

Actively Managing Contracts to Improve Results

Procurement Excellence Network Training

February 1, 2023



HARVARD Kennedy School
Government Performance Lab

Icebreaker



In the chat:

Share your name, what government you represent, and one characteristic of your ideal vendor!



Agenda

- *[15 min]* **Active Contract Management Overview**
 - *[10 min]* **Starting Off Strong**
 - *[10 min]* **Performance Management Meetings**
 - *[20 min]* **Activity**
 - *[5 min]* **Additional Resources**
-

Active Contract Management

Collaborating with service vendors to build more effective programs

CONVENTIONAL APPROACH

Contract management is treated as a back-office function, quality assurance focuses on compliance, and results are often not reviewed until the end of a contract.

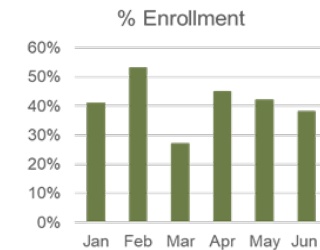
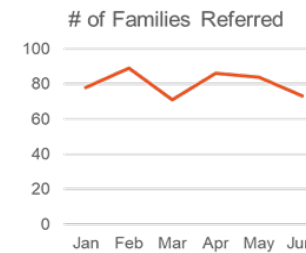


It looks like all six of our community vendors submitted their invoices and program reports on time this quarter. I don't see any violations that concern me.

Great. Please file these away into their contract files and email them to say thanks.

USING ACTIVE CONTRACT MANAGEMENT

Agencies/departments frequently review data with vendors, figure out what data is telling them about the good or service, and take actions aimed at improving results.



What patterns are we noticing this month?

Enrollment hasn't improved. What are we hearing from the field?

Our northern vendor has streamlined their intake protocols – it seems to have helped!

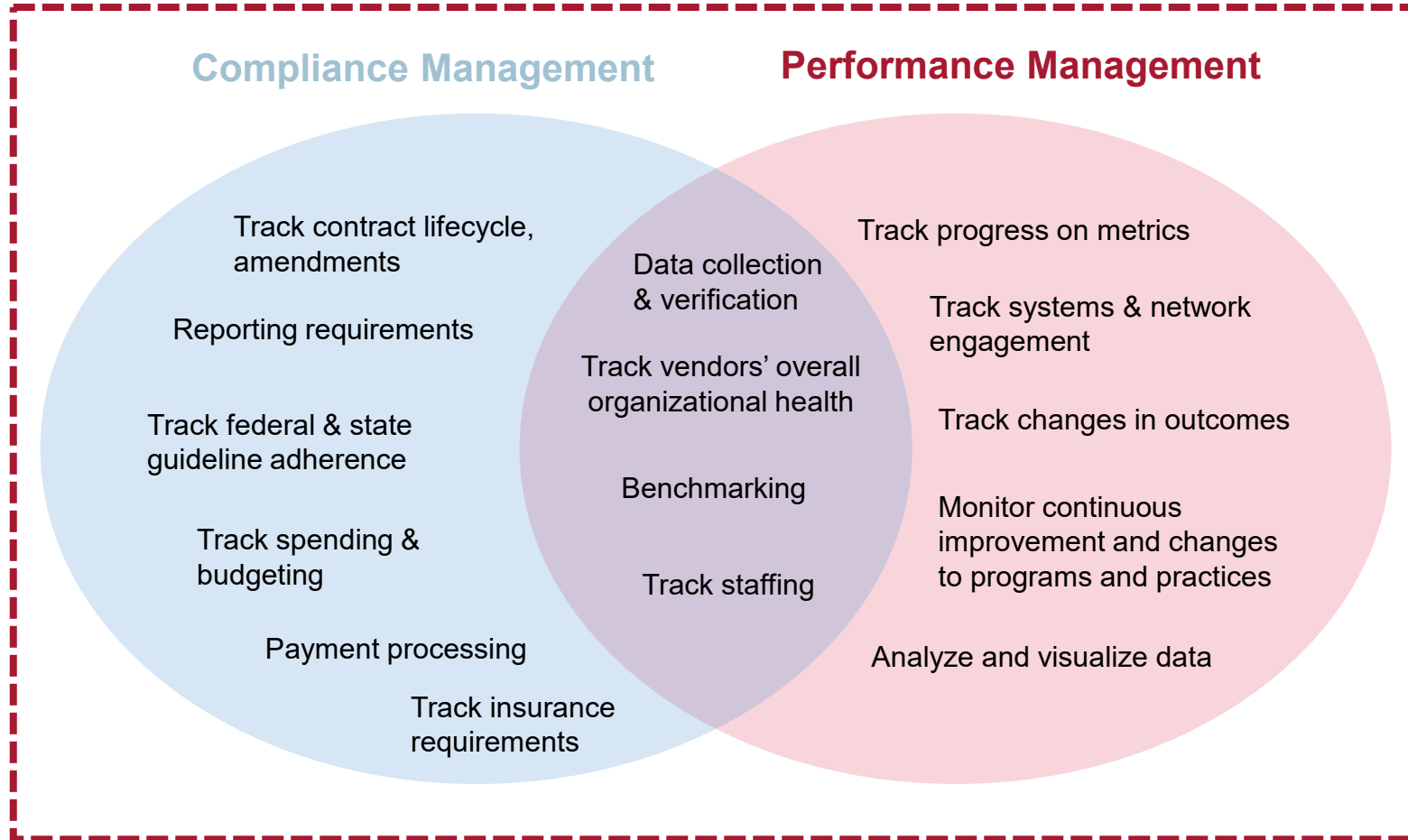
When we review this data again next month, let's brainstorm with our vendors about how to spread this and what else we should try.

Compliance Management vs. Performance Management

Compliance Management

How efficiently are vendors using contract funds?

Are they meeting contract deliverables?



Performance Management

How effectively are vendors meeting contract goals?

What are strong contract management practices?



Maintaining strong and open lines of communication with the vendor



Proactively addressing challenges, giving feedback, and correcting course



Monitoring any risks identified early in the contract



Regularly looking at data to know whether we're moving in the right direction

3 Key Tools for Contract Management

Monday	
27	
9 AM	Starting Off Strong: Contract Kickoff Meeting



A **kickoff meeting** is a formal contract launch with your vendor to align on key outcomes, set expectations, discuss program requirements, or formalize roles and responsibilities



A **site visit** is an opportunity to observe what's happening on the ground and to see how the vendor performs in action.

Month	Topic
January	Identifying ways to engage and support MWBE subcontractors during the construction project
March	Examining different community outreach methods for notification of construction project start
May	Reviewing noise and cleanup complaints by neighborhood

A **performance management meeting** is a chance to work collaboratively with the vendor to improve specific aspects of the contract activities.

What Works Cities Certification: Results-Driven Contracting Criteria

RDC 5: Your local government actively manages contracts, using disaggregated performance data to achieve desired outcomes, by engaging with contractors at least quarterly during the course of the contract.

Checklist (must meet 3 of 4):

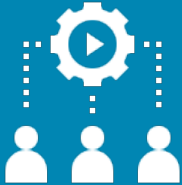
- ☐ Performance data is collected and shared with contractors at least quarterly.
- ☐ In the past year, your local government has worked with vendors to improve outcomes and/or achieve desired equitable outcomes.
- ☐ Your local government engages contractors at least quarterly to course correct when challenges are identified. Meetings for compliance purposes do not qualify.
- ☐ Performance data is disaggregated by geographic and demographic subgroups when appropriate.

Starting Off Strong

What should we be aiming for at the start of a new contract?



Alignment on **vision of success** with the vendor



Clear sense of **roles and responsibilities** established



The vendor is quickly **up to speed** and ready to go



Tone of **open communication** and partnership set up



Familiarized with **risks and contract requirements**

Facilitating a Kickoff Meeting



Pre-wire

Send out “pre-thinking” questions in advance or prep someone to share something specific during the meeting



Facilitate Discussion

Introduce that performance meetings are a space to have longer conversations about the service, product, or program



Be clear about roles

Set clear expectations for stakeholders around goals, participation, time commitment, etc.



Anticipate Questions

Brainstorm the questions people are likely to ask at each point in the meeting and a plan for answering them

A kickoff meeting is a great chance to align with your vendor on your regular schedule of performance management meetings throughout the contract. You could answer questions like:

- *What is the purpose of us meeting regularly, especially if we are already reviewing data internally?*
- *Will this be a lot of extra work?*
- *Charts and graphs don't always tell the full story. How are the voices of residents, frontline staff, and others being incorporated here?*
- *Will we be penalized for negative performance? What types of challenges that we are having are appropriate to bring to the meeting?*

Performance Management Meetings

What types of activities could take place at a performance management meeting?



Share **general updates** and assess progress



Use **data** to identify challenges



Brainstorm **solutions** for course correction



Plan for the **next phase** of the contract



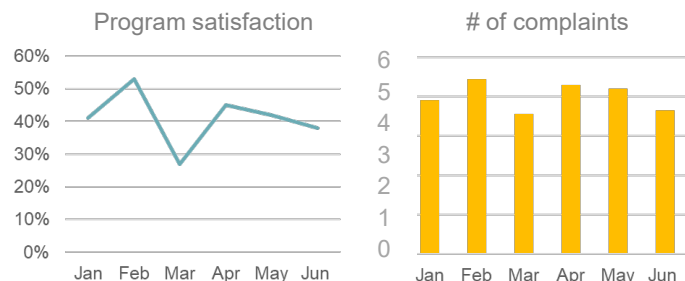
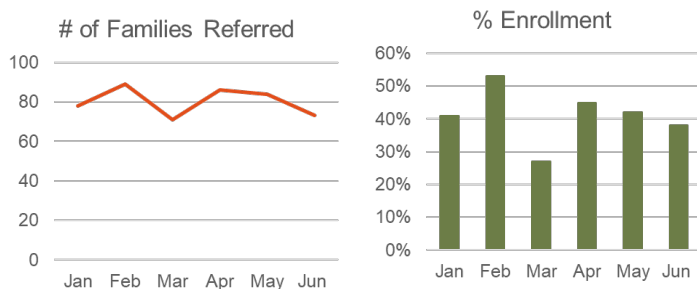
Take a **deep dive** into one particular topic or problem

Use data to uncover insights and take action

Data: Identify key data to understand performance

Insight: Uncover what's working & what isn't

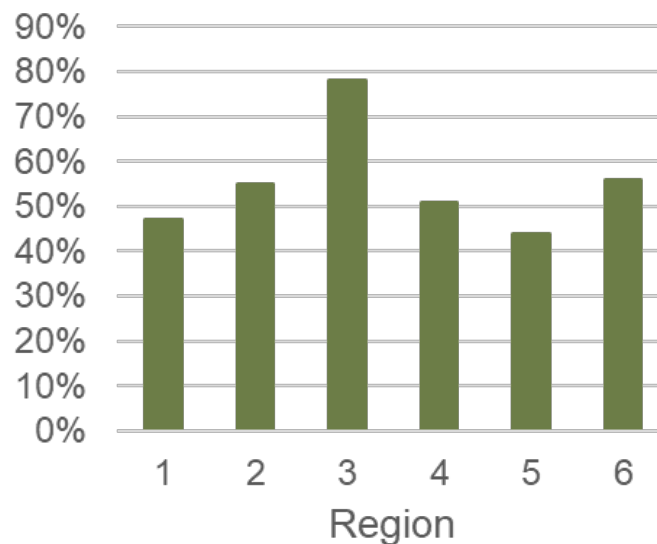
Action: Take action & making changes to improve outcomes



There are a lot of things we could measure in our program, but we think these four are the most important to look at each month.

It looks like enrollment is declining overall, but not in Region 3. I wonder why.

% Enrollment, by region



Region 3, what have you been doing to help enroll families?

Well, we've been texting all our families to remind them of upcoming classes.

Sounds promising. Let's all try that strategy and see what impact it has on our metrics when we come together again next month

Performance Improvement Roadmap

Illustrative roadmap of topics for in-depth discussion during performance management meetings for an afterschool program:

Month	Topic
January	Solving barriers with school referral process and information sharing
March	Reducing racial and gender disparities in outreach, engagement, and outcomes
May	Identifying opportunities to better support students in crisis
July	Examining how different durations of student participation correspond with improvements in grades and/or mental health

Note: It's important to select actionable roadmap topics.
If you don't have the ability to change it in the near future, it probably isn't a great topic to discuss.

Site Visits

Why should you conduct one?

- Understand what's happening on the ground rather than simply taking a vendor's word for it
- Inspect site safety or work quality
- Observe a specific process in need of quality improvement
- Verify that a program change or performance improvement plan is being implemented
- Learn additional context from residents served

How should you plan for one?

- Determine the purpose of your visit:
 - To become familiar with how the program and vendor's operations work
 - To investigate an issue you've discovered during performance management meetings
 - To observe how an improvement is being implemented and decide whether further action is needed
 - To give the vendor an opportunity to observe their own operations
 - To fill in gaps in the data and observe what's been left unsaid
- Decide whether you want to collaborate with the vendor in advance or make an unannounced visit

Let's practice!

Let's imagine... (Scenario #1)

You recently started a job as a contract manager in Citylandia. Your job includes managing a contract with DFW Builders. Under the contract, the construction company is responsible for more minor, as-needed repairs to multiple municipal buildings over the next three years.

You've learned from the previous contract manager that DFW Builders had all sorts of problems last year. Workers were only sporadically working on the projects, construction timelines were never met, and some repairs were not fully completed.

The good news is that DFW Builders recently hired a new CEO: **Hope!** We are playing the role of Citylandia contract managers. Let's imagine we're in our first meeting with her. **What topics should we emphasize in this first meeting? How can we ensure that last year's challenges don't persist?**

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- What changes has DFW made/will be making to improve performance this time around?
- What help does DFW need from the government to improve?
 - Site visit: see a repair in process
- Look at a specific example: what was the expectation, what was done about it, what challenges did they experience?
- Lay out some benchmarks/check-ins along the way: completion percentages, performance metrics
 - Experience of personnel making the repairs → how did experience impact on-time completion or job quality?
 - Timelines for making repairs → percentage of on-time completion
 - Satisfaction of person who requested the repair → was it done on time? Was it done correctly or did it break the next day?
 - Number of change orders generated → what causes this? Are there particular assets/repairs that are recurring frequently?
- [to the CEO] What direction are you taking the company? What's your vision for the future of the company? How will this impact our project? What are the gaps in perception?
- How big of a contract is this to DFW?

Let's imagine... (Scenario #2)

You are a procurement manager in Citylandia. Your team just finished a procurement for a vendor that will be responsible for recycling pick-ups in your city. Your previous vendor regularly missed pick-ups and dropped recycling at landfills instead of designated recycling facilities. Your team chose United Recycling through an RFP process. Your goal is that United picks up recycling from all residential homes in your city at least once a week. You just set up a meeting with **Maja** from United, your main point of contact for the contract, to kick off work.

In this meeting, you want to align on the types of data and information you expect United Recycling to provide the city. We are playing the role of Citylandia procurement managers. Imagine you're in that meeting now with **Maja**. **What types of data should we ask her for? What types of contract management practices do you want to set up?**



What types of data should we ask her for? What types of contract management practices do you want to set up?

Let's imagine... (Scenario #3)

You are a contract manager in Citylandia. You began overseeing a new contract six months ago with Central Pavers, Inc. Central Pavers, Inc. was supposed to be repaving a busy road in the city. Last week, you got word that residents have been complaining that the road has been shut down for a week, but they have never seen any workers at the site. Upon hearing this, you realize that the project is also almost out of days.

You've just set up a meeting with the CEO at Central Pavers Inc., **Isabel**, to discuss the problem. Imagine you, the contract manager, are in this meeting now with Isabel. **What questions would you ask her to diagnose whether the complaints are valid? What action steps would you create in the meeting to ensure the project is completed by the deadline?**

What questions would you ask her to diagnose whether the complaints are valid? What action steps would you create in the meeting to ensure the project is completed by the deadline?

- Is there a reason we haven't seen workers?
- How to make sure Isabel doesn't get defensive – we are getting some complaints – is this what's happening?
- Avoid talking about the complaints – we are here today to touchbase about the project, we've noticed there haven't been workers
- Timeline set up – where they are vs. where we need them to be
- There might not be a problem about the work being closed, going into it with an open mindset
- Helping vendor co-create outcome
- Is the set up and tear down eating into the cost/time?
- What is the street that we're paving? What neighborhood? Socio-economic demographic of the neighborhood.
- Site visit – see the different barricades / barriers getting in the way
- Come up with an agreement – go back to the timeline and adjust the timeline
- With these new agreements will they hit their deadline

Let's imagine... (Scenario #4)

You work for the Citylandia School District. Citylandia has contracts with a vendor for school transportation services for four elementary schools. You've been receiving many complaints that many students who take buses are not being dropped off to school until an hour after the first classes begin. However, you recently connected with your friend who works for the neighboring, much wealthier school district, the Smallville School District. She reports that they use the same vendor, and their performance is consistently excellent!

Your manager, **Damonique**, has asked you for more information about what is occurring and what we should say to the vendor. **What do you guess is going on? What hypotheses and ideas for solutions are you bringing to your manager?**



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Additional Resources

PEN Contract Management Resources

- **How-to Guide**

[Orienting Towards Outcomes: Results-Driven Approaches to Contract Management](#)

- **Template**

[Contract Management Plan Template](#)

- **Video**

[Statelandia Active Contract Management Meeting](#)

- **Community Conversations**

Ask a question or answer someone else's!

[Do you hold performance management meetings with vendors?](#)

Upcoming Events

Wednesday,
February 22

11:00am –
12:00pm ET



**Roundtable:
Hiring and Retaining
Staff**



**Training:
Process Efficiency**

Wednesday,
March 8

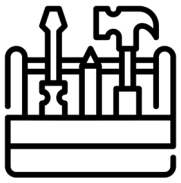
12:00pm –
1:00pm ET

Thursday,
March 30

2:00pm –
3:00pm ET



**Training:
IT Procurement**



Toolbox: Strategies for Contract Start

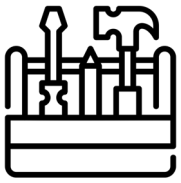
- ❑ **Kickoff meeting (or series of kickoff meetings!)** with your vendor to serve as formal notification that the project or new contract year has begun. These meetings can be a chance to align on key outcomes, set expectations, discuss program requirements, or formalize roles and responsibilities.
- ❑ **Informal or lower stakes meetings** to build trust and develop relationships with key contacts in a more informal setting. Informal meetings early on can set up an “open door” culture for vendors to contact you in between formal meetings.
- ❑ **Review the contract with the vendor**, with a focus on the statement of work, key deliverables, and requirements, to reduce chance of confusion or misunderstanding.
- ❑ **Discuss communication preferences and protocols** to support consistent, intentional, and effective communication.
- ❑ **Listening session with vendor** to hear what they need from the gov’t to be successful, to learn what it looks like for them to be treated fairly and with courtesy, and to hear any pain points carrying over from prior contracts.
- ❑ **Orientation activities or learning curriculum** to get the vendor up to speed. The review could include historical information, demographic data, past program performance, background challenges, system, process or program information, or past techniques that were effective.
- ❑ **Group convening (if multiple vendors)** to help vendors make initial contact with each other and to facilitate future information sharing and forums to share best practices and learnings.
- ❑ **Review baseline data and key performance measures or metrics** to lay the foundation for future performance tracking.



Toolbox: Contract Management Strategies

Communication is key! For any of these strategies, clearly communicate the reasoning behind your activities. Anticipate: “What’s the point of doing this extra work?” “Why are we trying something new?” “How will we adjust if it doesn’t work?”

- ☐ **Progress or status reports** that include a mix of qualitative and quantitative data. Minimize the burden on vendors but try to solicit robust information.
- ☐ **Invoicing** is a natural checkpoint for contract management activities. Are the activities billed for matching what you expected the vendor to complete during the prior period?
- ☐ **Performance management meetings.** Regular check-ins can be the most effective contract management activity!
- ☐ **Continue holding lower stakes meetings** to maintain trust and sustain an “open door” culture for vendors to contact you in between formal meetings.
- ☐ **Site visits** to assess service delivery on the ground. Develop a checklist of items to review that isn’t shared in advance.
- ☐ **Speaking with end users or clients,** including surveys or questionnaires with end users or service recipients about their perceptions of the vendor’s performance. These activities could be done in collaboration with the vendor.
- ☐ **Vendor-led “community of practice” meetings** that create a forum for vendors to share best practices and learning with each other, respond to broader challenges, and identify new methods of service delivery.
- ☐ **Connecting vendors to other resources or organizations** who can help build their skills and capacities or take a more nuanced approach to their work (e.g., non-profit associations, advocacy groups).



Toolbox: Contract Closeout Strategies

Don't just let a contract fade away! Take steps early on to plan for a smooth transition at the end of the contract, especially if you anticipate a new vendor may be awarded the contract in the future.

- ☐ **Hold reflection sessions to capture and communicate lessons learned:** These sessions could be held internally or with the vendor and should capture what you've learned and what you'd do differently next time. Document lessons learned, what worked well and what failed – to inform the next RFP and future contract management techniques.
- ☐ **Formal end-of-contract performance report:** Prepare a formal report on the vendor's performance, using performance information collected and by talking to end users or frontline staff who have seen the vendor's work directly.
- ☐ **Transfer information and data:** Double check you've got the info you need. Is there knowledge you're at risk of losing? Do gov't staff need to review or go through with the vendor all files and data that are being transferred?
- ☐ **Develop a contract closeout checklist or procedure:** Use a checklist to see if all invoices are paid, all material/equipment/badges are returned, system access is removed, and that all obligations and final reports are completed.
- ☐ **Conduct an exit interview with a vendor:** What was their experience working with the jurisdiction? Do they have suggestions for us?
- ☐ **Minimize gaps in service and plan for a new vendor to come in:** Can you pay for an overlap period between vendors? What can you do to avoid a lapse in service? How can you do a warm handoff of clients between vendors?