

Actively Managing Contracts to Improve Results

Procurement Excellence Network (PEN) Training

January 18, 2024



HARVARD Kennedy School
Government Performance Lab

Welcome! Please post in the chat: your name, what government you represent, and one characteristic of your ideal vendor!

Agenda

- **Active Contract Management Overview**
 - **Starting Off Strong: Strategies for Contract Kickoff**
 - **Contract Term Performance Management**
 - **Try It Out – Group Exercise**
 - **Feedback Poll and Wrap-Up**

 - **Optional – Post Session 30-Minute Discussion**
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Actively Managing Your Contract

Collaborating with vendors to effectively deliver results

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.

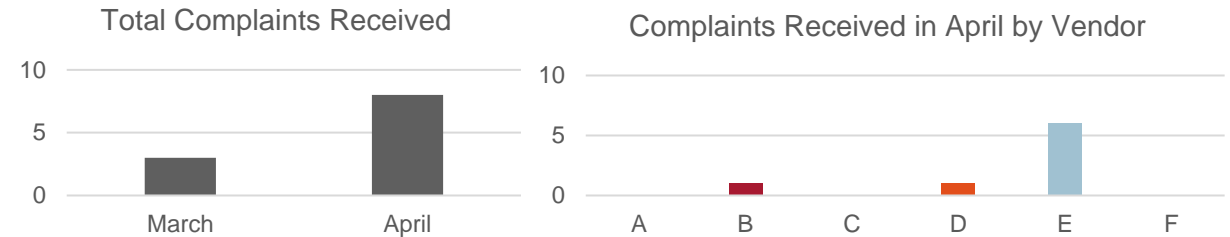


It looks like all six of our vendors submitted their invoices and reporting on time this quarter. I don't see any violations that concern me.

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?

We've received more complaints on our janitorial services.

When breaking down the data, it looks like only Vendor E is receiving more complaints. Let's schedule a site visit with them to learn more about their challenges and brainstorm solutions.

Great. Let's share what we learn with the other vendors so they can avoid the issues Vendor E experienced. And when we review this data again next month, let's check if any of our solutions helped reduce Vendor E's complaints.

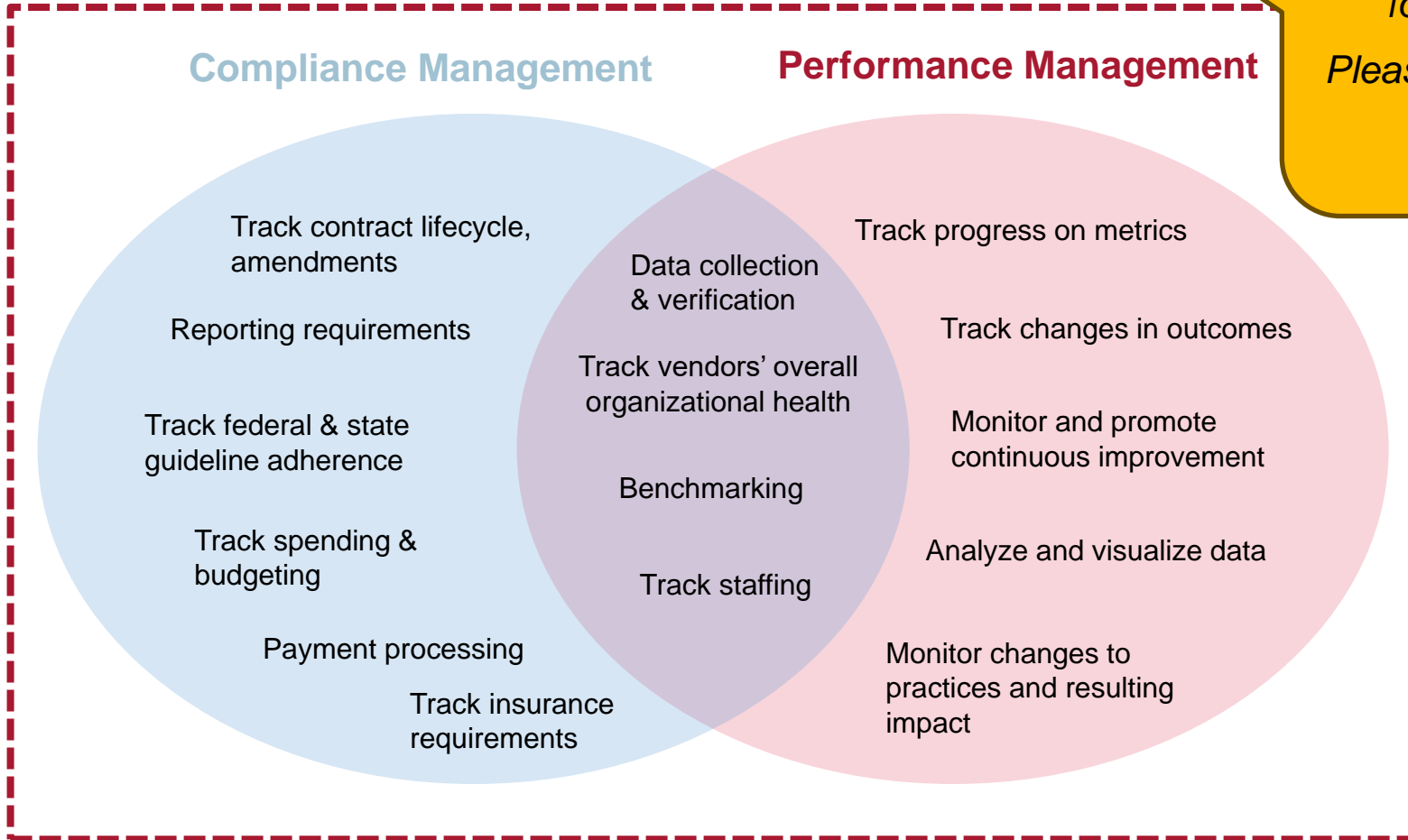
Compliance Management vs. Performance Management



*Have you tried expanding your approach to not just focus on compliance?
Please share your examples!*

Compliance Management

Performance Management



Compliance Management

How efficiently are vendors meeting contract deliverables?

Performance Management

How effectively are vendors meeting contract goals?

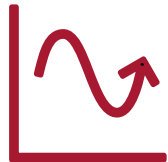
Why is Performance Management Important?



Keeps us **focused on our main goal**: providing improved goods or services to your jurisdiction's residents



Creates a transparent, **continuous feedback, accountability and improvement loop** between the government and vendors – so, together, you work towards results

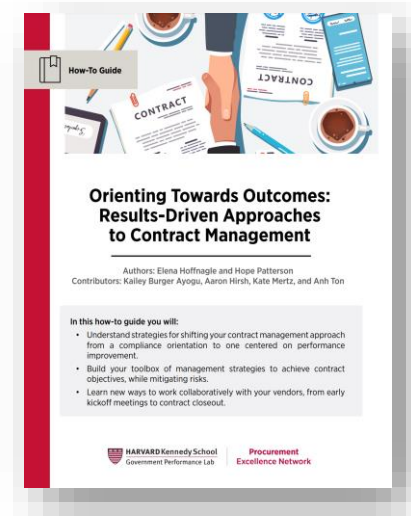


Promotes **reactive troubleshooting** by facilitating real-time data tracking and identification of performance problems to be addressed by course corrections



One tool to move towards performance management is to use **Active Contract Management** – we will go over some strategies to actively manage your contracts today!

Three Phases of Contract Management



Additional contract management strategies for every phase are included in the PEN Publication

Starting Off Strong: Contract Kickoff

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**



Tool: Contract Kickoff Meeting

Strategies for a Successful Kickoff Meeting



Pre-wire

Send out “pre-thinking” questions in advance and prepare historical data or context that could help get the vendor up to speed



Review contract

Review the contract with the vendor, with a focus on key deliverables and requirements, to reduce chance of confusion or misunderstanding



Be clear about roles

Establish who is responsible for what items and discuss communication preferences



Establish expectations

Align with the vendor on your expectations for regular check-ins, reporting, and other performance management items throughout the contract



Facilitate discussion

Create a safe space for open conversation and trust building and listen to the vendor on what they need to be successful

Have you held a contract kickoff meeting before?

What worked well?

Please share by coming off mute or writing in the chat!



Ongoing Performance Management: Contract Term

Key contract management practices during a contract term



Maintaining strong and **open lines of communication** with the vendor



Proactively addressing challenges, giving feedback, and **correcting course**



Monitoring risks that were identified in the contract



Looking at **data regularly** to know whether we're moving in the right direction

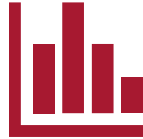


Tool: Performance Management Meeting

Strategies for a Successful Performance Management Meeting



Share **general updates** and assess progress



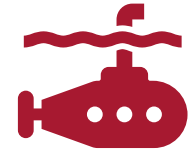
Use **data** to identify patterns and challenges



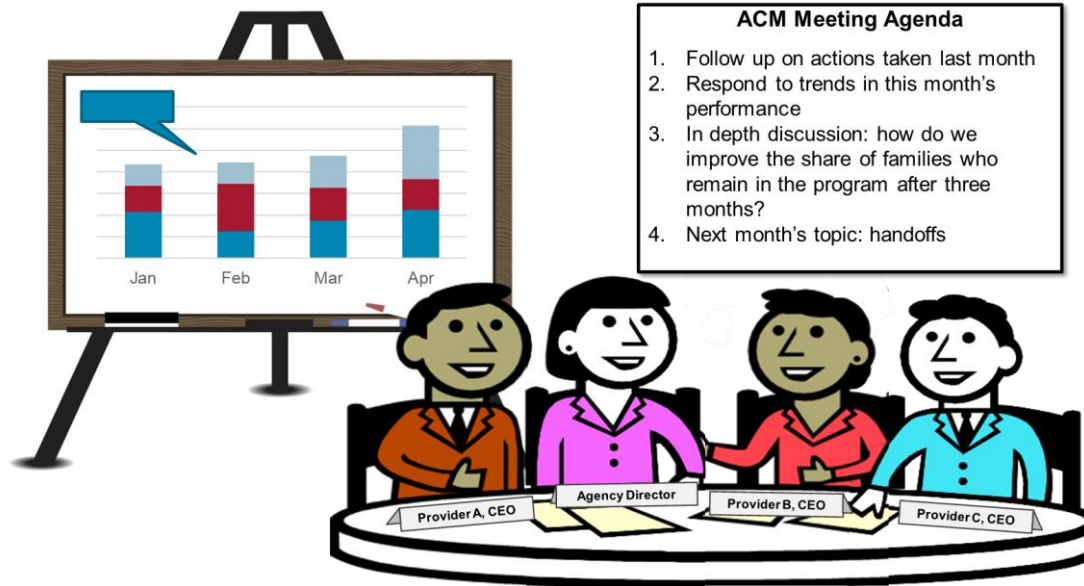
Brainstorm **solutions** for course correction



Connect insights to **concrete action steps**



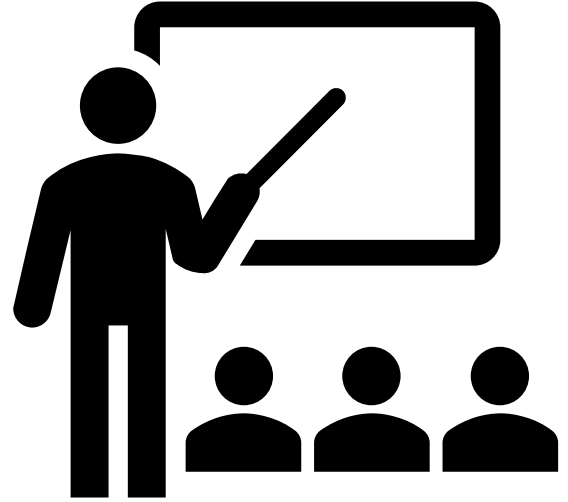
Take a **deep dive** into one particular topic or problem



During these data-driven meetings, we can dig into key data and have focused conversations that help us identify actions we can take to improve contract performance and service delivery.

Let's try it out together!

- You are the director of a department in Citylandia that contracts with six non-profit vendors to provide after-school services in six regions across the city.
- It is a goal of your program to have high attendance across the city.
- You have decided to apply Active Contract Management to your contracts to better understand and improve performance, especially with attendance.

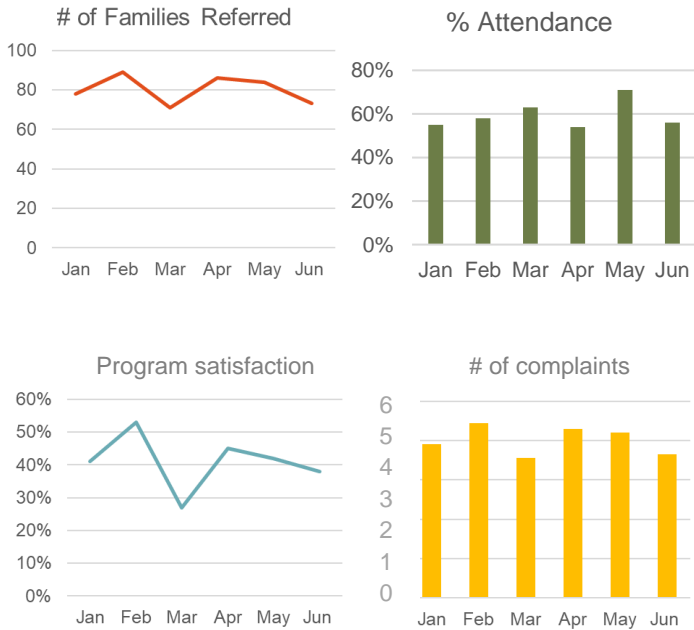


Use data to uncover insights and take action

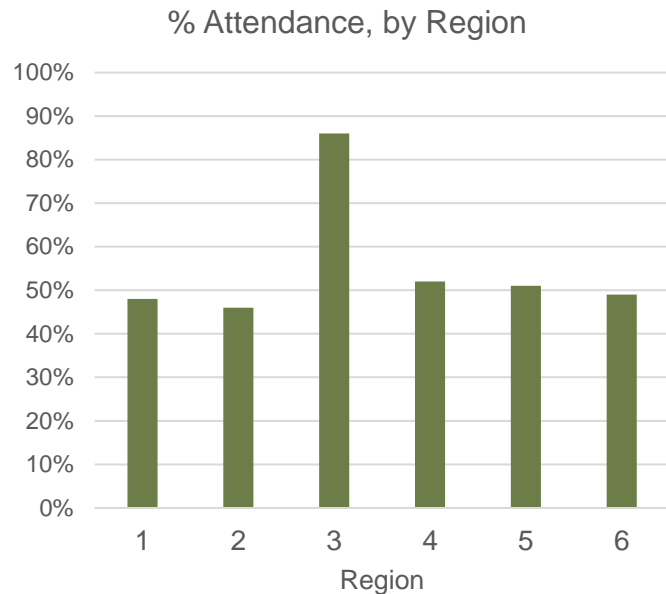
Data: Identify key data to understand performance

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

Action: Take action & making changes to improve outcomes



It looks like attendance is down overall, but not in Region 3. I wonder why.



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.

Region 3, what have you been doing to promote attendance?

What would you do to explore this issue further?

What might you do to improve attendance?

when we come together again next month.

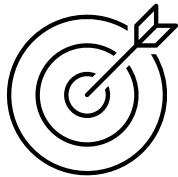
Spectrum of Contract Management Approaches

	Low Intensity (e.g. low-risk, small-dollar contracts with minimal complexity)	Medium Intensity (e.g. higher complexity, dollar-value, or resident-facing contracts)	High Intensity (e.g. highly complex contracts or tied to strategic priorities)
Potential contract management actions for this intensity level:	<ul style="list-style-type: none"> ○ Kickoff meeting to establish roles and responsibilities ○ Quarterly check-ins with vendors 	<ul style="list-style-type: none"> ○ Strong kickoff and early investment in relationships ○ Regular meetings to discuss performance and course correct ○ Identification of 2– 3 key performance indicators (KPIs) to track progress 	<ul style="list-style-type: none"> ○ Monthly meetings to review a defined set of KPIs and troubleshoot performance issues ○ Disaggregating data to understand if equitable service delivery is occurring ○ Detailed contract management plan created

Don't forget this important element – a strong RFP!

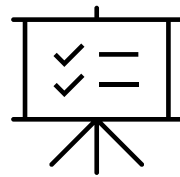
Effective contract management starts with a thoughtful RFP process that clearly communicates to the vendor community the contract goals, requirements, and expectations around ongoing performance management.

At the root of the program are...



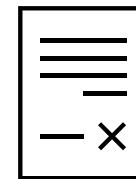
Goals

Which inform your...



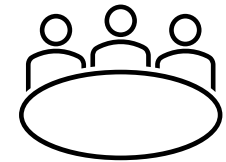
Performance Metrics

Which are built into your...



RFP

Which is the foundation for...



Active Contract Management

Implementing contract management in your government

How procurement offices can support departments in implementing these contract management strategies:

- **Training** department or agency staff on these contract management best practices
- **Serving** as a resource for departments or agencies when they experience challenges related to contract management or designing key performance indicators
- **Setting up peer groups of staff** or a mentoring program to support newer contract managers or contract administrators in your government
- **Creating** tools and templates (e.g., a citywide contract management plan template)
- **Setting clear procedures** for contract kickoff and closeout that a buyer from a central purchasing office can review with a department or agency-based contract manager or administrator



Any questions on how to actively manage your contracts?

Let's practice!

Let's imagine...

Discuss in your breakout group and we'll debrief together!

You are a contract 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 Director Daisy 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 contract managers. Imagine you're in that meeting now with Director Daisy. **What types of data should we ask her for? What types of contract management practices do you want to set up?**



We would like to hear some thoughts that came from your discussions, so we will be asking for volunteers to share when we return from the breakout session

Let's debrief!

What types of data should we ask Director Daisy for?

What types of contract management practices do you want to set up in this scenario?



Please come off mute or write in the chat to share your thoughts!

Feedback Poll

Additional Resources

Contract Management Resources

Orienting Towards Outcomes: Results-Driven Approaches to Contract Management

In this how-to guide, you'll learn new strategies to promote continuous improvement and improve performance through varying levels of active contract management intensity.

The Elephant in the Room: Activity Kit on Active Contract Management

This training exercise will help you understand the benefits of active contract management and apply what you have learned about the practice.

Contract Management Plan Template

This template outlines a contract management plan you can adapt for your own contracts to have a clear understanding of key deliverables, responsibilities, and risks.

How-To Guide

Orienting Towards Outcomes: Results-Driven Approaches to Contract Management

Authors: Elena Hoffnagle and Hope Patterson
Contributors: Kalley Burger Ayogu, Aaron Hirsh, Kate Mertz, and Anh Ton

In this how-to guide you will:

- Understand strategies for shifting your contract management approach from a compliance orientation to one centered on performance improvement.
- Build your toolbox of management strategies to achieve contract objectives, while mitigating risks.
- Learn new ways to work collaboratively with your vendors, from early kickoff meetings to contract closeout.

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Training

The Elephant in the Room: Activity Kit on Active Contract Management

Authors: Danielle Cerny and Scott Kleiman
Contributors: Maja Gray and Hope Patterson

In this training you will:

- Discover a fun exercise you can use to help your staff understand the difference between compliance-oriented and results-oriented contract management.

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Jurisdiction Contract Management Plan

1. Basic Contract Information

Contract Name	[Contract title]		
Contract ID #	[Contract ID]		
Contract Document Links:	[Links or file paths to where critical contract documents can be found]		
Government Primary Contract(s)	[Department point(s) of contact name, phone number, email address]		
Vendor Name	[Legal name and doing business as (if applicable)]		
Vendor Primary Contract(s)	[Vendor point(s) of contact name, phone number, email address]		
Start Date - End Date	[XX-XX-XXXX through XX-XX-XXXX]	Does the vendor hold other contracts with our entity?	[YES/NO] [If YES list here with start/end dates]
Option to Extend	<input type="checkbox"/> Yes <input type="checkbox"/> No	Number and Type of Renewals	[If there are extension options, note the date eligible for extension and required notice period.]
Amendments	[Update in the event of any amendment including additional scope requirements, funding, extensions, or other details that impact performance and oversight]		
Contract Value	[Full value for entire contract term]	Annual Budget	[Annual value]
Payment Structure	<input type="checkbox"/> Daily rate <input type="checkbox"/> Monthly invoice <input type="checkbox"/> Other cost reimbursement <input type="checkbox"/> Other		
	[Define payment requirements and schedule, ex: line-item budget with monthly invoicing, rate-based contract with quarterly audit, etc.]		

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Continue the Conversation through PEN

- If you have additional questions about Active Contract Management or anything discussed today, please feel free to **e-mail us** at gplpen@hks.harvard.edu or sign up for PEN Coaching at <https://gplpen.hks.harvard.edu/contact-us>. We'd love to continue the conversation!
- You can also stay for our supplementary discussion following this event to dive deeper on any topics discussed today!

Can you connect me with another jurisdiction that uses Active Contract Management?

How can I run an effective Performance Management Meeting in only one hour?

About Us ▾ Resource Library ▾ Events

Contact Us

If you work in state or local government, we want to hear from you! Please fill out the form below to reach out to us with any comments or questions.

Also, please let us know if you have any feedback on your PEN experience.

The Government Performance Lab (GPL) is always happy to schedule office hours (at no charge) to discuss a procurement challenge or a reform your government is working on. We are also happy to assist with using PEN resources, such as attending a meeting where you'll be delivering a PEN training or filling out one of our templates. Please indicate in the form below if you'd like to meet virtually one-on-one with a GPL expert.

"*" indicates required fields

First Name *

Last Name *

Job Title *

Organization *

Upcoming Events



How To Design and Deliver Effective Trainings

Are you looking to train your department or agency staff on a procurement process, policy or new initiative—such as the basics of procurement in your government, how to write an RFP, or how to form an evaluation committee—but unsure where to start? Join us for a session on how to design and deliver procurement trainings effectively. We will provide strategies and tips to reach your audience where they're at.

Tuesday, February 27, 1-2pm ET



Multi-Session Learning Opportunity: Green RFP Bootcamp

Do you have an upcoming RFP in which you'd like to consider how to make your purchase more sustainable? Or are you looking to make a large purchase or investment related to your government's climate and sustainability goals? Join us for an exciting opportunity to fine tune an upcoming sustainability-related RFP in our upcoming Green RFP Bootcamp.

**Multiple Dates in March and April, 2024
Application Required**

Post-Training Discussion

Appendix