



The Contracts & Purchasing MBA



21 October - 1 November



Milan (Italy)

# The Contracts & Purchasing MBA

course code: M12324 From: 21 October - 1 November 2024 Venue: Milan (Italy) - course Fees: 4500 Euro

## 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 organisation to perform at full potential. The purchasing process leads to the establishment of contracts, and these are the life-blood of the commercial side of the business, ensuring the benefits of the purchasing process are carried through into the business itself. This MBA-level programme provides a strategic overview of the essentials for strategic purchasing and the establishment and management of contracts. In this programme 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, including 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

## PROGRAMME OBJECTIVES

- Examine the role of purchasing and contracting in modern organisations
- 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 project
- Review different types of contract
- Examine some of the issues that arise in drafting contracts
- Identify appropriate purchasing strategies for modern organisations
- Identify and practise 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

## TRAINING METHODOLOGY

The programme 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. Wherever possible, real examples and short case studies will be included from different industries around the world to make the programme as relevant as possible. Participants will learn by active participation during the programme through the use of programme materials, exercises, video presentations and discussions on “real life” issues in their organizations.

## **PROGRAMME SUMMARY**

This intensive programme focuses on the core topics of Contracting and Purchasing to MBA standards, with appropriate references to other MBA modules including management of people, leading teams, strategic planning, negotiation skills development and the creation of operational excellence. Effective Purchasing and the creation and management of robust Contracts are essential to the success of the modern business, and government supply chain management operation. This programme will focus on the best practices for managing global suppliers, procuring goods and services, establishing suitable contracts, improving supplier performance, lowering prices, improving quality, shortening lead times, reducing inventory levels and eliminating unnecessary costs will also be carefully considered. The role of the internet and modern ERP systems will be included in the purchasing element of the programme. A goal of this programme is to improve personal management effectiveness as well as organizational performance, including raising the profile and understating of purchasing and contracting within your own organisation.

## **PROGRAMME OUTLINE**

### **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?

### **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

### 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

### 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

### **Contract Management**

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

### **Modern Purchasing Strategies**

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

### **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 organisational strategy
- Scenario planning
- Budgeting and costing
- Managing inventory management costs

### **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 approaches

### **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
- Optimum number of suppliers
- Supply Chain partnering and single source arrangements
- Supplier Pricing strategies
- Matching supplier management approach to strategy

### **Purchasing Improvement and Project Management**

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