

# € TRAINING

The Contracts & Purchasing MBA



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## Introduction:

Purchasing is a complex process, which has the potential to provide many benefits to the organization in the form of lower prices, higher quality, and improved performance. Without effective purchasing, it is impossible for an organization to perform at its full potential. The purchasing process leads to the establishment of contracts, and these are the lifeblood of the commercial side of the business, ensuring the benefits of the purchasing process are carried through into the business itself. This MBA-level program provides a strategic overview of the essentials for strategic purchasing and the establishment and management of contracts. In this program you will learn about:

- The basis of contracting, with particular reference to international contracts.
- The ways in which contracts are created.
- Some of the issues in drafting contracts include clarity of language.
- How to prepare for and conduct negotiations.
- Strategic Purchasing Planning.
- Managing your team resources.
- Segmentation and category management.
- Use of appropriate sourcing techniques such as tendering and negotiation.
- Match corporate strategy and purchasing strategy.
- Budgeting and total cost measurement.
- Best practices in international procurement.
- International Business Ethics and Law.

## Course Objectives:

At the end of this course, the participants will be able to:

- Examine the role of purchasing and contracting in modern organizations.
- Understand the issues behind contracts.
- See how contracts can be used in an international context.
- Explore ways of creating contracts, and the different strategies available for different types of projects.
- Review different types of contracts.
- Examine some of the issues that arise in drafting contracts.
- Identify appropriate purchasing strategies for modern organizations.
- Identify and practice the required skills.
- Evaluate the key elements of operational excellence.
- Examine how to locate and evaluate new sources international.
- Review international best practices in purchasing and contracting.
- Analyze ways of managing suppliers more effectively.
- Explore productive negotiating skills.
- Develop plans for improving purchasing activities.

## Targeted Audience:

- Senior procurement and purchasing professionals

- Contract managers
- Supply chain managers
- Operations managers
- Business owners and executives
- Risk management professionals
- Business development managers
- Project managers
- Construction managers
- Legal professionals involved in contract management

## Course Outlines:

### Unit 1: The Basis of Contracts:

- The basis of contracts around the world.
- How is a contract formed?
  - Exchange of promises.
  - Formalities.
    - Writing.
    - Formal signing/sealing.
    - Registration.
    - Stamp Duty or other taxes.
    - Mental capacity.
    - Age.
    - Witnesses.
- Authority to contract:
  - How is this proved?
  - Powers of Attorney.
  - Special issues with foreign parties.
- Issues with agents.
- What happens if there is no agreed contract?

### Unit 2: Creating a contract:

- Tendering:
  - Why do we use competitive tendering?
  - Practical issues.
  - Dealing with challenges.
- Other procurement methods:
  - Single/sole sourcing.
  - Framework Agreements.
  - Negotiated contracts.
  - Traditional.
  - More innovative.
  - Selecting the right one for your project.
  - Using Standard Forms:
    - Company.
    - International.
  - Letters of Intent.
  - Letters of Award.
  - Conditions Precedent.
  - Conditions Subsequent.

- Bonds.
- Guarantees.
- Insurance arrangements.
- Different contract types.
- Awarding the contract.
- Collateral documents
- De-briefing bidders.
- Kick-off meetings.

### Unit 3: Drafting contracts:

- Clarity of language.
- Issues with translations.
- Some critical clauses:
  - Health, safety, and the environment.
  - Standard of work/product/service.
  - Changes to the scope of work.
  - Indemnities.
  - Insurance.
  - Time for delivery:
    - Liquidated damages.
    - Penalties.
  - Force majeure.
  - What it is and what it is not.
  - Limitation of liability.
  - Warranty and guarantee periods.
  - Termination.
  - Entire Agreement.
  - Notices.
  - Which law applies?
- Exercises in drafting.

### Unit 4: Negotiation:

- Negotiation phases:
  - When awarding a contract.
  - In relation to disputes under the contract.
- Negotiation techniques:
  - Preparation.
  - What to do in the actual negotiation.
  - Dealing with difficult parties.
- Exercises in negotiation:
  - Phase negotiation.
  - Arbitration.
  - Courts litigation.
  - Mediation.
  - Expert determination.
  - Other alternative solutions.
- Dispute resolution.
- Issues where disputes are resolved in an international context.

### Unit 5: Contract Management:

- Project and contract management are distinguished.
- Roles in Contract Management.
- Document control.
- Control of change.
- Payment processes:
  - Impact of delay.
  - Issues in international contracts.
- Managing a termination.
- Closeout:
  - Making sure everything is resolved.
  - Effective archiving.
- Final module review and questions.

## Unit 6: Modern Purchasing Strategies:

- Globalization and its effects on procurement.
- Modern buying practices.
- Pricing mechanisms.
- The total cost of ownership control.
- Procurement's role in the organization.
- Assuring supplier performance.
- Long-term contract pricing formulas.
- Utilizing the internet for procurement.

## Unit 7: Developing a Procurement Strategy:

- Key Spend data and information.
- Procurement segmentation models.
- Category Management.
- Matching the team to the procurement.
- Project Procurement approaches.
- Integration with organizational strategy.
- Scenario planning.
- Budgeting and costing.
- Managing inventory management costs.

## Unit 8: Sourcing Strategies:

- Global sourcing - advantages and problems.
- Single source vs. multiple source decisions.
- Buying goods and services.
- Source evaluation criteria.
- Procurement performance measurements and KPIs.
- Managing exchange rate risks.
- International business ethics.
- Corporate Social Responsibility and procurement approach.

## Unit 9: Supplier Management Approaches:

- Objectives of Tendering.
- Best practices in tendering.

- Overview of the commercial negotiation process.
- Negotiating from positions of strength and weakness.
- Framework arrangements.
- An optimum number of suppliers.
- Supply Chain partnering and single source arrangements.
- Supplier Pricing strategies.
- Matching supplier management approach to strategy.

#### Unit 10: Purchasing Improvement and Project Management:

- Leading Purchasing Improvement Programmes.
- Tools and techniques for Project Management.
- Critical Path analysis.
- Communicating with the broader organization.
- Procurement Marketing.
- Creating Action teams.
- Action Planning.
- Program review and individual action plans.