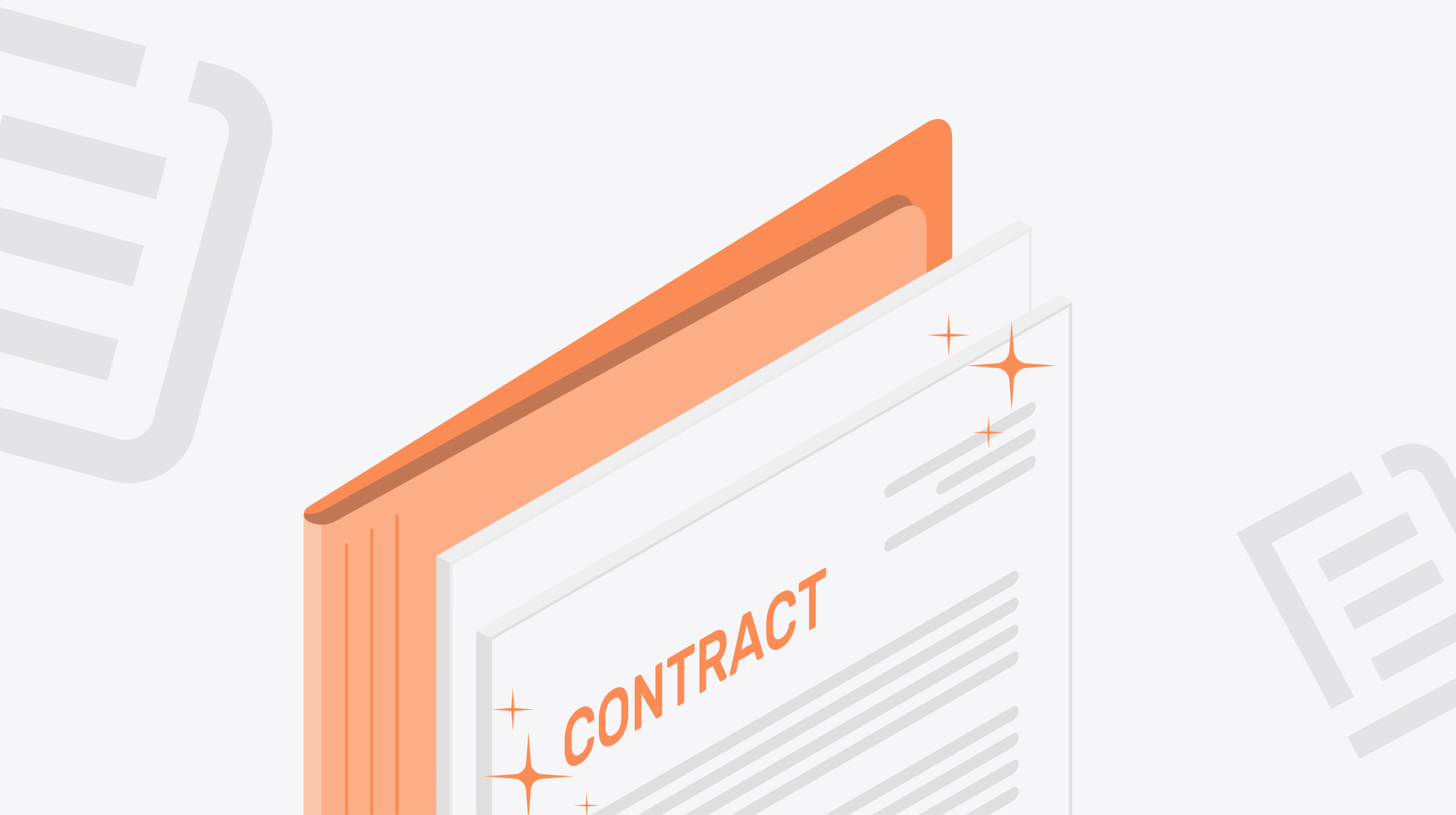




What is contract lifecycle management?

A guide to CLM



Contracts are critical to successful business deals, but managing them from start to finish can be draining. Deadlines pile up, key details slip through the cracks, and a once-organized process can suddenly start spinning out of control.

To help with this, contract lifecycle management (CLM) offers the much-needed solution that streamlines the entire process, reducing risks and saving time. But what does this mean for your business, and how can you use CLM?

Integrating CLM into your workflow will transform how your teams collaborate. If your goal is to spend less time on admin tasks and more time focusing on growth, this practical strategy eliminates the complexities, giving you an edge to thrive in the competitive business world.

In this guide, we'll take you through each phase of the CLM process, from when a contract commences to its renewal or termination. We'll also highlight how leveraging cutting-edge software like DocJuris can revolutionize your contract management strategy.

Main takeaways:

- ✓ Contract lifecycle management solutions organize every stage of a contract's life, improving efficiency, compliance, and risk management.
- ✓ CLM's benefits include increased efficiency, enhanced compliance, reduced risks, cost savings, and faster contract cycle times.
- ✓ CLM processes include initiation, creation, negotiation, approval, execution, administration, and renewal or termination.
- ✓ Implementing CLM involves assessing current processes, choosing the right software, standardizing contract templates, training your team, and ongoing monitoring.
- ✓ Advanced CLM tools like DocJuris streamline contract management with automation and AI-powered features.

What is contract lifecycle management (CLM)?



Contract Lifecycle Management (CLM) is the strategic approach to managing every stage of a contract's existence, from initiation to renewal or termination. A robust CLM system can simplify operations and safeguard your organization against potential risks. Leveraging a centralized CLM system streamlines contract management and maximizes your team's productivity.

The benefits of contract lifecycle management



A contract lifecycle management solution offers numerous advantages that can impact your business operations. Let's uncover the key benefits that make CLM an indispensable component of modern business management.

Improved efficiency

Implementing CLM systems can drastically improve efficiency within an organization. CLM tools save valuable time and resources by automating repetitive tasks and streamlining workflows. This **automation** allows your team to focus on high-value tasks instead of getting bogged down in tedious manual processes.

CLM enhances efficiency by providing a centralized repository for all contract-related documents. This centralization ensures everyone can access the most up-to-date information, reducing the risk of errors and miscommunication. With an efficient CLM system, your organization can execute the contracting process faster and more accurately.

Enhanced compliance

Businesses can ensure compliance through effective contract lifecycle management. CLM systems help maintain adherence to regulatory standards and internal policies by providing automated compliance checks and audit trails. Doing this reduces the risk of non-compliance fines and reputational damage.

A robust CLM process ensures that all stakeholders are on the same page through centralized access to contract terms and conditions. This transparency minimizes misunderstandings and ensures that all parties meet obligations accurately and on time, leading to smoother operations and more reliable partnerships.

Reduced risk

CLM also helps mitigate risks. By employing CLM software, you gain a structured approach to identifying and addressing potential pitfalls throughout the contract management process. This proactive approach helps reduce legal, compliance, and financial risks before they become prominent issues.

With features like automated compliance checks and alerts for critical dates, CLM tools ensure no contract element slips through the cracks. This heightened vigilance safeguards your organization and builds stakeholder trust, creating a more secure business environment.

Cost savings

Implementing an effective CLM system directly translates into substantive cost savings. By automating routine tasks, reducing manual errors, ensuring compliance, saving money, and boosting overall efficiency, your organization can avoid costly breaches and penalties.

Centralized contract storage eliminates the need for physical paperwork and reduces the risk of losing key documents. The streamlined processes save valuable time and allow your team to focus on strategic initiatives rather than administrative tasks. Over time, these efficiencies can lead to considerable financial gains for your business.

Faster contract cycle times

With automated workflows and centralized document storage, CLM software like DocJuris can streamline contract cycle times. Instead of waiting days for manual reviews and approvals, automated alerts and approvals help you get contracts moving swiftly from one stage to the next, reducing bottlenecks and unnecessary delays.

This efficiency is critical in fast-paced business environments where time is money. The quicker you can finalize contracts, the sooner you realize their benefits, whether your company is launching a new project or closing a sale. Faster cycle times boost productivity and enhance client satisfaction.

Better visibility and control

Streamlined CLM grants you unparalleled visibility and control over your contracts. With all documents centrally managed, you can quickly access contract details, tackle deadlines, and deliver on obligations. Doing so ensures you get all critical dates and compliance requirements.

CLM software like DocJuris offers real-time insights into contract performance and status, enabling more informed decision-making. This level of oversight can immensely reduce the risk of contractual oversight and enhance overall business efficiency.

Phases of the contract lifecycle management process



The contract lifecycle management process consists of several phases, each critical for maximizing a contract's value and minimizing risks. Let's explore these phases to equip you with practical insights for effectively setting up contract management systems.

1. Contract initiation

This phase serves as the foundation for the entire CLM process. During this phase, you identify the primary objectives and requirements for the contract, including defining the purpose of the agreement, outlining key terms, and determining the stakeholders involved. This is a crucial step that establishes the framework for the subsequent phases.

Starting a contract the right way ensures that everyone understands and agrees on what needs to be done. Needless to say, a well-written contract, for any project, can help identify potential challenges and opportunities early on, allowing for better alignment with organizational goals. This phase often involves collaboration between procurement, business, and legal teams, each bringing their own perspectives.

2. Contract creation

Once you have identified the need for a contract, the next step is contract creation. This phase involves drafting the initial document outlining the terms and conditions agreed upon by both parties. Accuracy and clarity are of utmost importance here to avoid potential misunderstandings later on.

Automation tools like DocJuris come in handy during contract creation. These contract management tools enable you to generate contracts swiftly, incorporating necessary clauses effortlessly. With AI-powered features, you can ensure that your documents comply with regulatory requirements and organizational standards. Using predefined templates and standardized language can further streamline this stage and help achieve consistency across all contracts, reducing the likelihood of errors.

3. Contract negotiation

Parties involved hash out terms in the contract negotiation phase, ensuring mutual agreement and benefit. Attention to detail is crucial here, as overlooked elements can lead to disputes later. Effective contract negotiation relies on clear communication and a comprehensive understanding of each party's objectives. An organized approach helps avoid misinterpretations.

During this phase, you'll also likely encounter multiple rounds of revisions and edits. Leveraging CLM software during negotiations can streamline the process and help create a more transparent and efficient negotiation process. For instance, with DocJuris, you can collaborate with stakeholders using centralized dashboards and AI-driven insights.

4. Contract approval

At this juncture, the contract must undergo several layers of scrutiny to ensure all terms are fair, compliant, and advantageous to your business. It often involves cross-departmental collaboration, where legal, finance, and operations teams review and provide their input.

A well-structured approval workflow can drastically speed up this stage. Leveraging CLM software, like DocJuris, automates the review process by optimally routing contracts to the proper stakeholders, accelerating approval times, and reducing bottlenecks by ensuring no single review stage is unnecessarily prolonged. Effective contract approval ensures that all parties have a clear understanding and agreement on the contract terms, mitigating the risk of future disputes.

5. Contract execution

The contract execution phase is where the agreement becomes legally binding and involves all relevant parties signing the contract. Ensuring all stakeholders have reviewed the final document and are fully aware of their obligations is essential at this stage. This step includes meeting and verifying all legal and regulatory requirements to avoid future disputes.

DocJuris provides robust support for this, as our centralized dashboard makes it easy to track who has signed and who is pending and sends reminders to ensure timely execution. By leveraging our platform, you can eliminate bottlenecks and execute contracts efficiently. Overall, the contract execution stage solidifies the parties' commitment and paves the way for smooth contract administration and performance tracking.

6. Contract administration and performance tracking

Once a contract is executed, administration and performance tracking follow. This phase ensures that all parties adhere to their contractual obligations and meet the terms effectively.

Effective contract administration involves maintaining accurate records, monitoring deadlines, and managing any amendments. This helps avoid compliance issues and potential disputes down the line. Performance tracking is critical to meeting deliverables on time and within scope.

Utilizing CLM software like DocJuris, with its AI-powered features, keeps all contract data centralized and accessible. The platform's comprehensive dashboard provides a centralized overview, allowing real-time monitoring of performance metrics and contract compliance. This visibility helps identify and remedy issues promptly, ensuring smooth operations and stronger partnerships.

7. Contract renewal or termination

When a contract approaches its end date, you can either renew or terminate it. This crucial phase requires careful evaluation of performance metrics, compliance, and any changes in business needs.

Renewal involves reviewing the contract's terms, ensuring they align with your goals, and negotiating any necessary adjustments. This proactive approach can prevent disruptions and foster stronger business relationships.

Termination, however, involves ensuring all parties meet requisite obligations and settle outstanding issues. A structured termination process mitigates risks and preserves professional relationships for future collaborations.

What is contract lifecycle management software?



Contract lifecycle management (CLM) software automates and simplifies the entire lifecycle of a contract, from initial drafting to approval, execution, and renewal. It provides a centralized platform for creating, storing, and managing contracts, which enhances efficiency, reduces risks, and ensures compliance.

Core features of CLM software

A robust CLM software has the following features:

- ✓ **AI-powered review:** Utilize AI technology for contract review and risk assessment, enhancing accuracy and reducing potential risks.
- ✓ **Centralized repository:** With a centralized repository, you can store and access all your contracts in one convenient location, ensuring easy retrieval and management.
- ✓ **Automated contract creation:** Automate your contract creation process by managing templates and generating contracts automatically, saving you valuable time and effort.
- ✓ **Advanced search:** Advanced search capabilities allow you to quickly find and retrieve specific documents, enhancing efficiency and productivity.

- ✔ **Automated alerts:** Stay on top of key dates and important milestones with automated alerts, ensuring you never miss a crucial deadline.
- ✔ **Approval workflows:** Streamline the approval process by integrating e-signatures and implement efficient, automated workflows for contract approval.
- ✔ **Compliance tracking:** Effortlessly maintain an audit trail and track compliance with built-in compliance tracking features.
- ✔ **Real-time collaboration:** Collaborate and negotiate contracts in real-time using integrated tools, fostering seamless teamwork and communication.
- ✔ **Customizable reporting:** Generate tailored reports and perform in-depth analytics to gain insights into your contract management processes.
- ✔ **System integration:** Easily integrate your CLM system with other business systems, such as CRM and ERP, for a more streamlined workflow.

By leveraging these core features, CLM software can help organizations improve efficiency, reduce risk, and enhance contract management processes.

How to roll out contract lifecycle management in your business



Implementing CLM in your business can transform how you handle contracts. By following the steps below, you can ensure a smoother transition and maximize the benefits of CLM.

1. Assess current contract processes

Before implementing CLM, it's essential to start by evaluating your existing contract processes. This step helps you understand the strengths and weaknesses of your current system and identify areas ripe for improvement. Here's how to get started:

- ✓ **Map out the workflow:** Document each phase of the entire contract process from initiation to execution. Identify the stakeholders involved and their roles at each stage.
- ✓ **Identify compliance gaps:** Review current processes for adherence to legal and regulatory requirements.
- ✓ **Gather feedback:** Solicit input from team members who interact with contracts daily. Their insights can provide valuable information about practical challenges and potential improvements.
- ✓ **Evaluate technology use:** Assess the tools and technologies currently employed in your contract management. Determine whether they meet your needs or if advanced solutions are available.

By understanding your current workflow and identifying areas for improvement, you can make informed decisions that align with your company's goals.

2. Choose the right contract management software

Selecting the right **contract management software** is critical to the success of your CLM strategy. Here are essential factors to consider:

- ✓ **Functionality:** Ensure the software covers all CLM stages, from initiation to renewal or termination. It should include features like contract drafting, approval workflows, e-signature, and performance tracking.
- ✓ **User-friendliness:** The platform should be intuitive and easy for your team to use. A complex interface can deter adoption and reduce efficiency.

- ✓ **Integration capabilities:** Look for software that integrates seamlessly with your existing systems, such as CRM, ERP, and e-signature tools. Doing this can streamline data flow and improve overall productivity.
- ✓ **Support and training:** Check for comprehensive support and training options to help your team get up to speed and resolve any issues quickly.
- ✓ **Scalability and security:** Choose software that can grow with your business. The software should accommodate this growth without performance issues as your contract volume increases. Also, given the sensitive nature of contracts, robust security features such as encryption and access controls are a must-have.

The right contract management software **can make a significant difference**, simplifying your workflows and boosting your team's productivity.

3. Standardize contract templates and processes

Standardizing your contract templates and processes is critical to ensuring consistency, reducing errors, and streamlining the contract lifecycle. Here's how you can achieve it:

- ✓ **Create standard templates:** Develop standardized contract templates for different agreements (e.g., NDAs, service contracts, etc.) to ensure consistency and save time. Include all necessary clauses and terms, leaving space for customization where needed.
- ✓ **Implement clause libraries:** Build and maintain a library of pre-approved clauses you can easily insert into contracts, minimizing the need to review the same clauses repeatedly and promoting legal compliance.
- ✓ **Automate approval processes:** Use CLM software to automate the contract approval process. Set up rules for automatic routing of contracts to appropriate parties for review and approval, ensuring each contract follows the same process.
- ✓ **Regularly review and update templates:** Periodically review your templates to ensure they remain compliant with current laws and reflect any changes in your business practices.

Standardizing your contract templates and processes centralizes your contract management, making it more effective. It ensures consistency, reduces the likelihood of errors, and accelerates the contract drafting and negotiation processes for faster review and approval processes.

4. Train your team



Investing in CLM software is a crucial step, but ensuring your team can effectively use it is paramount. Training your team maximizes the software’s potential and ensures smoother transitions and higher efficiency. Here are the key elements of training to incorporate:

- ✓ **Comprehensive onboarding:** Start with an in-depth onboarding session tailored to different roles within your organization. Include demos and hands-on exercises to familiarize users with the software.
- ✓ **Ongoing training sessions:** Regularly scheduled training sessions can keep your team updated with new features and best practices. Depending on the pace of updates, you can run these sessions bi-monthly or quarterly.
- ✓ **Case scenarios:** Provide real-world examples and scenarios your team may encounter. This practical approach helps your team better understand and apply the software in daily tasks.
- ✓ **Support resources:** Provide your team with access to tutorials, user manuals, and a dedicated support system. Doing so will ensure they have help readily available when needed.

- ✔ **Feedback loop:** Encourage your team to provide feedback on their training experience and any challenges. Utilize this feedback to refine training methods continually.

Practical training empowers your team to fully utilize the CLM software, setting up a more streamlined and efficient contract management process. It ensures everyone understands the new workflows, reducing resistance to change and enhancing overall productivity.

5. Monitor and refine

Even after implementing a CLM system, the journey continues. Monitoring and refining your CLM process is essential for continuous improvement and ensuring maximum efficiency. Here's how you can do this:

- ✔ **Regular audits:** Periodically review contract processes to identify bottlenecks and areas that need improvement.
- ✔ **Feedback mechanism:** Set up a system where users can provide feedback on the CLM system to highlight issues and opportunities for enhancement.
- ✔ **Performance metrics:** Track key performance indicators (KPIs) such as approval times, renewal rates, and compliance adherence to measure the effectiveness of your CLM.
- ✔ **Software updates:** Stay updated with CLM software's latest features and best practices, ensuring you take advantage of these dedicated tech tools.

By continuously monitoring and refining your contract lifecycle management process, you'll ensure it remains effective and aligned with your business objectives. This ongoing evaluation helps to identify any bottlenecks or inefficiencies, allowing you to make data-driven adjustments that enhance overall performance.

Streamline your contract management process with DocJuris

Implementing effective contract lifecycle management processes doesn't have to be a complex endeavor. By understanding each contract lifecycle phase and following the strategies laid out in this post, you can streamline your contract management process and reap the benefits of improved efficiency, enhanced compliance, reduced risks, cost savings, and faster contract cycle times.

With tools like DocJuris's AI-powered CLM solution, these benefits become more accessible.

DocJuris offers a robust end-to-end contract lifecycle management solution that not only assists with reviewing and marking up contracts in minutes but also simplifies team collaboration from start to finish. Our platform leverages AI-powered repositories and comprehensive dashboards to ensure you and your team have all the tools for creating and following comprehensive CLM practices.

Why let outdated manual processes slow you down when you can invest in a robust modern-day CLM solution that evolves with your business needs?

Request a demo today and discover how DocJuris can make a difference for your business!

[Request a free demo](#)