

contractify Expert Papers

# The missing link in your approval flow



Can you sign this contract?



# Table of contents

Introduction	<b>03</b>
1. Who should be involved when signing contracts?	<b>04</b>
2. Attention points to reach an efficient approval process.	<b>06</b>
3. How to set up an efficient approval process in your organisation.	<b>08</b>

# Introduction

Signing contracts, and the accompanying follow-up, causes a lot of ambiguity, frustration and loss of time for professionals. When an organisation grows, two major movements emerge when it comes to contract signing.

## 1. Responsibilities quickly disperse throughout the organisation.

IT contracts go to the IT manager, social secretariat to HR, facility to the office manager or COO and sales contracts to the sales manager. Sounds logical? Rest assured, it is. **Let contracts be handled by the people who know what the contracts are about.** Nevertheless, it is important that the contracts are also followed up in a simple and centralised manner. To manage this, you want a **document management software that can handle contracts smartly** after they have been signed.

## 2. Signing authority and approval procedures become unclear and prone to confusion.

Does the fact that your sales manager manages the sales contracts and is responsible for them after signing also mean that he or she is allowed to sign them? Or even more so, can they decide on their own to work with a certain supplier? Probably not. And exactly at that point, **you want to know who needs to check what kind of contract before it gets signed...** without compromising on efficiency & velocity of course.

**High time to shed light on how contracts can be revised and signed by the right person, at the right time, yet as quickly as possible.**

# 1. Who should be involved when signing contracts?

When it comes to approving contracts, you don't want to go off on a limb. You want to be in control at all times of what your company is committed to. To avoid overlooking aspects and being faced with unpleasant surprises, you need to ask yourself 4 questions when signing a contract.

## → Who is authorised to sign this contract?

A company's articles of association and/or shareholders' agreement often state who is authorised to sign what. However, **suppliers cannot be expected to check whether the person who signs is actually authorised to do so.** If, for example, an IT supplier receives a contract signed by the IT manager, he may reasonably assume that the IT manager is authorised to sign. It is up to the business to **ensure that the right procedures are in place** in the organisation to get each contract signed by the right person.

## → Does the contract or document's content match what we really need?

When a contract is being signed, it is important that what is in the contract actually describes what has been agreed. To take the example of the IT contract, is what is described in the contract really the product or service that the organisation needs? The answer to this question will probably be found with the person who negotiated the contract. **That may not always be the person with the authority to sign**, yet this person's input cannot be overlooked.

## → Has a budget been provided?

In every cooperation, old or new, the budget agreements in a contract must be checked by the right people. For example, the IT manager may manage the budget of the IT department, but finance also has its finger in the pie when it comes to budgets. **Having both parties take a look at the contract** will help prevent problems or discussions in the long run.

## → Is the company not getting involved in things that could get you into legal problems?

Of course, you want to be sure that you are **complying with legislation** (e.g. GDPR) and that you are not committing to anything that is not intended. For example, you may want to consider specific clauses in **non-disclosure agreements (NDAs)** and **data protection agreements (DPAs)**. Involving a legal party as a reviewer in the signing process can be helpful in this case, but it is not essential. Above all, make sure that someone checks that the company is not committing to something that is not intended, such as a non-compete clause or an excessively long engagement.

### **Signing a contract is clearly about more than "who gets to sign this?".**

In many organisations, the approval procedure does not take into account the other 3 aspects (content, budget & legal check). So we often see that a CEO, director or department head who is used to signing everything, is in reality often not sufficiently aware of what is being signed.

### **Consequences**

- The final signatory must check with each department whether a specific contract has been checked.
- The overview of which contract has been where, gets lost.
- Crucial steps or checks may be skipped.

### **Solution**

A quick check by people with the right knowledge in one central place. This way, you ensure that all contracts are approved with full confidence and that the rights and obligations of your organisation are always respected. To make sure this goes smoothly, you **set up an approval process**.

## 2. Attention points to reach an efficient approval process.

- 1** → **Provide a customised process for different types of contracts.**  
A watertight approval process should **determine how each type of contract is handled in your organisation.** The rental or loan contract for a new office will probably follow a different route than a collaboration with a consultant or the contract with the new energy supplier. Need a **complete list of contract types**? You can find it [here](#).
- 2** → **Make sure that the specific processing method for each type of contract is clear to all your employees or colleagues.**  
The truth is that you cannot 100% predict where a contract will enter the organisation. The person responsible for waste collection in one of the offices may have received a proposal for the whole group. What should he or she do with this? **With pre-established approval procedures centralised in one platform,** everyone in the organisation immediately knows what to do with each type of contract.
- 3** → **Maintain an overview of contracts, across all departments.**  
Without an overview, you always miss a piece of the puzzle from the perspective of management, finance or legal. Never underestimate the convenience of **a solution that gives you an overview of which contracts are circulating in the organisation for approval at any time.** Overview also means that you can still find out in retrospect what comments were made on a contract when it was signed four years ago.



#### 4 → Know how you deal with a contract once it has been signed.

There is little point in setting up an approval procedure if you cannot find the signed contract later or if what was agreed in the contract is not followed up on. To provide real value, **link the approval process to the contract's follow-up tasks and agreements.**

Think of a contract approval process as one big sorting centre. It collects all types of contracts that enter the organisation, wherever they may be, and puts them on the right track. From the initial contract check, to the final sign-off. **A high-performance approval process ensures that the signatory can sign each contract with peace of mind and with the right information from other departments.**

### 3. How to set up an efficient approval process in your organisation

As with many things, the golden rule is: keep it simple. Find the so-called pain points of contracts in your organisation. These are the places or departments where most contracts circulate and where confusion most often arises about who is allowed to sign them. These can be sales contracts, financial matters, collaborations with consultants, etc. Whatever it is, start there.



#### STEP 1: determine who is authorised to sign.

Clearly define a fixed person (for example per department, supplier, etc.) who is allowed to sign contracts. This way, you always have **one point of contact** if something is not clear. This person will also check the previous process. If you make sure that the right person is signing, you can **be sure that the necessary verifications have also been carried out** by that person.



#### STEP 2: define the general guidelines you want to apply.

In this step, you link the people with **authority to sign to specific contracts**. Some examples are:

- Up to 20K, the business unit manager may decide or sign.
- Contracts that commit us for longer than 1 year must be passed on to the CEO.
- From 100K onwards, our legal department should look at the contract.

Try to **limit the guidelines** at this stage to a maximum of 5-10 lines.





### STEP 3: choose the right technological support.

In the beginning, it is not wrong to write out your flow in a document and rely entirely on mail. Unfortunately, due to the lack of overview, this approach is **difficult to scale**. If you want an approval procedure that is clear and followed by everyone, it is best to use a supporting software. **Contract management software is perfect for this** because it centralises all contracts, delegates the associated tasks and automates the follow-up.

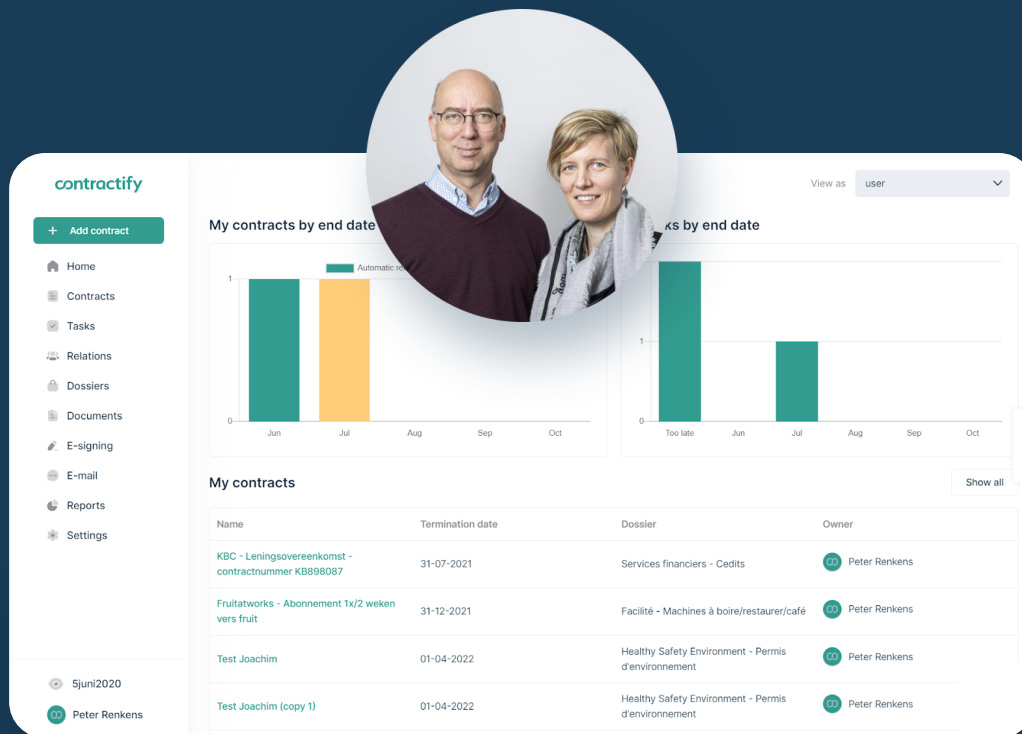


### STEP 4: make the approval procedures an efficient habit within your company.

Make sure from the start that the approval procedures are **carried out consistently** and make adjustments where necessary. Once the organisation has become accustomed to running a certain type of contract through the defined approval flow, it is easy to **extend this flow to other types of contracts**.

# contractify

## Is it time for a smoother approval process?



Contractify is a contract management platform, developed from a profound practical experience in contract management. This simple and scalable solution has already been successfully rolled out in more than 90 organisations. Thanks to the powerful combination of approval processes and contract follow-up, the platform ensures direct ROI at all levels within the organisation.

**Want to know how Contractify can make your organisation more efficient?**

Book a personal demo or test Contractify for free on [www.contractify.io](http://www.contractify.io).

[Book a personal demo](#)

[Try Contractify for free](#)