



Arabian Institute For Training

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# The 10-day Advanced Contracts and Purchasing Management

## INTRODUCTION

- The effective expenditure of enormous sums of money and resources is dependent on successful purchasing and contract management activities. Selecting and applying the appropriate skills and methodologies to ensure value for money and high quality delivery by suppliers, requires collaboration across all functions and a strong contractual underpinning of the supplier relationship. It is essential to select the appropriate contracting models for creating and managing formal agreements with suppliers of goods and service to achieve successful outcomes. This 10-day Advanced Contracts and Purchasing Management training course is designed to:
- Explore the advanced skills to enhance performance in contract selection, development and management and in purchasing and procurement
- Enable participants to practice and develop their purchasing and contract skills
- Enable participants to develop appropriate sourcing and supplier management plans
- Help participants to begin immediate implementation of the steps needed to create total value for their organisation

## PROGRAMME OBJECTIVES

- Understand the contract complexities that need managing
  - Be more effective in contract management activities
  - Anticipate problems and manage risks
  - Integrate contract management with contract needs
  - Understand the best means of handling disputes and performance issues
  - Development of appropriate strategies for delivering value
  - Use appropriate methodologies for managing suppliers
  - Use of tendering, negotiation and other techniques
  - Enhance value obtained from suppliers
  - How to measure and improve the performance of the Purchasing function
  - Consider how the wider business environment effects procurement
  - Consider the latest advances in Purchasing management
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## WHO SHOULD ATTEND?

- This intensive 10-day training course is suitable for personnel from all industrial fields and different purchasing methods:
- Engineering
- Projects
- Construction
- Tenders
- Contracts
- Buying
- Purchasing
- Procurement
- Commercial
- Finance
- And those preparing for a major project involved in purchasing and contract management or experienced managers looking for a refresher will also benefit from this training course which does assume a basic level of understanding of purchasing and contract management

## TRAINING METHODOLOGY

- The 10-day Advanced Contracts and Purchasing Management training course will combine conventional teaching with a high level of participation; including an interactive approach to involving participants in discussion of topics, exercises and encouraging participants to bring their own experiences forward for discussion and debate.

## PROGRAMME SUMMARY

- This Advanced Contracts and Purchasing Management training course covers the contracting process from tendering and award, through planning and management to close out and resolution of disputes. It then covers the purchasing process from specification through to contract completion. The intention is to further develop current skills with application to a wide range of situations and to allow participants to have an awareness of practices in other regions and other industries which may add value to their own situations.

## PROGRAM OUTLINE

### Understanding the Contract

- Overview of the tendering and contract award process
  - Understanding contracts – a refresher on legal requirements for a contract
  - Formal and Informal Contractual documents, including
  - Standard terms and conditions
  - Letters of intent
  - Letters of comfort
  - The specification and scope of work – linkage to price and payment
  - Recognising where the contract risks lie
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## Key skills of Contract Management

- The role and value of an effective contract manager
- Implementing the new contract
- Effective Review processes
- Inspection and certification of contractual performance
- Managing suppliers of professional services
- Working with contract management reports
- Using KPIs in effective contract management

## Model Contracts and Terms

- Selecting the right model for the contract
- Standard form Contracts – ICC, FIDIC, NEC and others
- Force Majeure clauses
- Indemnities and Insurance clauses
- Warranty clauses
- Bonds and Guarantees
- Contract variation clauses

## Managing Price and Contract Variations

- Managing Price escalation
- Getting a breakdown of costs
- Cost and price analysis techniques
- Tracking changes
- Managing variations to the work
- Changes to timing, accelerating delivery
- Increase or decrease in scope
- Changes to work methods
- Negotiation techniques for price and contract variation management

## Managing Claims and Disputes

- Typical contract claims – scope, delay, quality, payment
  - Implementing penalties or service credits
  - Liquidated and unliquidated damages
  - Termination and other methods of dealing with default
  - Defects Liability management
  - Dispute Resolution – tools and techniques to use
  - Contract closeout
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## The Basis of Purchasing Management

### Principles of Good Procurement

- Requirements and Specifications
- Spend mapping
- Supply Segmentation
- Contracts

### Principles of Good Management

- Strategy, vision
- Styles of management
- Objectives of Purchasing management
- Organisational structure

### Sourcing and Supplier Management

#### Appropriate sourcing techniques

- Tendering
- Open, Restricted, negotiated, competitive dialogue.
- PQQ – pre qualification questionnaires
- Tender evaluation
- Negotiation
- Electronic procurement
- E-auctions

#### Assessing and allocating risk

- Identifying Risk
- Mitigating Risk
- Split supply arrangements
- Approved supplier lists and blacklists

#### Risks and opportunities in the supply market

### Supplier Management and Development

- Global sourcing
- Incoterms
- Supplier Evaluation
- Partnerships and alliances
- Force majeure clauses

### Supplier Development

- Local supplier development
  - Corporate Social Responsibility
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## Managing Suppliers

### Managing Project Suppliers

- Ensuring performance
- Getting back on track
- Total cost of ownership

### Managing Partnerships

- Appropriate opportunities for partnering and alliances
- Structure of partnerships
- Duration and end of partnership arrangements
- Managing non-critical suppliers
- Managing Service Suppliers

### Service Level Agreements

- Supplier non-conformance and corrective actions

### Measuring Performance, Leading Change

#### Measuring Performance

- Key Performance Measures
- Financial Measures

#### Leading Change

- Ensuring Cross functional collaboration
  - Procurement marketing
  - Promoting Purchasing to the organisation
  - Change Management
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