# Actively Managing Contracts to Improve Results

# How can you engage in this session?

**Please use the "Raise Hand" function on Zoom**

**Look out for discussions and resources in the Zoom chat**

**Actively participate in the Community Roundtable Breakout Rooms**

What is "Active Contract Management" and why is this principle critical to achieving outcomes and goals set by your government?

# 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.**

Total Complaints Received

Complaints Received in April by Vendor
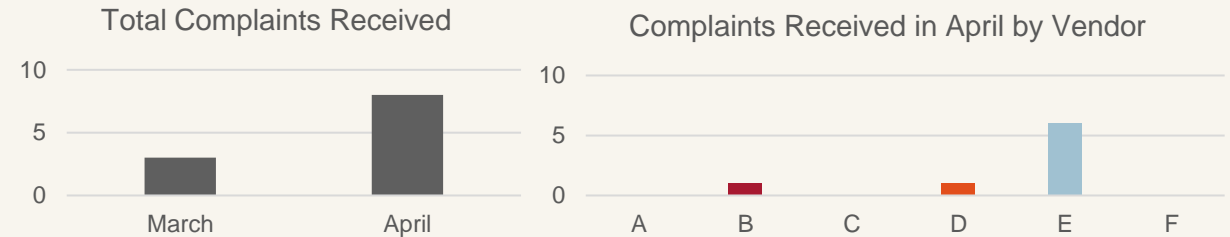
What patterns are we noticing this month?

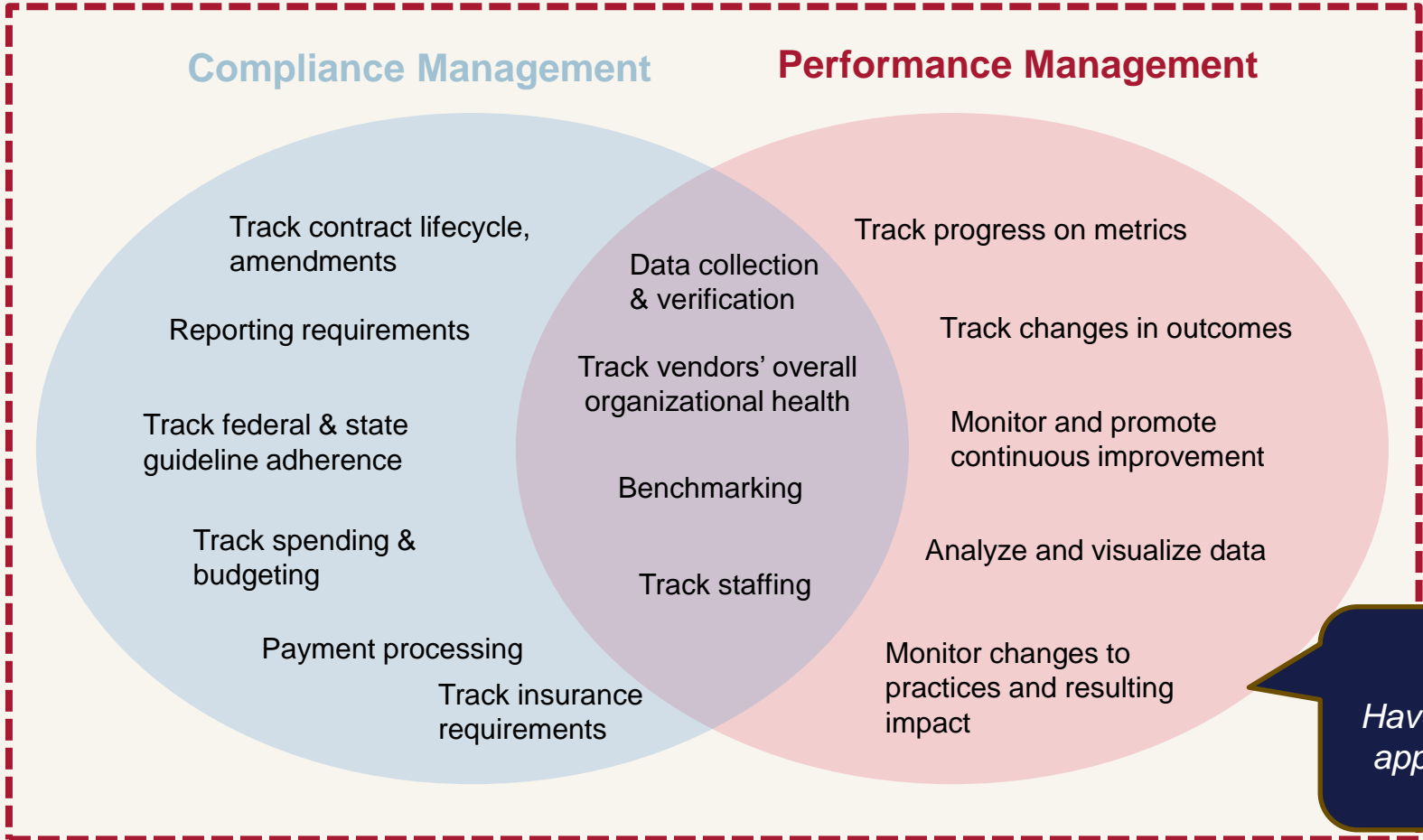We've received more complaints on our janitorial services.

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



**Compliance Management**

**Performance Management**

**Compliance Management**

How efficiently are vendors meeting contract deliverables?

**Performance Management**

How effectively are vendors meeting contract goals?

Track contract lifecycle, amendments

Reporting requirements

Track federal & state guideline adherence

Track spending & budgeting

Payment processing

Track insurance requirements

Data collection & verification

Track vendors' overall organizational health

Benchmarking

Track staffing

Track progress on metrics

Track changes in outcomes

Monitor and promote continuous improvement

Analyze and visualize data

Monitor changes to practices and resulting impact

*Have you tried expanding your approach to not just focus on compliance?*

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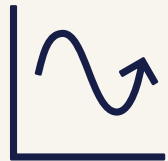
Promotes **reactive troubleshooting** by facilitating real-time data tracking and identification of performance problems to be addressed by course corrections

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



1 — Contract Kickoff

2 — Contract Term

3 — Contract Closeout

**Focus of today's training**
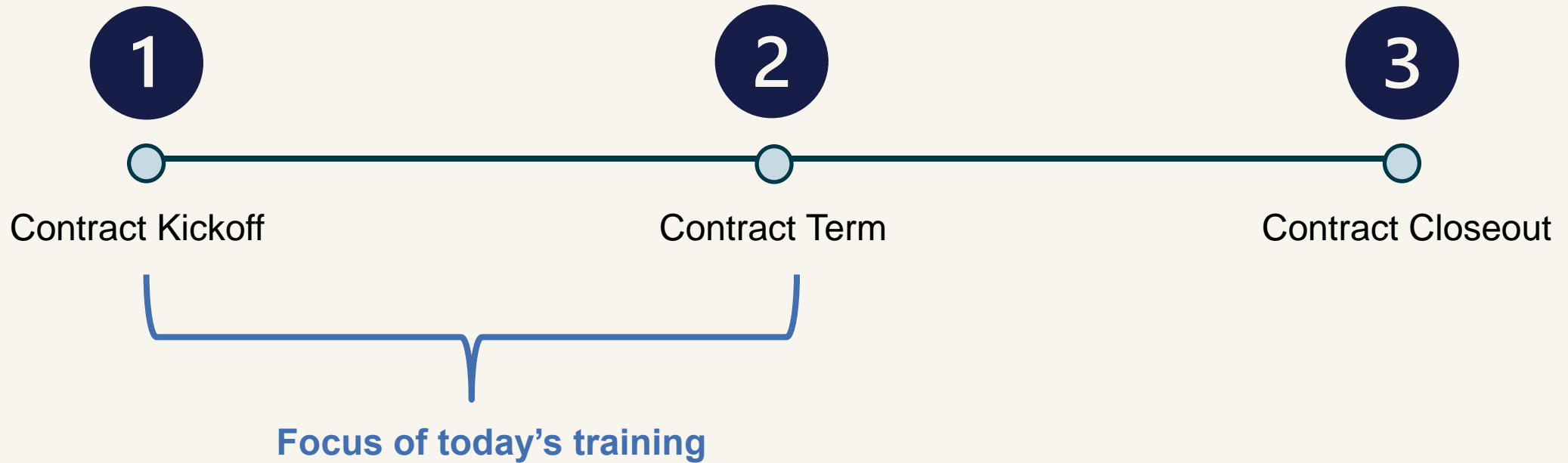
# Starting Off Strong: Contract Kickoff

# 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!*

# 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


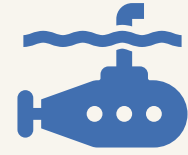Share **general updates** and assess progress


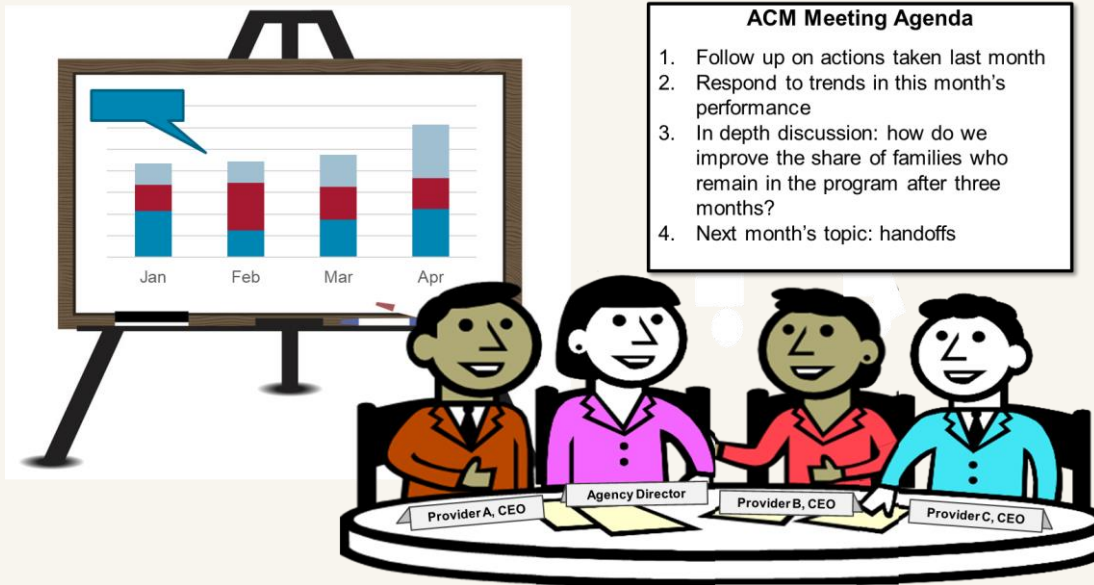Use **data** to identify patterns and challenges


Brainstorm **solutions** for course correction


Connect insights to **concrete action steps**


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



**ACM Meeting Agenda**
1. Follow up on actions taken last month
2. Respond to trends in this month's performance
3. In depth discussion: how do we improve the share of families who remain in the program after three months?
4. Next month's topic: handoffs

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.
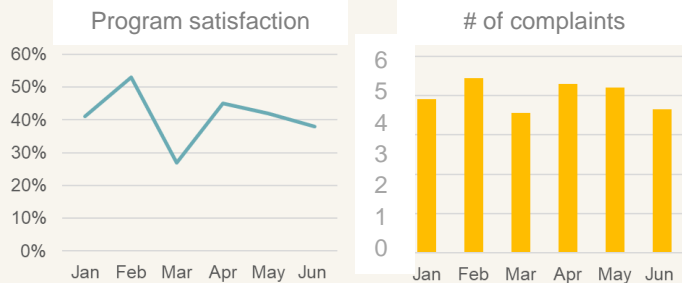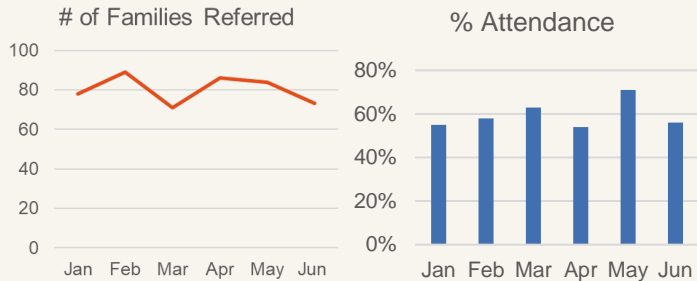
# Use data to uncover insights and take action



**Data:** Identify key data to understand performance

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

**Action:** Take action & making changes to improve outcomes

# of Families Referred

% Attendance

Program satisfaction

# of complaints

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

% Attendance, by Region
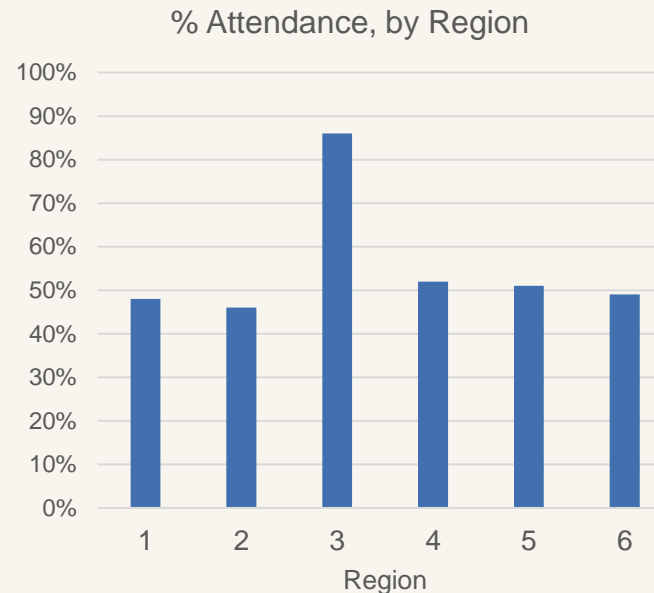
Region

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

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.

# Spectrum of Contract Management Approaches

| Potential contract management actions for this intensity level: | **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) |
|---|---|---|---|
| | o Kickoff meeting to establish roles and responsibilities<br><br>o Quarterly check-ins with vendors | o Strong kickoff and early investment in relationships<br><br>o Regular meetings to discuss performance and course correct<br><br>o Identification of 2– 3 key performance indicators (KPIs) to track progress | o Monthly meetings to review a defined set of KPIs and troubleshoot performance issues<br><br>o Disaggregating data to understand if equitable service delivery is occurring<br><br>o Detailed contract management plan created |

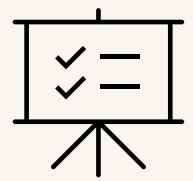# Don't forget this important element – a strong RFP!

**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.
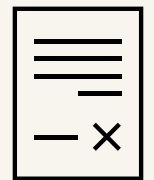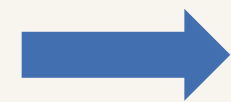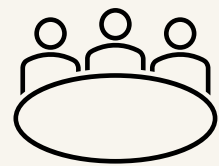
*At the root of the program are…*

*Which inform your…*

*Which are built into your…*

*Which is the foundation for…*

**Goals**

**Performance Metrics**

**RFP**

**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...

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!*

# Appendix

PROCUREMENT
EXCELLENCE
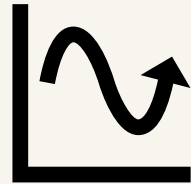NETWORK
Partners for **Public Good**

# So, what is Active Contract Management?

**What it involves**

1. Regular reviews of real-time **performance data**
2. Regular, **collaborative meetings** between vendor and government
3. Focus on **solutions-oriented conversations** to promote continual improvement

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**Why do it**

**Reactive Troubleshooting**



Real-time identification of performance problems followed by quick course corrections

**Incremental Improvements**



Continual refinement of government and vendor practices to produce rising performance trends over time