

CONTRACT MANAGEMENT

Contract Management is the management or the administration of the contracts. It is the process of systematically and efficiently managing the contract creation, execution and analysis for the purpose of maximizing financial and operational performance and minimizing risk. An entrepreneur must realize the contracts are the foundation for all business activities and require the proper management. With the enterprises becoming more global, transparent and functionally diverged, the contract management has become a significant instrument in allowing enterprises to fulfill their organizational goals. Most of the businesses have smoothly transitioned to cloud computing, with many even going for paperless conduct of their operations. The contract management has evolved so much so that traditional lengthy contract documents have been replaced with precise e-forms which offer the option of signing of contracts online as well.

Elements of Contract Management

The contract management's aim is to meet the operational, functional and business objectives required by the contract and provide a profitable interaction. This involves carrying out of the key contract management activities which are as:

1. **Contract Initiation:** It is the formal recognition of the fact that a contract is required along with the identification of the parties with whom to enter into contract. This is the first step from where the contract management begins.
2. **Negotiation:** It refers to conciliation between the parties to arrive at an acceptable conclusion. This is the second step in the contract management which determines the terms and conditions of the contract.
3. **Contract Approval:** It means the final agreement of both the parties over the acceptable terms and conditions to give the formal shape to the contract. This brings the contract into existence.
4. **Contract Execution:** It is the actual implementation of the agreed terms and conditions of the contract which ensures correct execution.

5. **Contract Analysis:** This is the final step in contract management involving careful investigation of the executed contract. This evaluation will reveal the areas which require modification and amendments.

ACCOMMODATION AND UTILITIES

1. Accommodation

Accommodation refers to the location of the business enterprise. Every enterprise must carefully select the most suitable location for its business operations as it is the place which will give identity to the enterprise. It connotes to registered office, branches, warehouses, factories, packing units etc.

The following factors must be considered carefully at the time of selection of location.

- Rates of land/office space
- Nature of operation (retail store, super mart, etc.)
- Availability of raw material
- Accessibility to market
- Availability of skilled labor
- Prevailing wage rates
- Transportation and communication facilities
- Road connectivity
- Climatic conditions
- Availability of fuel, power, electricity, water, gas pipelines etc.
- Possibilities of expansion
- Convenience of parking

2. Utilities

Utilities refers to the essential convenience services necessary for making the business function efficiently. Their purpose is to facilitate the smooth operations of the business enterprise in addition to ensuring safety and efficiency at workplace. The utilities required by the new enterprise depend upon the size of operation and the nature of business. However, the common utilities required by almost all sort of enterprises are:

- **Water:** Water is the first necessity for any business. Clean, pure and undisrupted water supply must be secured by every enterprise.
- **Sewage:** Every enterprise must install a proper septic tank and connect it to the drainage system by having proper sewage plan.
- **Trash Service:** Enterprise must arrange for proper trash management and ensure its direct transportation to the closest landfill.
- **Telecommunication:** This includes telephone, cable TV, internet etc. An entrepreneur can either buy it as a package or procure individually.
- **Electricity:** It involves making proper arrangements for securing undisrupted power supply.

BASIC STARTUP PROBLEM

Startup problem refers to the initial teething problem faced by new enterprises during their start up phase. Opening a new business can be an exciting and passionately rewarding experience but on the other hand it can be quite a complicated and challenging job. A prior knowledge of possible challenges helps the entrepreneur in handling the situation better and avoiding the common pitfalls.

Following are the basic start up problem encountered by entrepreneurs:

1. Issues related to the feasibility of the idea in terms of its practical viability.
2. Issues related to obtaining of various licenses and approvals.
3. Non availability of required funds and resources.
4. Inadequate skilled manpower for carrying out operations.

5. Non availability of suitable location where the business operations needed to be carried out.
6. Insufficient infrastructure causing hindrance in the smooth functioning of the business.
7. Local regional problems disrupting the commencement of business.
8. Lack of knowledge and insufficient understanding about contract management.
9. Compliance issue regarding issuing stocks to angel/family and friends.
10. Tax and tariff complications.