercially and what that means for the success of your business. Understanding who are the commercial winners and why.

**Commercial and contract strategy** – formulating a plan to ensure that strategy is implemented and controlled across relationships, contracts and governance.

**What drives commercial behaviours** – the traps and pitfalls. Where suppliers and customers have conflicting commercial goals and how the commercial relationships change over time.

**Different contractual risk transfers between buyers and suppliers** – how much risk are you willing to transfer to third parties and what is appropriate for your business objectives and commercial governance capability.

**Dangers of extended enterprises** – how you can lose control of your business and what can be done to prevent this.

**Overview of the contract life cycle** – highlighting stages where senior management can have a decisive impact.

## Follow-up practitioner solutions workshops

**The optional follow up workshops are tailored to your specific needs.** They are used to apply the learning from the open training course to actual contracts, contract management and commercial leadership challenges in your own organisation.



WINNING COMMERCIAL OUTCOMES  
ARE ULTIMATELY A RESULT OF GOOD  
COMMERCIAL LEADERSHIP.

## COMMERCIAL LEADERSHIP, AWARENESS AND CULTURE

Outline course agenda

### MODULE 1

#### THE EXTENDED ENTERPRISE AND GOVERNANCE

- Leading organisations strive for alignment between: business strategy; risk appetite and commercial governance and controls. Why do they do this and how can this be achieved?
- Your supply chain – who controls your business?  
Insights from some high profile case studies
- The value creation chain – why reward is not shared in proportion to the value you contribute

### MODULE 2

#### COMMERCIAL STRATEGY, RISK AND CONTRACT STRUCTURE

- Contractual risk transfer and what this means for governance and control in your organisation
- Outcomes, outputs, inputs and charging mechanisms
- Case study on different commercial strategies, risk transfer policies and business objectives

### MODULE 3

#### COMMERCIAL BEHAVIOURS

- What drives behaviour and the four primary areas of conflicting commercial goals
- Case study – outsource your problems and they grow and come right back
- Stages in a contract's lifecycle – where leaders would have the greatest impact
- Case study – beware the pre award courtship / post award divorce trap



# CONTRACT MANAGEMENT

This training covers the theory and application of leading practice post award contract management. Questions that this training addresses include:

- What does best practice contract management look like?
- How do we identify risk areas and contracts that need more attention?
- What are the key risks at each stage of a contract's lifecycle and what can be done to manage these risks?
- What are the key roles and areas of responsibility?
- How do we focus our limited resources where they matter and will have best effect?

## Key learning areas

**Understanding the required contract management processes and controls** based on a comprehensive leading practice contract management framework. The framework blends the 'soft' (people) and 'hard' (processes) aspects of contract management and equips delegates to prioritise and implement controls over all areas of contractual governance.

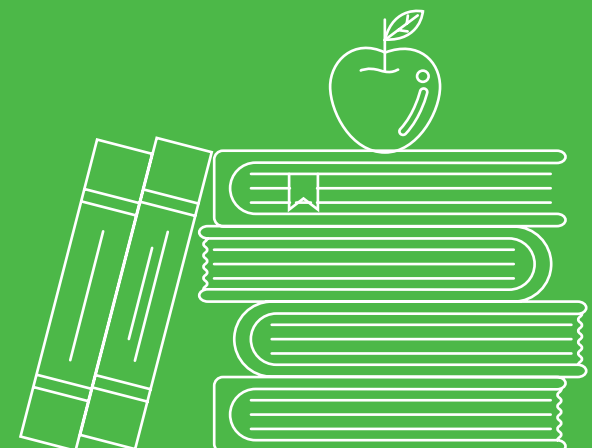
**How to analyse and categorise key contracts** and supplier relationships to identify those that need specific attention and also to tailor and focus contract management controls to best impact.

**Risks and opportunities throughout the contract life cycle** – with a practical emphasis on what to do when contracts and commercial relationships are at their most vulnerable and are critical to high impact activities.

**Commercial risk transfer** and how this should be understood to tailor and prioritise contract management.

## Follow-up practitioner solutions workshops

**The optional follow up workshops** are tailored to your specific needs. They are used to apply the learning from the open training course to actual contracts, contract management and commercial leadership challenges in your own organisation.



GETTING BEST VALUE OUT OF YOUR SUPPLIERS DOESN'T STOP WHEN YOU SIGN THE CONTRACT.

## CONTRACT MANAGEMENT

Outline course agenda

### **MODULE 1**      **CONTRACT MANAGEMENT – ACROSS A CONTRACT'S WHOLE LIFECYCLE**

- Contracts in the headlines – some high profile case studies
- The value capture and erosion journey – what goes wrong and why?
- Why whole life contract management?
- The contract life cycle and key risks at each stage

### **MODULE 2**      **CONTRACT STRUCTURE AND BUSINESS OBJECTIVES SHOULD DRIVE CONTRACT MANAGEMENT**

- Contractual risk transfer and what this means for contract management
- The 12 box model for identifying risks and opportunities in contracts
- Case study exercise on different types of contract structure

### **MODULE 3**      **THE CONTRACT MANAGEMENT FRAMEWORK**

- Best practice contract management
- Principles of contract governance
- Operational toolbox of procedures and controls
- Case study

### **MODULE 4**      **THE CULTURE OF GOOD CONTRACT MANAGEMENT – PEOPLE AND BEHAVIOURS**

- The three pillars of good behaviours demonstrated by leading organisations

# WRITING COMMERCIALLY FIT FOR PURPOSE CONTRACTS

This course is designed to assist delegates in writing commercially fit for purpose contracts.

The course highlights the key components within a contract and explores their importance in terms of value capture and levers of control in different types of commercial relationships. It looks at options that individuals and organisations have in restructuring contracts to get better value and outcomes from their suppliers. The course draws strongly on case study examples to illustrate the benefits of good contract structure and how this serves as a foundation for building better commercial relationships.

## Key learning areas

**Different contractual risk transfers between buyers and suppliers** – outcomes, outputs and inputs; when they are appropriate and how to match them with the right charging mechanism and Terms and Conditions.

**Contract elements** – what are the commercial elements of a contract and which areas are more prone to problems. We focus on some high impact areas: Scope definition, KPIs and charging mechanisms in the context of different risk strategies.

**Pricing strategies** – we look at how price changes with different risk models and why. We also explore the impact other TandCs have on pricing and the opportunities this offers for savings and better value for money.

**Alignment of contracts to business strategy, risk and governance** – how to structure a contract that is aligned to the organisation's strategy and not at odds with business goals in the near and long term.

**Best practice may not be fit for purpose** – understanding how an entity's commercial culture, process and controls impacts the choice of contract structure.

## Follow-up practitioner solutions workshops

**The optional follow up workshops** are tailored to your specific needs. They are used to apply the learning from the open training course to actual contracts, contract management and commercial leadership challenges in your own organisation.





FOR MOST CONTRACTS THE LEGAL PROVISIONS ARE STRONG BUT OFTEN THE COMMERCIAL STRUCTURE IS NEGLECTED AND AS A RESULT THE CONTRACT IS NOT FIT FOR YOUR BUSINESS PURPOSE.

## WRITING COMMERCIALLY FIT FOR PURPOSE CONTRACTS

Outline course agenda

### MODULE 1 THE COMPONENTS OF A COMMERCIALLY FIT FOR PURPOSE CONTRACT

- Key commercial components of a contract – their importance and implications for value capture
- How the key components of a contract are formed – the contract life cycle, what goes wrong and how to fix it
- Common pitfalls in drafting contracts and how to avoid them

### MODULE 2 CONTRACTUAL RISK TRANSFER

- Different contract structures and charging mechanisms
- Output – Input – Outcome
- How to choose the best structure for your circumstances
- Pricing strategies
- Fixed vs Variable charging mechanisms
- Case study on different types of commercial contract structures

### MODULE 3 RISK STRATEGIES AND THE EXTENDED ENTERPRISE

- Achieving alignment between business strategy, capability and contract structure – writing contracts that are fit for purpose and suited to your organisation
- Explore some high profile examples of where alignment has worked and where it has not
- Case study on achieving alignment

# CONTRACTING AND COMMERCIAL MANAGEMENT OF CAPITAL PROGRAMMES AND COMPLEX PROJECTS

This course is for individuals involved in setting up and managing contracts and third parties within a complex project environment. It offers a practical focus on the high impact pitfalls to achieving project success and how these can be mitigated or avoided.

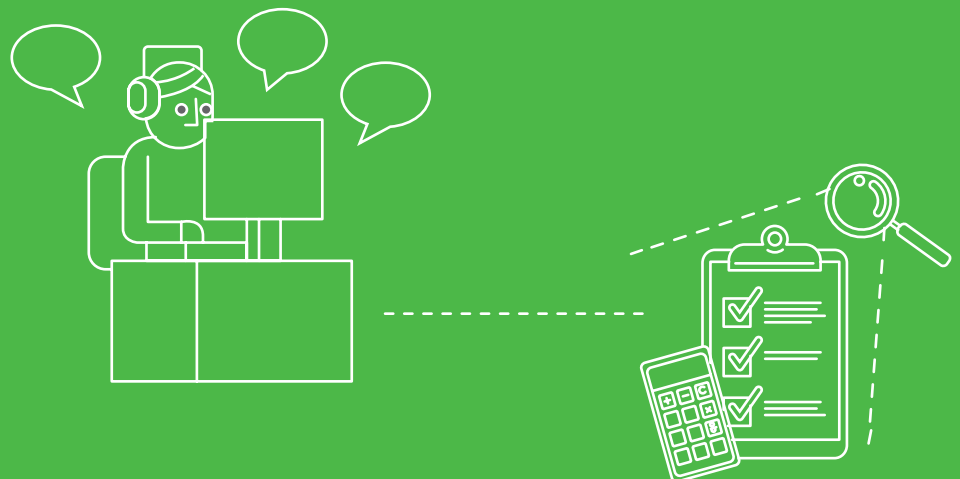
## Key learning areas

The course explores how delegates can address the contractual and commercial challenges associated with contracts that are delivered through complex programmes and capital projects. It also applies a commercial lens to thematic project issues in a buyer / supplier environment, such as:

- **Scope definition and specification** – the need for a project procurement and commercial strategy and why poor definition cannot be rectified by excellent execution.
- **Project costs, benefits and price** – the real benefits in value engineering and how this can be accomplished, how to price risk and manage the contingency and processes involved in creating leverage through the payment profile.
- **Behaviours that drive the right outcomes** – how to foster good commercial culture, the importance of planning early and commercial governance, how complexity introduces ambiguity and erodes value and the danger of a 'black box' mind set – let and forget – your problems don't go away.
- **Commercial risk management** – The opportunity lost in focusing on downside risk and not actively seeking the upside in uncertainty, risk allocation and transfer through the supply chain.

## Follow-up practitioner solutions workshops

**The optional follow up workshops** are tailored to your specific needs. They are used to apply the learning from the open training course to actual projects, contracts, contract management and commercial leadership challenges in your own organisation.



TOO MANY LARGE PROJECTS FAIL, WITH COST OVERRUNS AND SCHEDULE DELAYS BEING ALL TOO COMMON. WHAT IS SURPRISING IS THAT THE SAME UNDERLYING REASONS FOR FAILURE ARE REPEATED OVER AND OVER.

## CONTRACTING AND COMMERCIAL MANAGEMENT OF CAPITAL PROGRAMMES AND COMPLEX PROJECTS

Outline course agenda

### MODULE 1

#### COMMERCIAL PROJECT GOVERNANCE

- What goes wrong with commercial project governance – a case study of success and failure
- The high impact pitfalls and how to avoid them

### MODULE 2

#### PROJECT COMMERCIAL STRATEGY

- Project procurement plan – an overview of the components
- Choosing the right contractual delivery model – 'turn-key' to collaborative
- Case study on different types of commercial contract structures and their impact on project delivery

### MODULE 3

#### PROJECT RISK AND CONTINGENCY

- Who should own and manage risk
- How to price risk and establish an appropriate value for the contingency
- Managing the contingency throughout the project
- Case study exercise on pricing risk

### MODULE 4

#### CONTRACT MANAGEMENT FOR PROJECTS

- The project contract management focus areas

# AUDITING CONTRACTS AND CONTRACTING PROCESSES

This course is for assurance professionals, risk management practitioners, auditors and those wanting to get comfort that contracts and contracting controls are effective and operating as planned.

The course explains what types of audit approaches can be used for different types of commercial structures and how auditors can test whether contract management good practice is being applied appropriately. It highlights typical risks over the contract life cycle and discusses what management controls are required to address each risk area. The course helps delegates build a framework of questions that can be tailored to different contract types in order to gain deeper insights and understanding about their performance.

## Key learning areas

**Understanding the procurement and contracting process** – we walk through each main stage of a contract's life (end-to-end) and explain the processes involved, main activities, goals and deliverables.

**Risks and opportunities at each stage of the contract lifecycle** – we identify the inherent risks and opportunities at each stage of a contract's life and discuss how these could be audited.

**Contract audit template programme** – using the template to develop a tailored audit scope that is consistent with best practice procurement and contract management thinking.

**Business value auditing** – how to audit and challenge difficult areas like quality, value for money, schedule and sustainability.

**The contract** – what are the commercial elements of a contract and which areas are more prone to problems.

**Commercial risk transfer** – how this should be understood, in the context of an extended enterprise, to tailor and focus the audit effort.

**Supply chain risk** – audit implications of deep supply chains in an extended enterprise.

## Follow-up practitioner solutions workshops

The follow up workshops are used to apply the learning from the course to actual contracts, contract management and commercial culture and leadership challenges in your own organisation.



IF FOCUSED CORRECTLY CONTRACT AUDITS CAN BE OF HUGE BENEFIT – IN UNDERSTANDING THE RISKS AND FINDING THE BIG OPPORTUNITIES.

## AUDITING CONTRACTS AND CONTRACTING PROCESSES

Outline course agenda

### MODULE 1

#### AUDITING THROUGHOUT THE CONTRACT LIFE CYCLE

- Stages of a contract's life, key objectives, processes and activities
- Risks and opportunities at each stage
- Introducing the contract audit template programme and how this is used to develop a tailored audit scope
- Case study in developing a life cycle audit plan

### MODULE 2

#### RISK TRANSFER AND CONTRACT STRUCTURE – AN AUDIT PERSPECTIVE

- Commercial risk transfer and what this means for the auditor
- Different contract structures and charging mechanisms
- Case study on different types of commercial contract structures

### MODULE 3

#### CONTRACT MANAGEMENT OVERVIEW

- What does best practice contract management look like – introduction to the 14 areas of contract management and how these can be audited

### MODULE 4

#### CASE STUDY

- Bringing it all together to develop an audit plan for a review of a contract and the associated contracting processes

# ABOUT CONTRACT RISK AND PROCUREMENT ADVISORY AT RSM

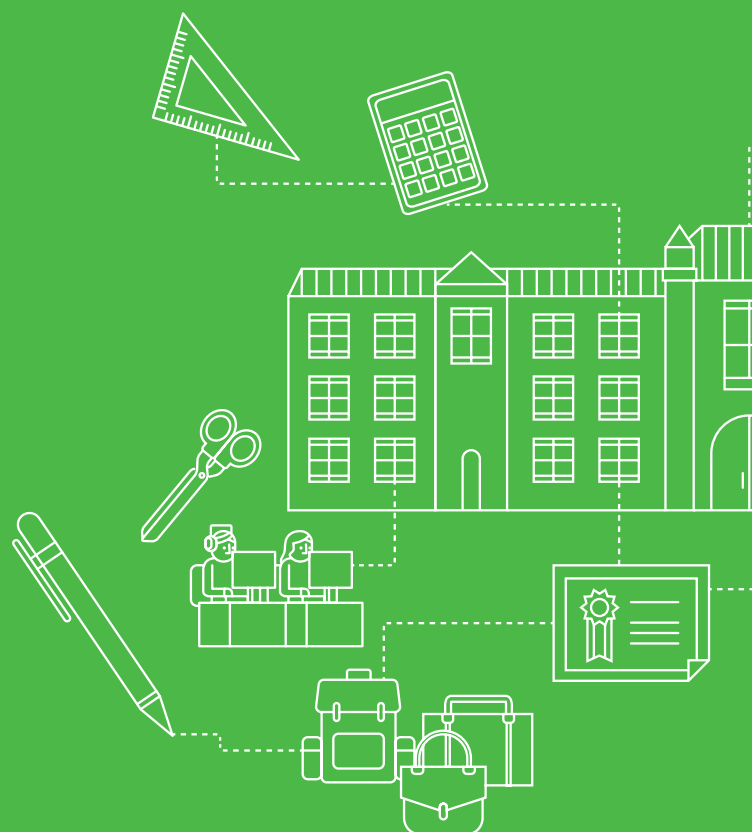
For most organisations, contracts and commercial relationships play a vital role in achieving success. Businesses that are commercially astute, negotiate strong contracts and have rigorous contract management are at a distinct competitive advantage.

Our specialist team has extensive experience in helping clients manage commercial contract risk and delivering enhanced value from their contractual relationships. We advise and support organisations in both the private and public sectors through:

- Building capability in knowledge, processes and controls to get the most out of procurement and contractual relationships;
- Recovering value lost from under-performing commercial relationships; and
- Providing assurance that procurement, contracts and associated processes and controls are operating as intended.

## Our service offering:

- Procurement and contract management process improvement
- Cost savings on existing contracts
- Strategic sourcing, demand management and procurement effectiveness
- Contract cost and performance compliance
- Contract management training
- Capital projects
- Supply chain risk
- Outsourcing contracts
- In-sourcing projects
- Commercial contract training and learning solutions
- Contracts for complex projects
- Contract negotiations
- Commercial internal audit



If you would like to find out more about our training and learning solutions or to discuss your specific needs please contact us:



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