

# Collaboration: Why it matters, when it matters and what it means

Tim Cummins, April 2015



# INTRODUCTION

Competing on outcomes and outputs



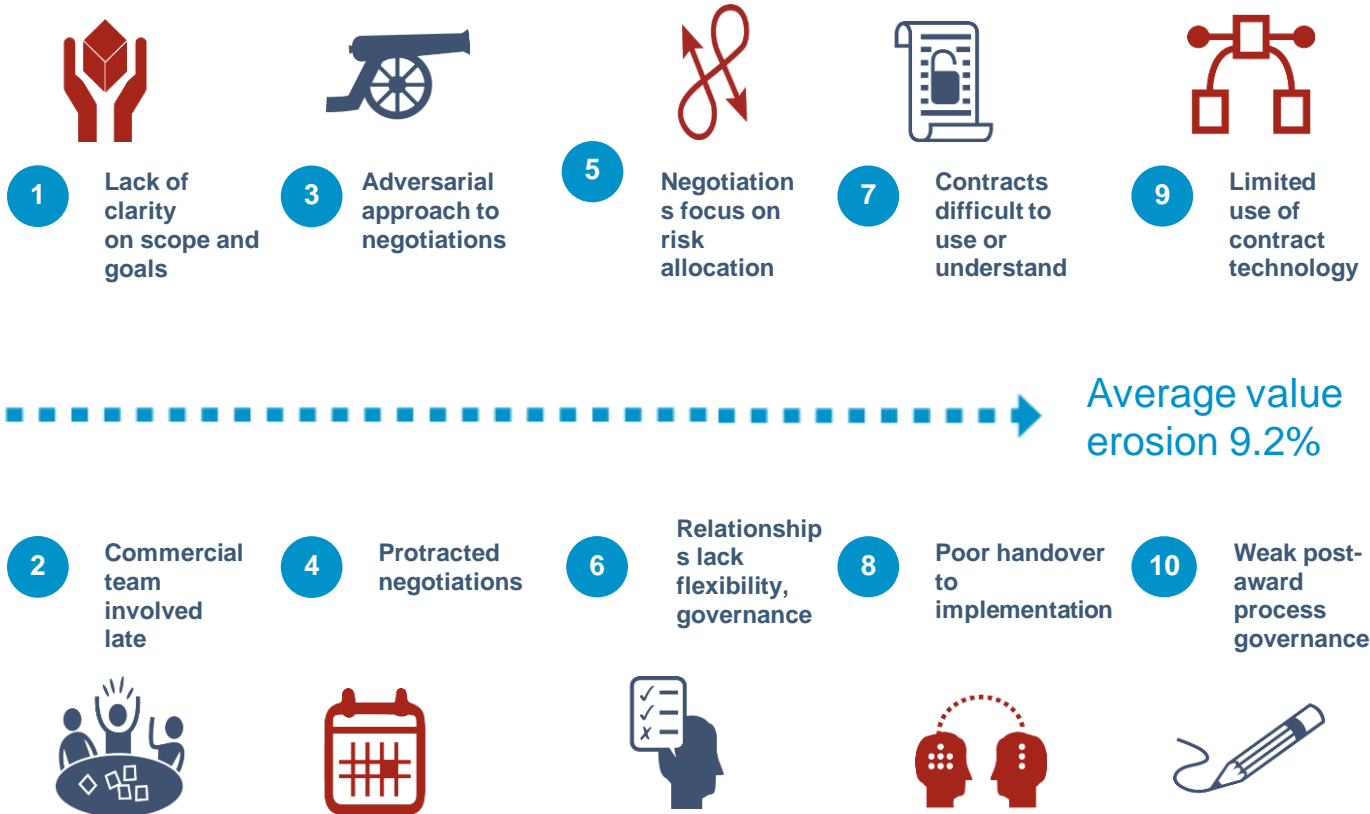
# THE ENVIRONMENT & TODAY'S ORGANIZATION

Traditional management systems are based on functional specialisms ,designed to manage risk and opportunity through a process of 'creative contention'. However, they are proving unable to cope with the speed of change and the extent of uncertainty.

- Too slow
- Too reactive to change
- Too focused on 'rules'
- Too adversarial



# THE RESULT



# BUSINESS NEEDS

## Agility



## Risk competence (risk as an opportunity)





# BUSINESS NEEDS

Lifecycle oversight and change management



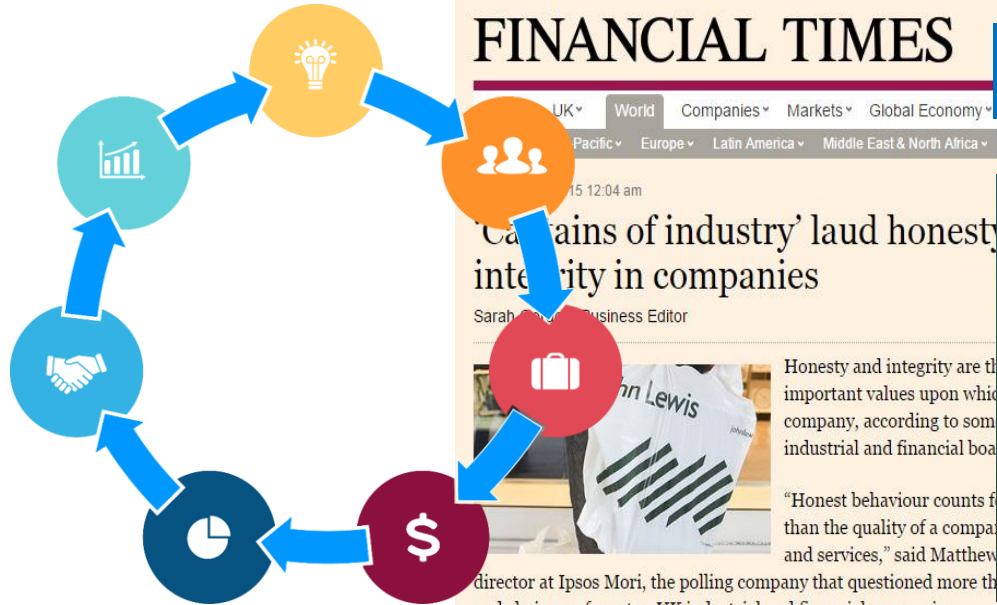
Risk competence (risk as an opportunity)



# BUSINESS NEEDS

Lifecycle oversight and change management

(‘honesty and integrity’)



## FINANCIAL TIMES

UK World Companies Markets Global Economy  
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15 12:04 am

### 'Captains of industry' laud honesty and integrity in companies

Sarah... Business Editor



Honesty and integrity are the important values upon which a company, according to some industrial and financial bo

"Honest behaviour counts for more than the quality of a company's products and services," said Matthew

director at Ipsos Mori, the polling company that questioned more than 100 and chairmen from top UK industrial and financial companies.

Risk competence (risk as an opportunity)



# BUSINESS NEEDS

Sophisticated (competency based)

Dynamic compliance and sensitivity ('honesty and integrity')

## FINANCIAL TIMES

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February 16, 2015 12:04 am

### 'Captains of industry' laud honesty and integrity in companies

Sarah Gordon, Business Editor



Honesty and integrity are the most important values upon which to judge a company, according to some of the UK's top industrial and financial board members.

"Honest behaviour counts for even more than the quality of a company's products and services," said Matthew Chatterton,

director at Ipsos Mori, the polling company that questioned more than 100 directors and chairmen from top UK industrial and financial companies.

Corporation with trading

ers

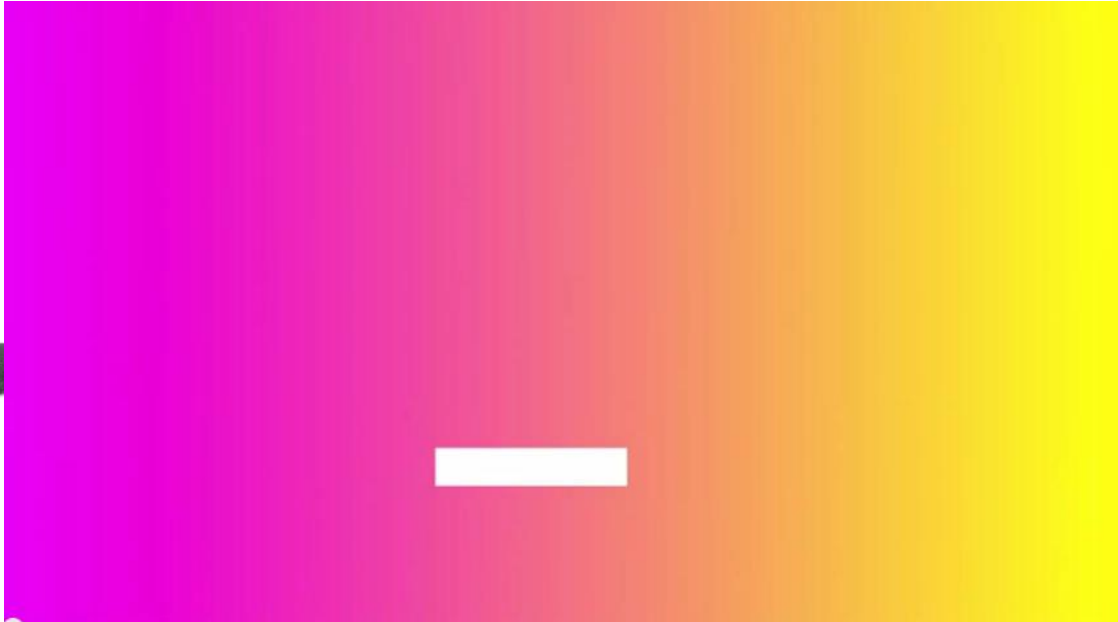




# BUSINESS NEEDS

Proactive empowerment  
segmentation and selection

with trading



# BUSINESS NEEDS

Indicative questions we are receiving from member companies regarding executive demands for improvement and more holistic performance insights

- How does our contracting performance compare with others in our industry?
- What is the economic impact of different contract models or terms?
- What are the relative probabilities of risk and do our contracts reflect them?
- Do major projects have a higher failure rate and what are the causes?
- What are the best models for performance-based contracts?
- Who are our contracts designed for and to what purpose?
- What percentage of our contracts under-perform – and why?



# NEW MODELS

## What are 'leading practices'?

- Shift in risk management focus
  - consequence to likelihood
  - leading to revised agenda for negotiations
- Relational / outcome based contracts
  - new models that drive improved performance (our research report indicates almost 50% reduction in 'failed contracts')

	Most negotiated term	Most important term
1	Limitation of Liability	Scope and Goals
2	Price / Charge / Price Changes	Responsibilities of the parties
3	Indemnification	Change Management
4	Service Levels and Warranties	Delivery / Acceptance
5	Payment	Communications & Reporting
6	Service Withdrawal / Termination	Price / Charge / Price Changes
7	Warranty	Service Levels and Warranties
8	Intellectual Property	Performance/Guarantees/Undertakings
9	Performance/Guarantees/Undertakings	Payment
10	Delivery / Acceptance	Limitation of Liability



# NEW MODELS

What are 'leading practices'?

- Agile contracts
- User-based process and contract
- Contracts as a source of business intelligence and brand reputation



# AND WHAT NEXT?

## Where is 'best practice' headed?

- New thinking by Law Schools
- Contract management as a source of 'measured value'
- 'The virtual reality contract' (initiative with UK Government and European Commission)
- Industry standards (IACCM coordinating Legal working groups seeking to eliminate inefficiencies of today's contract models)
- Artificial Intelligence (companies like IBM and SAP, plus some law firms, starting to implement AI within contract and legal management systems)





# LEADERS IN VALUE-DRIVEN TRADING RELATIONSHIPS

- Forums and networking
- Training and certification
- Research and advisory
- Skills and knowledge
- Online Learning

Contact:

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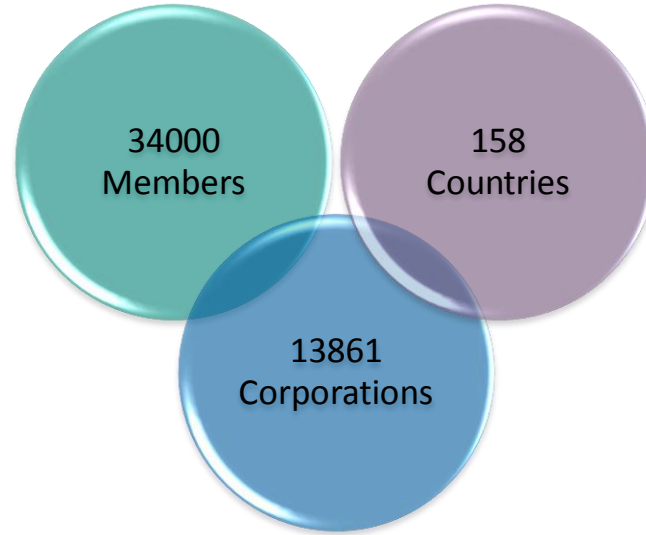
[info@iaccm.com](mailto:info@iaccm.com)

+1 (203) 431 8741

Americas / Worldwide

+44 1202 553657

Europe / Middle East / Africa



International Association for  
Contract and Commercial Management

# Any Questions?