



Global Legal Solutions®

GLS Contracting Function Performance Audit Toolkit

GLS Welcome Pack | DIY Audit Tool



PART A: OVERVIEW

1. INTRODUCTION

- 1.1 This free GLS Legal Operations Centre resource is made available as an exclusive benefit to our Legal GLS Operations Centre members who have joined our GLS Legal Operations Community.
- 1.2 This resource delivers you a hands-on experience with our legal dept. audit tools and is a means by which we can create value in our relationship with you – something we aspire to achieve continuously.
- 1.3 This resource comprises a self-contained audit that will allow you to self-assess the performance profile of your contracting function for the presence of essential contracting function infrastructure.
- 1.4 This resource is a powerful example of how GLS legal ops tools, in the form of self-audit modules, can quickly help you audit your team's capabilities to drive qualitative and informed transformation planning.
- 1.5 The benefits delivered to the Business from an optimised Contracting Function are extensive (See Annex 1) and represent a significant corporate gain worth realising.
- 1.6 The Contracting Function combines all the resources a legal team needs to pro-actively and efficiently negotiate, conclude, administer and terminate contracts for the Business.
- 1.7 Given the importance of the Contracting Function, it is incumbent upon IHLs to regularly assess the performance capability of their Contracting Function and consider optimisation strategies for it.
- 1.8 We assess IHL Function performance in a systematic and data-driven manner that provides empirical evidence for what needs to be improved, replaced, and implemented by when and in which order.
- 1.9 By breaking each IHL Function down into the critical resource enablers (CREs) that make up the totality of that function, we can access insight-laden and actionable data.
- 1.10 Specifically, the audit experience, such as the one contained in this toolkit, allows you to:
 - 1.10.1 determine the presence of each of these function-specific critical resource enablers (CREs);
 - 1.10.2 to test the performance profile of each CRE; and
 - 1.10.3 benchmark test results against an optimally performing contracting function.
- 1.11 The emergent picture is a benchmarked assessment of the actual performance capabilities of the Contracting Function – which is the sound and correct basis for transformation planning.
- 1.12 In addition to merely spotting gaps, disconnects and the like – transformation programs are about maximising each CRE's productivity contribution and the whole function.
- 1.13 The most effective way to do this is by accessing a clear image of what an optimally performing legal function looks like and using that as a reference model, which GLS has produced in detail.
- 1.14 The [GLS Legal Transformation Tube Map](#) gives you unrivalled insights into the core anatomical features of a high-performance legal team – providing the correct vantage point for your strategic planning.
- 1.15 You can view each of the constituent CREs of the Contracting Function, and indeed 14 other Critical IHL Functions can be seen in granular detail in the GLS Legal Tram Transformation Tube Map – click [here](#).

2. USING THIS CHECKLIST TOOL

- 2.1 This free GLS Legal Ops Tool is an abbreviated version of [GLS Contracting Function Efficiency Audit™ \(DIY\)](#) - our primary-level/commercial-grade diagnostic tool for this area.
- 2.2 This tool includes 42 diagnostic questions, while the premium diagnostic tool has more than 300 diagnostic questions and provides in-person guidance from a GLS Legal Operations Expert.
- 2.3 Nevertheless, this tool is more than adequate to give you a meaningful understanding of your Contracting Function's performance capabilities. By utilising this tool and correctly interpreting your results, you will:
 - 2.3.1 develop a reasonable picture of overall function performance;
 - 2.3.2 understand the significant performance indicators affecting your Contracting Function; and
 - 2.3.3 start to identify possible targets for optimisation initiatives.
- 2.4 Whilst many GCs will instinctively know the "red flag" issues in their IHL; a proper transformation program needs a systematic assessment of every aspect of each IHL Function's performance.
- 2.5 So, this tool will allow you to check for the presence/absence of some of the infrastructure components that are essential to the performance of an optimised Contracting Function.



- 2.6 By comparing your results against what is present in an "idealised IHL" (as detailed in the [GLS Transformation Tube Map](#)), you will be able to:
- 2.6.1 build a snapshot of what is the current "infrastructure" available to your IHL;
 - 2.6.2 identify what can be leveraged to move your IHL towards "world-class performance";
 - 2.6.3 identify underperforming components and/or components that are key to this function but are currently missing from your IHL.; and
 - 2.6.4 develop a logical plan of action/prioritisation schedule for your transformation agenda.
- 2.7 In Part D (Additional Diagnostic Resources), we set out a summary of some additional GLS diagnostic tools that you can use to undertake more comprehensive reviews of your IHL.

3. GLS TRAINING MODULES

- 3.1 GLS has 20+ different IHL department performance audit tools that you and your team can access at the [GLS Legal Operations Tool | Team Performance Tools/Audits](#) section of the [GLS Legal Operations Centre](#).

4. ENGAGE WITH GLS

- 4.1 If you want to speak directly to us about your legal team's performance assessment or any other legal ops. Transformation needs please book a free consult [here](#).



PART B: PERFORMANCE AUDIT (SIMPLIFIED)

1. CONTRACTING INFRASTRUCTURE EFFICIENCY AUDIT

1.1 GROUP LEGAL POLICIES SECTION

Checklist Query	Responses
1.1.1 Do you have a single document (a "Group Legal Policy") that outlines your required position on the key terms present in most commercial agreements? Note: If your answer is "No" please proceed to the next Section	(a) Yes (b) No
1.1.2 Do you have a single Group Legal Policy for your entire organisation?	(a) Yes – there is a single source of the "truth" across the Group (b) No-every user/country/business unit has their own
1.1.3 Which of the following units actually refer to and observe your Group Legal Policy?	(a) Procurement (b) Commercial Leads (c) Contract Administrators (d) Legal Department (e) [Other]
1.1.4 When was the last time you trained key users on your Group Legal Policy?	(a) 0 - 6 months ago (b) 6 - 12 months ago (c) >12 months ago (d) Never
1.1.5 How is your Group Legal Policy physically hosted?	(a) Online (e.g. intranet) (b) Offline (e.g. printed manuals) (c) Both (d) [Other]
1.1.6 When did you last review/update your Group Legal Policy?	(a) 0 - 6 months ago (b) 6 - 12 months ago (c) >12 months ago (d) Never



Checklist Query	Responses
1.1.7 In the past 12 months, how many times has your Group Legal Policy been formally updated?	(a) 0 (b) 1 (c) 2 (d) 3+
1.1.8 Does your Group Legal Policy need to take account of multiple legal jurisdictions? Note: If your answer is "No" please proceed to Q 1.1.10	(a) Yes (b) No
1.1.9 If your answer to Q 1.1.8 was "Yes", does your Group Legal Policy currently cover all jurisdictions that you operate in?	(a) Yes (b) No
1.1.10 Do you ever provide your Group Legal Policy to your external professional advisers?	(a) Yes (b) No
1.1.11 Does your Group Legal Policy contain a formal approval procedure for issues not captured or covered by the Group Legal Policy?	(a) Yes (b) No
1.1.12 Does your Group Legal Policy contain a formal approval procedure for deviations from positions covered by the Group Legal Policy?	(a) Yes (b) No
1.1.13 Do you monitor internal compliance with your Group Legal Policy across your organisation?	(a) Yes (b) No (c) Not Consistently
1.1.14 Do you capture constant user feedback on the effectiveness of your Group Legal Policy?	(a) Yes – everyone knows the procedure (b) No – no such procedure (c) Kind of – some people provide informal feedback



1.2 PRECEDENT LIBRARIES SECTION

Query	Responses
<p>1.2.1 Do you maintain your own library of approved templates?</p> <p>Note: If "No" please proceed to the next Section</p>	<p>(a) Yes</p> <p>(b) No</p>
<p>1.2.2 How many templates exist in your library?</p>	<p>(a) 1-10</p> <p>(b) 11-20</p> <p>(c) 21-30</p> <p>(d) 31-40</p> <p>(e) 41-50</p> <p>(f) 51+</p>
<p>1.2.3 Which of following statements are true about your templates:</p>	<p>(a) the templates accurately reflect our Group Legal Policy</p> <p>(b) the templates utilise a common legal definitions dictionary</p> <p>(c) the templates include perfectly standardised boilerplate provisions</p> <p>(d) the templates utilise pro-forma and standardised schedules</p> <p>(e) the templates utilise the same underlying template structure and format to deliver a consistent look and feel</p>
<p>1.2.4 Do you have a clear "use-matrix" that determines what template should be used in a particular circumstance?</p>	<p>(a) Yes</p> <p>(b) No</p>
<p>1.2.5 Have your templates been approved for local law use (where relevant)?</p>	<p>(a) Yes</p> <p>(b) No</p> <p>(c) Not Applicable</p>
<p>1.2.6 Rank the following statements in order of their applicability to your organisation:</p> <p><i>"When your internal teams need a template they...</i></p>	<p>(a) <i>...always comes back to you to use the approved template</i></p> <p>(b) <i>...use the documents they used on their last deal</i></p> <p>(c) <i>...access their own personal template libraries</i></p> <p>(d) <i>...use a mix, but you are not really sure</i></p>



1.2.7 Do you intend to or would you like to automate your templates in the future?

- (a) Yes
(b) No
-

1.2.8 Do you need to produce agreements in multiple languages?

- (a) Yes
(b) No
-

1.2.9 If your answer to Q 1.2.3 was "Yes", does your template library include local language variants?

- (a) Yes
(b) No
-

1.2.10 How is your template library hosted?

- (a) Online
(b) Offline
(c) Both
-

1.2.11 When was the last time your template library was reviewed and generally updated?

- (a) 0 - 6 months ago
(b) 6 - 12 months ago
(c) > 12 months ago
(d) Never
-

1.2.12 Which of the following statements are true in relation to training on your templates use?

- (a) *we train by reference to the actual templates we use*
(b) *we have developed user tools to help with template use*
(c) *we have an "on-call" resource to help support our template use*
(d) *we give users enough training to use our templates*
-

1.2.13 Which of the following statements are true in relation to the "live" performance of your templates?

- (a) *our templates are generally considered too long*
(b) *our templates take too long to negotiate*
(c) *it takes a lot of time to get clarifications from the legal team*
(d) *our templates are considered too complex*
(e) *all of our templates contain standard provisions*
(f) *I can confidently find a specific clause in the same place regardless of the template*
-



-
- (g) if we could automate our basic contracts our job would be easier*
 - (h) I always know where to find the template I need*
-

1.2.14 Which of the following statements are true in relation to the data you collect on templates?

-
- (a) we regularly capture empirical data on the performance of our templates*
 - (b) we regularly update our templates to reflect the performance data we capture*
 - (c) we understand the average time it takes to negotiate each template*
 - (d) we have a clear SLA to provide each internal client with comments on an agreement*
-



1.3 CLAUSE BANK SECTION

Query

1.3.1 If you needed to produce a customised template how would you go about doing it?

Note: select all that are applicable

Response

- (a) Search on Google
- (b) Ask colleagues and associates for a template
- (c) Ask my regular law firm for a freebie
- (d) Pull it together myself
- (e) [Other]

1.3.2 If you answered "(d)" to Q 1.3.1, how long on average does it typically take you to produce something that you are genuinely happy to send out as an approved 1st draft?

- (a) 1-3 hours.
- (b) 3-6 hours
- (c) 1-2 days
- (d) > 2 days
- (e) Not Applicable

1.3.3 Do you have a central repository of approved clauses (a "Clause Bank") that may be used without review?

Note: If your answer is "No" please proceed to next Section

- (a) Yes
- (b) No

1.3.4 How is your Clause Bank hosted?

- (a) Online
- (b) Offline
- (c) Both

1.3.5 Was your Clause Bank produced by reference to your Group Legal Policy?

- (a) Yes
- (b) No
- (c) Not Applicable

1.3.6 Do you need to produce agreements in multiple languages?

- (a) Yes
- (b) No

1.3.7 If your answer to Q 1.3.6 was "Yes", does your Clause Bank include local language variants?

- (a) Yes
- (b) No

1.3.8 When was the last time your Clause Bank was reviewed and generally updated?

- (a) 0 - 6 months ago
- (b) 6 - 12 months ago
- (c) > 12 months ago



(d) Never

1.3.9 Do you have a systematic means to constantly capture constant improvements to your Clause Bank?

-
- (a) Yes – everyone knows the procedure
 - (b) No – no such procedure
 - (c) Kind of – some people provide informal feedback
-

1.3.10 If you have a template library, does your Clause Bank automatically propagate across each template in that library?

-
- (a) Yes
 - (b) No
-



1.4 CHECKLISTS SECTION

Query	Response
1.4.1 In a typical year, how often do you contract using your counterparty's "paper" each year?	(a) 1 - 50 times (b) 51 - 100 times (c) 101 - 200 times (d) > 201 times
1.4.2 In a typical year, how many of your Business's contracts are based on your templates?	(a) > 75% your templates (b) 50 - 74% your templates (c) 25 - 49% your templates (d) 0 - 24% your templates
1.4.3 Do you use basic checklists when reviewing counter-party paper?	(a) Yes (b) No
1.4.4 If your answer to Q 1.4.3 was "Yes", is it/are they:	(a) For specific agreement types (b) For specific clause types (c) Both (d) [Other]
1.4.5 Which of the following statements are true in relation to your checklists:	(a) they correctly reflect your Group Legal Policy (b) all members of the legal team use them regularly (c) we have checklists specifically for critical legal terms (eg liability, indemnities, payment, etc) (d) our checklist are regularly updated (e) we have some checklists but don't have enough of them



1.5 PLAYBOOKS SECTION

Query	Response
1.5.1 Which of the following statements are true in relation to your contracting teams?	<ul style="list-style-type: none">(a) <i>all procurement team members negotiate contracts by reference to our Group Legal Policy</i>(b) <i>the junior members of our legal team negotiate as well as the senior team members</i>(c) <i>every internal project gets the same quality of negotiation support from legal</i>(d) <i>if legal is not present then negotiations tend to go array</i>(e) <i>all our negotiators know what our company position is and how to negotiate it</i>(f) <i>everyone in our company knows our "no go" positions</i>
1.5.2 Do you have user tools that allow your organisation to "negotiate" contracts efficiently?	<ul style="list-style-type: none">(a) Yes(b) No
1.5.3 If your answer to Q 1.5.2 was "Yes", briefly describe what tools you use.	(a) [Description]
1.5.4 Have you kept a log of standard and/or objectionable counter-party responses and how your team should respond to them?	<ul style="list-style-type: none">(a) Yes(b) No
1.5.5 If yes, is that data easily available to all team members?	<ul style="list-style-type: none">(a) Yes(b) No
1.5.6 Are all team members clear on how issues should be "escalated" within your organisation?	<ul style="list-style-type: none">(a) Yes(b) No
1.5.7 Which of the following statements are true in relation to your contracting teams deal with negotiations?	<ul style="list-style-type: none">(a) <i>it is always clear how we should negotiate a specific legal concept</i>(b) <i>we encounter lots of counterparty push back but don't know how to respond</i>(c) <i>our junior negotiators are always supported by our senior negotiators</i>(d) <i>all negotiators know what clauses cannot be amended</i>



1.5.8 Which of the following statements are true in relation to your organisation's approach to "deal memory"

-
- (e) all negotiators know the clauses that we can compromise on
 - (f) all negotiators know what compromises we can accept
 - (g) we often experience difficulties trying to negotiate contracts
 - (h) it takes us too long to close contract negotiations
-

-
- (a) our organisation gets better at negotiations with each and every deal
 - (b) our organisation harvests deal specific "learning" from each deal to improve our overall performance
 - (c) our deal closure time doesn't need to be improved – it is as good as it can get
 - (d) we believe that only lawyers are capable of supporting deal negotiations
-



PART C: NEXT STEPS

1. UNDERSTANDING YOUR RESULTS:

- 1.1 The results of this tool are a snapshot of the “Current Status” of your Contracting Function.
- 1.2 From this, you now have a logical basis from which you can develop a coherent, prioritised and achievable plan for transforming and optimising your Contracting Function.
- 1.3 If you want further guidance on developing and implementing such a transformation plan, download a copy of [GLS’s Ultimate Guide to Legal Operations](#).
- 1.4 GLS is also always happy to help you in person to i) work through your audit results and ii) use those results to impact the performance capabilities of your IHL positively.

2. GLS PERFORMANCE ASSESSMENT Modules:

- 2.1 GLS has 20+ different IHL department performance audit tools that you and your team can access, including, but not limited to, the following:

GLS IP Function Efficiency Audit™ (DIY)	GLS IP Function Efficiency Audit™ (Delivered)
GLS Company Secretarial Function Efficiency Audit™ (DIY)	GLS Company Secretarial Function Efficiency Audit™ (Delivered)
GLS Data Analytics Function Efficiency Audit™ (DIY)	GLS Company Secretarial Function Efficiency Audit™ (Delivered)
GLS Performance Function Efficiency Audit™ (DIY)	GLS Performance Function Efficiency Audit™ (Delivered)
GLS Legal Dept. Efficiency Audit™ (DIY)	GLS Legal Dept. Efficiency Audit™ (Delivered)
GLS Human Capital Function Efficiency Audit™ (DIY)	GLS Human Capital Function Efficiency Audit™ (Delivered)
GLS External Counsel Function Efficiency Audit™ (DIY)	GLS External Counsel Function Efficiency Audit™ (Delivered)
GLS Disputes Function Efficiency Audit™ (DIY)	GLS Disputes Function Efficiency Audit™ (Delivered)
GLS Managed Services Function Efficiency Audit™ (DIY)	GLS Managed Services Function Efficiency Audit™ (Delivered)
GLS Legal Technology Function Efficiency Audit™ (DIY)	GLS Legal Technology Function Efficiency Audit™ (Delivered)
GLS Knowledge Management Function Efficiency Audit™ (DIY)	GLS Knowledge Management Function Efficiency Audit™ (Delivered)
GLS Internal Client Function Efficiency Audit™ (DIY)	GLS Internal Client Function Efficiency Audit™ (Delivered)
GLS Compliance Function Efficiency Audit™ (DIY)	GLS Compliance Function Efficiency Audit™ (Delivered)



Diversity & Inclusiveness Audit™	GLS Legal Team Skills Audit™
Legal Team Infrastructure Audit Toolkit™	GLS Policy Landscape Audit Toolkit™
Policy Quality Audit With GLS Policy Health Assessment™ GLS	GLS Ongoing Compliance Auditing™
GLS Cultural Awareness Audit	GLS Contract Automation Readiness Audit™
GLS Legal Dept. Workflow Adequacy Audit™	Legal Training Needs Audit™ (DIY)
GLS Compliance Landscape Audit™	

2.2 You can learn more about each resource at the [GLS Legal Operations Tool | Team Performance Tools/Audits](#) section of the [GLS Legal Operations Centre](#).

3. ENGAGE WITH GLS

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ANNEX A – CONTRACTING OPTIMISATION BENEFITS

1. CONTRACTING ECOSYSTEM BENEFITS

- 1.1 An optimised Contracting Function capability delivers the following benefits to the business:
- 1.1.1 improved vendor/counterparty relationships;
 - 1.1.2 greater procurement efficiencies – better, faster, cheaper;
 - 1.1.3 improved procurement manpower productivity;
 - 1.1.4 greater contract administration efficiencies;
 - 1.1.5 greater preservation of negotiated contractual positions;
 - 1.1.6 creating a common organisation-wide third-party engagement culture;
 - 1.1.7 creating a qualitative work experience for your procurement team;
 - 1.1.8 a more independent internal client/business team to push contracts forward in an independent and safe manner;
 - 1.1.9 shortened contract closure time frames;
 - 1.1.10 improved reliability of your vendor management and supply chain function
 - 1.1.11 mitigated counterparty dispute scenarios;
 - 1.1.12 improved fact-based decision-making capabilities;
 - 1.1.13 more transparent technical ecosystem into which suppliers interact with your Business;
 - 1.1.14 delivering a more reliable and predictable accounts payable function;
 - 1.1.15 improved efficiencies in contract management and related business processes;
 - 1.1.16 standardised approach to contract management processes; and
 - 1.1.17 increase the value of your organisation through better supply chain management.

2. LEGAL TEAM BENEFITS

- 2.1 An optimised Contracting Function capability delivers the following benefits to the legal team itself:
- 2.1.1 an enhanced ability to improve legal team strategic focus;
 - 2.1.2 reduced work/oversight capacity requirements on legal department;
 - 2.1.3 better management of third-party legal risk profile;
 - 2.1.4 enhanced internal client respect and appreciation;
 - 2.1.5 increased professional and meaningful environment in which the lawyers work;
 - 2.1.6 enhanced compliance with all group legal & compliance policies;
 - 2.1.7 enhanced skills and experience development;
 - 2.1.8 greater utilisation (and successful utilisation) of legal technology;
 - 2.1.9 improved and uniform risk management;
 - 2.1.10 reduced reliance on external counsel;
 - 2.1.11 improved corporate governance and compliance standards;
 - 2.1.12 better management of overall third-party legal risk profiles;
 - 2.1.13 reduced work/oversight capacity requirements on core functions (legal, finance, tech);
 - 2.1.14 the enhanced reputation of your legal team internally and externally; and
 - 2.1.15 reduced reliance on external consultants (legal, management, tech, etc.).



3. STRATEGIC BUSINESS BENEFITS

- 3.1 The optimised Contracting Function capability delivers the following tangible benefits to the Business:
- 3.1.1 enhanced ability to efficiently and effectively prosecute new revenue and growth opportunities for the Business;
 - 3.1.2 improved capacity to provide greater strategic contributions to the Business as contracting inefficiencies are removed;
 - 3.1.3 improved corporate governance and compliance which is a corporate asset;
 - 3.1.4 an enhanced "business enabling" profile – the organisation becomes easier to do Business with;
 - 3.1.5 increased facilitation of secure revenue opportunities and strategic relationships through better quality contracting;
 - 3.1.6 optimised contracting abilities that can create a competitive edge for your Business; and
 - 3.1.7 improved contacting making it easy for third parties to do business with the Business – a reputation that spreads quickly through the marketplace.