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## COMMON PITFALLS OF CONTRACT LIFECYCLE MANAGEMENT (CLM) IMPLEMENTATION: A Survival Guide



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# 10 Common Pitfalls of CLM Implementation: A Survival Guide

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More and more companies are deploying cloud-based contract lifecycle management (CLM) solutions in order to streamline their business processes, eliminate risk, gain greater compliance, and improve profitability. Your company may be champing at the bit to deploy a contract management solution, but keep in mind that implementing CLM without putting the proper building blocks in place can result in myriad issues— protracted contracting cycles, poor system adoption, and runaway project costs, to name a few.

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Through CLM implementation experience gained since 1996, Determine consultants have seen companies across different industries follow familiar patterns that often put the success of their projects at risk. This whitepaper will shed light on the most common pitfalls companies face during implementation and suggest strategies and tactics to overcome them to improve the likelihood of success.

**Let's get started.**



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## What constitutes a successful implementation?

Each company's metrics for success are slightly different, but one important metric for every company is use of the solution purchased — the adoption rate. Contract management systems are only valuable if they're being used. If those who should be using the system are doing so confidently and consistently, then you are already well on your way to achieving the benefits of your purchase.

Companies should clearly define the success metrics for the project, and communicate them to every member of the team that works on the project. Some examples of metrics include: average contract cycle time, headcount in the contracting and reporting process, outside contractor spend in the contracting process, percentage of contracts with non-standard language and terms, number of outside auditor hours. Companies should also define the soft ROI goals (those that are nearly impossible to quantify) and make sure these goals are communicated to every team member that works on the project.

With these goals and metrics clearly defined and communicated, it will be much easier to keep the project on track, to make decisions that will affect how the solution will be configured, and to demonstrate at the executive level how your efforts have provided value to the company.

To achieve the smoothest implementation possible, it is important to become aware of the most common roadblocks to a successful system rollout, as well as how best to avoid them.

**The following pages outline these challenges.**



## **Pitfall #1:** Excluding Key Stakeholders from the System Selection Process

### **Avoid unnecessary starts and stops and meandering user requirements by bringing the right people in up front**

Managing a CLM implementation requires a certain amount of dedicated resources. Without a designated manager—or person with adequate time to oversee the operation—the contract management process will become overwhelming. Furthermore, for the project to get off the ground successfully in the early stages, the contract manager will require input from those involved in the contract lifecycle.

### **Solution:**

Be sure that while you are developing your business case for purchasing a contract management system, you take into account the manpower necessary to run the system optimally. Your team should include subject matter experts—teams of people in the departments that would see a significant amount of contract traffic (e.g., finance, legal, sales, and executives who would be approving contracts). While formulating your CLM and implementation strategy, it will be critical to get buy-in from these groups. A good way to do so is to demo a CLM product to them and emphasize the “must-have” capabilities that would benefit each business unit. Is the legal department swamped by contract requests and approvals at the end of a quarter? Demonstrate how implementing a contract management system will alleviate much of that burden—for instance, allowing members of the organization to request contracts without the legal department’s intervention.

Some companies, particularly larger companies, require a full-time system administrator to oversee the database, update user information, upload new contract templates, and field user questions. For smaller companies, or those with departmental deployments, a full-time system administrator might not be necessary, but there will need to be a project manager with adequate time to dedicate to the system and its users on a daily basis.

Be certain to include IT and technically-inclined individuals—ideally those with contract management experience, or at least hands-on software experience. This way the team is aware of the company’s policies in areas such as security and preferred platforms, and potential issues can be avoided with compatibility among different product releases in the technology stack. Incorporating these people into your contract management team will ensure that the implementation moves along smoothly without a mountain of technical difficulties standing between you and your go-live.



## **Pitfall #2:**

### The False Promises of Project Pilots

#### **Be sure the team recognizes what pilots can and can't achieve before committing to this path**

Companies rely on a pilot for proving a concept—a litmus test for product performance and acceptance—to acquire further funding for the larger project at hand. and it's no wonder why—if there is visible, measurable success with the CLM pilot, the people driving the initiative can increase support for the project as well as receive more money to fund it. Yet, when rolling out your contract management solution, using a pilot could hurt more than help the process. Rather than saving time, you end up returning to the drawing board—sometimes repeatedly—after doing a “first pass” at the work in order to facilitate the group testing sessions. While pilot projects do provide a type of tangible metric for product success, they tend to slow the implementation process significantly, raising costs and delaying the go-live goal date. Additionally, if those in the group become frustrated with the learning curve of the system, your goal of acceptance and excitement will be notably counteracted.

#### **Solution:**

Be secure in the solution you select and stick to the go-live goal. The more confident usage others see, the more confident they in turn will feel about the solution. If you feel that there must be some proof of concept, you could create a staging environment and walk through the testing with users that will be working in the system. If users have any issues or concerns, they can note them at the end of testing, and you can apply changes if necessary to the staging environment. Once the staging environment is at its optimal iteration, a developer can put the information in the live system for company-wide usage.



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## **Pitfall #3:** Waiting Until Implementation to Work Out Pain Points

### **Brainstorm known issues in the contract lifecycle with the individuals who work with them every day**

Too often, issues that should be examined far long before implementation only surface when encountered in the actual implementation process. A huge pitfall for companies deploying CLM systems is to neglect working through the contract process and its pain points, and waiting until the implementation manager is present to say, "We know something in our contract process is broken. How do we fix it?" the implementation manager will certainly be able to address that question, but with the answer comes a protracted timeframe and therefore higher, unnecessary costs.

### **Solution:**

Proactively call together all groups that will touch a contract in its various stages and work through the gaps in the process. When you have clear visibility into known issues early in the implementation, you can more efficiently configure your solution to speak to those pain points. Begin with the question, "What do we need our system to do?" and have each group involved weigh in. These conversations should illuminate which types of data fields you will want to include, and will give you an idea of how long you will need to spend on each part of the implementation. Document your current process flow along with the team's input and make careful notes. Presenting these notes to the implementation team will help them quickly translate that information into the functionality within the CLM solution and adequately addresses your unique contract process issues.



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## **Pitfall #4:** Over-engineering Your Approvals Process and Alerts

### **There's a balance between the level of granularity required and the impact on user experience**

The most advanced CLM solutions provide almost unlimited granularity in notifications and workflow processes. Very few companies will push the limits of what these systems can accommodate. Often, however, professionals become starry-eyed with the power and sophistication of alerts, e-mail notifications, and the potential of providing never before-possible visibility, and over-engineer their processes. The result is often a deluge of e-mail alerts that may or may not be meaningful. Before long, users can become desensitized to email alerts and ignore the truly important ones, or beg the contract administrator to turn them off.

### **Solution:**

To avoid this pitfall, keep alerts in alignment with your current signature process. If someone will need to sign the paper contract, that same person will most likely benefit from an alert. Alternately, alerts can go to certain people—say, members of the legal department—who can review and forward to the proper people if necessary. This type of capability is valuable enough that users should consider ahead of time how to engineer it to the fullest potential. Keeping alerts and notifications in check will ultimately influence user adoption and success of the system.



## **Pitfall #5:**

### **Cleaning Up Documents and Standardizing Contract Templates After Implementation Has Begun**

#### **Garbage in = Garbage out: making decisions about standard language and terms on-the-fly can stall your project**

A company that has operated for years without a contract management solution will most likely lack consistency across contracts—from entire templates down to details such as terms, fonts, and pagination. In order to save time in implementation, it is critical to consider these aspects of contract generation and standardization up front while concurrently accepting that the structure of some documents will need to be changed.

#### **Solution:**

A good way to decide what data is included in data field creation is to look at the blanks in existing contracts. What information are you always filling in? Likely, you will note parties, dates, amounts, product or service types, etc. These fields will inevitably need to be incorporated into your CLM system. In addition to thinking about populating contracts, you should also consider what type of data will need to be included for metadata fields and reporting considerations. Often a business unit may need to draw information about a contract that is not necessarily in the contract (i.e., who worked on the contract, who requested the contract, etc.). The addition of a few simple fields makes it possible for users to obtain that information immediately.

Perhaps one of the most important aspects of this pitfall is that almost inevitably some of your documents will need to be modified in order to work best with your CLM. While it may initially seem like a significant deviation from how things have “always been done,” consider how much time you’ll save with documents that are fully standardized and optimized for each stage in the contract lifecycle.

## **Pitfall #6:**

### Allowing decentralized legacy contracts to blindsides you

#### **Make sure you have full visibility of all your legacy contracts so you can make informed decisions enterprise-wide**

If you are like many organizations, you've got contracts everywhere, in every format: PDF, Word, in emails, even the old file cabinets. Getting your contracts centralized is the first step to driving value from any CLM system. Quite simply, you can't manage contracts you can't see. Only by capturing and cataloging all your legacy contracts, can you truly manage contracts holistically—make decisions on amendments and revisions to reduce risk and drive revenue by having all the information at your fingertips. You may consider some of your legacy contracts irrelevant now, but you don't know that for sure. Without seeing the complete picture, you're leaving your organization open to unknown risks.

#### **Solution:**

Until recently, consolidating these critical pieces of corporate intellectual property was a largely manual, costly and time-consuming task, not to mention error-prone. Determine consultants work with you to quickly, seamlessly identify, transform and aggregate your enterprise contracts so they can be migrated into your CLM solution. Then managing them becomes easy with Determine Contract Analytics. This innovation will give you 100% visibility into all your legacy contracts and allow you to effectively discover and extract value from raw contract metadata so you can better manage them. The process is automated which minimizes your resource allocation and speeds up your ROI quickly.

This type of centralization will impact your bottom line immediately.



## **Pitfall #7:** Taking the “Big Bang” Approach to Implementation

**A phased approach delivers wins early on, builds momentum, and ultimately improves the likelihood of success**

Once you realize the value of a CLM solution and how it can benefit your company, you might be tempted to do as much as you can, as soon as you can. However, diving in and implementing the entire system right from the get-go can become exasperating to users who are trying to process the change and maximize the system’s functionality. One of the biggest pitfalls a company can encounter in implementation is not using a phased approach, making the project seem like an eternal process.

### **Solution:**

When you learn mathematics, you start with addition of single digits, not with advanced calculus. Similarly, when you implement your CLM solution, a phased approach is best for laying a foundation of skills on which to confidently build. Start with smaller, bite-sized chunks and get users comfortable with functionality one step at a time. Phased approaches lead to higher adoption rates, faster rollout, and increased end-user satisfaction. Moreover, with a phased approach you will be able to provide demonstrable ROI faster with the success of each stage in the process.

In a phased approach, you might consider segmenting the process by contract type, for instance, beginning with all NDA’s, then adding on vendor agreements, then employee agreements, etc. so that users are comfortable with the system when they get to contracts with a higher degree of difficulty. An added benefit of phasing in the system in this manner is that you will be able to hear valuable user feedback from the first phase that will positively influence the next phase, making it possible to adjust the system where necessary and increase its value and usability.

If you’re phasing in the system based on functionality, you might begin with data entry and contract records capabilities, such as workflow process and critical data fields. Once users are comfortable with data entry, you might layer in approvals functions. Next, you might phase in drafting capabilities, and so on until users are fully comfortable with all of the functionality you were planning to incorporate into your CLM system.

In either approach, you can create materials such as department or role-specific training manuals to further ease users into comfortable usage of the system in an accessible way. For example, if you’re an attorney, you would be interested in a document showing how to create a contract. If you’re a manager, you might be more interested in seeing training material regarding reporting functionality. These tools are useful in either phasing scenario- be it by contract type or functionality.



## **Pitfall #8:**

### **Playing Go-Live Deadline Dodgeball**

**A clearly communicated go-live date provides a sense of urgency and enables the team to better prioritize their activities**

Implementations that drag on indefinitely are often the result of a lack of commitment—not necessarily to the solution, but to the timeframe. Managers are often reluctant to set a date and stick to it, fearing lack of flexibility and risk of being perceived negatively if the team misses an implementation deadline. Anyone going into the process with a “let’s just get the ball rolling” attitude will almost inevitably be disappointed at how quickly the ball slows down, and occasionally stops. Without setting a goal date and striving to go live with your CLM solution in that timeframe, the process can meander along, costing more and vexing users.

## **Solution:**

Set a go-live date and communicate it early and often. Stakeholders in the project appreciate being in the loop, and those involved in accomplishing the work are more likely to hit their deadlines if everyone is striving toward an ultimate goal.

If you are struggling to decide what the go-live date should be, consider any practical factors. Does your legacy system have an impending expiration date by which you need to migrate? Do certain business units need to go live before others? Where are you in the sales cycle? It may, for example, be a bad idea to set your go-live date too close to the end of the quarter. These factors will carry more weight in selecting the date to roll out the system than simply assigning an arbitrarily date.



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## **Pitfall #9:** Curing the Symptom, Not the Problem

### **Document all of your goals and create a full business case that takes into consideration all the pain points in your processes**

An auditor is coming and your team can't find a specific document. You decide that you need a CLM solution to keep all contracts on your radar and prevent this from happening again. While a CLM solution will indeed serve as a searchable vault for your documents and enable you to find them with ease upon request, is that the only reason contract management would be useful? this pitfall is one that can shortchange a company out of maximum efficiency in contracting processes. Basing the purchase and implementation on an isolated incident will prevent you from thinking about the entire contract process and all of its pain points. if there is one pain point, you can almost guarantee there will be more. Without considering a solution that can address more than just one business need, companies will find themselves over-complicating their processes with multiple systems managing multiple parts of the workflow.

### **Solution:**

Document your goals early on. Create a full business case that takes into consideration all pain points in the process including any anecdotal information like the scenario above. A more comprehensive business case will ensure that you purchase a CLM system that will prevent a multitude of problems rather than addressing just one or two. Granted, some issues may pose more of a widespread problem than others, but knowing how to utilize your system in a variety of ways will allow you to take full advantage of all the functionality in your CLM solution.



## **Pitfall #10:**

### Lack of Communication with Your Implementation Manager

#### **Overcommunication will keep molehills from becoming mountains**

The conclusion of the implementation should not be the “all’s well that ends well” between you and your CLM vendor. Issues that arise with the solution, user training, new release features, and a variety of other support topics may necessitate a tap on your implementation manager’s shoulder.

#### **Solution:**

Keep your implementation team, and the manager in particular, in the loop to answer questions and address any future concerns, even after you reach the goals you’ve set for your implementation. Their extensive experience is completely at your disposal—all you have to do is keep them involved. Ask questions before and during your implementation, communicating openly about concerns, needs, and speed bumps that arise in the process. Generally, issues will be resolved faster and without recurrence when the implementation manager is involved and aware. Finally, when your contract management solution is live and fully functional, keep up the dialogue and continue to communicate with your implementation team. The vendor will also benefit from your feedback on the implementation process and how it could be improved.

#### **What’s next?**

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## Let's Talk!

To learn how your organization can pave the way to profitability with contract management on the Determine Cloud Platform, contact us at +44 20 3868 0216 or [sales@determine.com](mailto:sales@determine.com)

next  
steps.

Determine, Inc. (NASDAQ: DTRM) is a leading global provider of SaaS Source-to-Pay and Enterprise Contract Lifecycle Management (ECLM) solutions. The Determine Cloud Platform provides procurement, legal and finance professionals analytics of their supplier, contract and financial performance. Our technologies empower customers to drive new revenue, identify savings, improve compliance and mitigate risk.

The Determine Cloud Platform seamlessly integrates with major ERP or third-party systems such as SAP, Oracle, Sage, QAD and Microsoft. Modular solutions can be configured to add more as needed to provide additional value beyond spend management. Our unified master database and business process approach empower users at every level to make more informed and smarter decisions.