

# Effective Contract Preparation, Strategies, Elements & Concepts

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## Introduction:

In your day-to-day operations and business dealings, you would invariably come into contact with contracts/agreements as well as terms & conditions contained in many business documents. This course will help you avoid common mistakes and pitfalls in drafting contracts that can cause your company millions in losses. Gain a detailed appreciation of the crucial elements and concepts of contract law and contract formation. Understand and manage key provisions of contracts relating to liability, indemnity limitations, time bars, penalties, damages, caps, jurisdiction, and law clauses which can make or break a contract.

The overall aim of this course is to provide participants with the knowledge, concepts and skills needed to perform all the tasks required in the pre-award phase of a contract. The course covers different contract types as well as the various contracting methods including bidding, competitive proposals and sole sourcing. Participants will learn all the processes and activities required for the contract preparation stage and use them as enablers to develop an effective and comprehensive contract. You will:

- Understand crucial elements of contracts / agreements
- Know your liabilities, limitations, penalties, etc.
- Learn various ways of recovery and loss prevention
- Avoid costly mistakes to your business

# Who Should Attend?

Procurement Managers, Purchasing Staff, Engineering, Operational and Maintenance Personnel, Contracts Engineers, Administrators, and Managers, Commercial, Financial and Insurance Professionals, Project and General Management, Contracts & Contracting Unit Professionals, Project Professionals, Procurement & Purchasing Staff, Purchasing Professionals and Procurement Officers, Commercial Professionals, Contract Administrators, Contract Administration Professionals, Contract Managers and Contract Professionals, Supply officers, Buyers, Project Coordinator's,

Project Managers and other Project Professionals, Claims Personnel, Legal Advisers, Contract Strategists, Business Audit Officers, Engineers, Project Construction Professionals, Contract Administrators, Contract Professionals and Project Coordinators, Buyers, Purchasing Professionals and Procurement Officers, Contracts Managers, Project Managers, Tenders, Contracts, Buyers, Purchasing, Financial Personnel, Tendering, Purchasing, Project Management Professionals, Engineering, Operational, Trade, Finance, and Maintenance Professionals, all others who are involved in the planning, evaluation, preparation and management of tenders, specifications, awards, and contracts that cover the acquisition of materials, equipment, and services and who are in organizations whose leadership want high levels of competency in those involved in these activities, those from a Project Management or General Management background who do not think they have sufficient understanding of contract issues, those new to the function, preparing for a major project, or experienced managers looking for a refresher, anyone involved in the management of risk, those involved in implementing and administering contracts and handling claims and change orders; also those involved in any conflict or dispute with a contracting party and interested to learn how to avoid or resolve these contractual issues, those involved in contract and business related negotiations, those involved in any aspect of implementing, managing or administering contracts in the post-award phase.

# Course Objectives:

### By the end of this course, delegates will be able to:

- Outline the basic elements of contracting
- Identify the major steps involved in contract preparation procedures including developing an effective scope of work, terms and conditions and sourcing strategy
- Recognize different types of contracts and discuss several contracting strategies including pricing
- Develop a pre-award negotiation plan in order to reach a win-win outcome
- Use evaluation criteria to select the most appropriate contractors for the project

# Course Outline:

#### **Overview of Contracts**

- Objectives of contract management
- Elements of a contract
- Classical contract framework
- Problems in preparing and managing contracts
- Requirements of an offer
- · Capacity and genuine assent
- Types of authority

#### **Contract Preparation**

- Business case
- Acquisition planning
- Contracting methods; bidding, negotiation
- Drafting of scope of work
- Decision analysis worksheet
- Implications of poor scope of work
- Terms and conditions
- Determining sourcing strategy

### **Contract Types and Strategies**

- One versus several contracts
- Fixed price (lump sum) contracts
- Firm fixed contracts
- Economic price adjustment
- Incentive contracts
- Cost reimbursable (cost plus) contracts
- Percentage of cost
- Fixed fee
- Award fee
- Incentive fee
- Time and material contracts
- Intellectual properties
- Special forms of contracting
- Research & development
- Construction projects
- Information technology

- Payment terms
- Pricing strategies
- Risk analysis

## **Negotiation**

- Negotiation preparation
- Negotiation objectives
- Negotiation guidelines
- Techniques used in negotiation

#### **Contract Award**

- Evaluation criteria
- Pre-award meeting
- Recommendation report
- Methods of awarding a contract
- Contract file
- Post award conference
- Contract administration
- Sub-contract administration
- Contract closeout