



PROCUREMENT EXCELLENCE NETWORK

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→ HOW-TO GUIDE



Orienting Towards Outcomes: Results-Driven Approaches to Contract Management

Authors: Elena Hoffnagle and Hope Patterson

Contributors: Kailey 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.

Why is managing contracts towards outcomes so important?

IWe've all been there. You reach the end of a months- or years-long procurement process and breathe a huge sigh of relief once the contract is signed. You can finally check this task off your list.

It's then tempting to take a "set it and forget it" approach and assume that because you've hired such a qualified vendor, they'll be able to meet your objectives and complete the full project scope on time and within budget. You may only feel the need to worry about compliance activities, such as paying invoices or checking that insurance certificates are valid. Even if you are meeting regularly with your vendor, those meetings may feel more like a one-sided report-out than an opportunity for collaboration and creative problem solving.

But seeking continuous improvement through contract management is crucial to realizing the outcomes you set forth in your solicitation. Without strong contract management practices, you could see incomplete or unsatisfactory service, missed deadlines, unfulfilled deliverables, and unspent sums. Or, you might see service delivery occurring inequitably, with the vendor providing better service to some neighborhoods than others – potentially reinforcing historic inequities. Managing toward outcomes enables you to monitor whether the goods or services that your government procures have a real impact on residents in need.

Yet we all must deal with limited resources, staff capacity, and time. A high intensity contract management approach isn't appropriate or feasible for every contract. **This guide will help you select the right set of contract management activities for a specific contract.**

There are a variety of different factors you might consider when choosing the level of contract management to implement: dollar value, funding source, complexity, your familiarity with the subject area, or vendor's capacity (especially if you've been able to bring on a newer or smaller vendor that has a steeper growth curve). The table on the following page reviews several different contract management approaches grouped by intensity:

	WHAT ARE YOU DOING?	COMPETING COMMITMENT	BIG ASSUMPTION
	Low Intensity	Medium Intensity	High Intensity
Contracts and vendors that may be a good fit for this approach:	<ul style="list-style-type: none"> • Low-risk, small-dollar amount contracts with minimal complexity • End years of a contract where the vendor(s) and project activities have been well-established • Contracts for the delivery or provision of goods or products, with minimal services being provided 	<ul style="list-style-type: none"> • Higher dollar-amount contracts with little complexity • More complex internal professional service contracts • Resident-facing contracts with minimal complexity • Low-risk, small-dollar amount contracts where vendors require additional capacity-building 	<ul style="list-style-type: none"> • Highly complex contracts • Contracts closely tied to government’s strategic priorities • Any social service contract, or critical resident-facing contract • Contracts where vendors require additional support to be successful
Your focus for this category might be:	<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

Best practices across the contract lifecycle

Starting Off Strong

As soon as you know you'll be involved in managing or administering a contract, you'll want to boost your skills, knowledge, and connections. Some of these tactics can even be started before the wet signature on the contract is dry!

It may seem obvious, but your first step is to read the contract and familiarize yourself with all the requirements and deliverables, so you're not caught off guard later. If you weren't involved in the solicitation, you might need to clarify what exactly is meant by each deliverable and what successful completion of those deliverables looks like in practice.

You'll also want to have a firm grasp of the contract term, when it will be renewed, and, if applicable, what the service delivery requirements are, including the geographic bounds, the scope, and how service is being quantified (e.g., the number of individuals served or referred into a program, or the number of nights in shelter beds). Knowing your internal points of contact in legal, audit, and finance departments can be helpful before the contract starts, so that if you have questions about anything in the contract, you know whom to ask. The finance department especially can help you understand the frequency of invoicing and provide advice on how to be certain the vendor is enrolled in your payment system.

Once you have a thorough understanding of the contract, it's time to assemble your contract management team. Higher intensity contract management requires close internal collaboration, so it's a good idea to build relationships with people in the know and flex your soft skills in communication, teamwork, and problem-solving. Start by identifying roles and responsibilities for managing the contract. Often this involves a project manager in the department that requested the solicitation and representatives from the procurement, legal, and finance departments. Because you may also need to make budget modifications, contract amendments, or service level adjustments along the way, identify who can facilitate making these adjustments.

With your house in order, building a solid foundation for a successful working relationship is the next step to achieving excellence in contract management. Establish a structure for engaging vendors consistently, usually through monthly or quarterly meetings and/or site visits. Set a tone of open communication and partnership early on: align on a vision of success based on the goals laid out in the solicitation, establish who holds responsibility for what, and give your vendor ample time to ask questions or clear up any confusion so that they can quickly get up to speed and be ready to deliver.

Below are a few strategies for starting off contract management on the right foot:

Strategies for Contract Kickoff

- **Launch with a kickoff meeting** (or series of kickoff meetings!) with your vendor to serve as formal notification that the project or new contract term has begun. These meetings can be a chance to align on key outcomes, set expectations, discuss program requirements, and/or formalize roles and responsibilities. If you have multiple vendors delivering similar services, a kickoff meeting with the full group could help vendors make initial contact with each other and set up opportunities for vendors to share best practices and learnings in the future. Having senior leaders (e.g., a department or agency director) in the room for these kickoff meetings can signal the importance of the contract to the vendor.

- **Hold informal or lower-stakes meetings** to build trust and develop relationships with your key vendor contacts. These meetings can set up an “open door” culture early on for vendors to contact you in between formal meetings and can be a way for you to learn the vendor’s working style and organizational culture.
- **Review the contract with the vendor**, paying particular attention to the statement of work, deliverables list, specifications, and requirements, to reduce the chance of later confusion or misunderstanding.
- **Discuss communication preferences and protocols** with the vendor to support consistent, intentional, and effective communication.
- **Hold a listening session with vendors** to hear what they need from the agency or department 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 experiences holding a contract with your government.
- **Conduct orientation activities or review a learning curriculum** to help vendors get up to speed. The review could include historical information, demographic data, past program performance, background challenges, system, process or program information, or past effective techniques for completing the project deliverables.
- **Review baseline data and key performance indicators (KPIs)** to lay the foundation for future tracking of contract performance using data. (The number and types of KPIs you establish likely will vary based on whether the contract is for the delivery of a social service and the intensity of contract management approach selected.)

Creating a Contract Management Plan

Because the contract document itself is often lengthy and difficult to navigate, it may be cumbersome to use as a tool to guide day-to-day management. Consider developing a contract management plan (also called a contract fact sheet, contract administration plan, or a contract monitoring plan) near the start of the contract term. This document can be especially useful because it:

- Creates a tool that makes sense of dense and lengthy contracts.
- Identifies and documents the core elements of the contract in a manner that is clear, concise, and accessible.
- Enables contract managers to have a clear understanding of what to focus their attention on, to have access to critical information for internal and external reporting, and it enables clearer communication and understanding with vendors about key terms.

You may find a contract management plan only necessary for medium or high intensity contract management approaches. See the appendix for a sample contract management plan that you can customize for your government’s needs.

Keeping Up Momentum During the Contract Term

During the contract term, you should aim to maintain strong and open lines of communication with vendors so you can proactively address challenges and monitor the risks identified early on. You should also be looking at data regularly to determine whether you're moving in the right direction and are course correcting as necessary. During the contract term, you and your team managing the contract might regularly check in and ask yourself the following questions:

- Do the vendor(s) feel comfortable sharing challenges and giving us an honest assessment of the status of the program or project?
- Are the vendors performing as well as they can? Are there any constraints impacting their performance?
- Are we providing the vendor with timely and constructive feedback?
- Are we sufficiently monitoring the risks and concerns we identified at the start of the contract? Are we working with the vendor to take steps to mitigate any risks?
- Are we on track to meet our outcomes? How do we know?

The list below shares several strategies for keeping performance on track and the relationship with the vendor strong during the contract term:

Strategies for Keeping Up Momentum During the Contract Term

- **Hold performance management meetings** to regularly touch base with the vendor during the contract term. Depending on the intensity of your contract management approach, these meetings could be used to review KPIs, troubleshoot performance issues, and correct course if activities or metrics aren't trending in the direction you'd hoped to see.
- **Solicit progress or status reports** from the vendor that include a mix of qualitative (e.g., written descriptions of activities) and quantitative data (e.g., metrics or numerical reports). Whenever possible, try to minimize the reporting burden on vendors and collect information that vendors have existing incentive to collect or are required to collect for other reporting requirements (e.g., federal grants).
- **Use invoicing as a natural checkpoint** for contract management activities. Consider whether the activities the vendor bills for match what you expected the vendor to complete during the prior period.
- **Continue holding lower stakes meetings to maintain trust** and sustain an "open door" culture for vendors to contact you in between formal meetings.
- **Use site visits to assess service delivery on the ground.** It can be useful to develop a checklist of items to review during a site visit that is not shared in advance with the vendor(s).

- **Speak with end-users or clients**, including via surveys or questionnaires to hear their perceptions of the vendor’s performance and whether services are meeting clients’ needs. These activities could be done in collaboration with the vendor(s).
- **Hold vendor-led “community of practice” meetings** that create a forum for multiple vendors to share best practices and learning with each other, discuss their response to broader external challenges, and identify new methods of service delivery.
- **Connect vendors to other resources or organizations** who can help build their skills and capacities or help them to take a more nuanced approach to their work (e.g., associations, small business resource centers, advocacy groups).

Admittedly, this might feel like too many new strategies for your team to invest in all at once. If your staff is hesitant to take on additional work, clearly communicating the reasoning behind your activities, what problems this new approach might address, and how you plan to adjust if you aren’t seeing improvements can help motivate them to try something new. We recommend beginning with one or two priority strategies instead of trying everything at once, both to avoid overwhelming staff with new tasks and to build momentum through early success.

Using Key Performance Indicators

While talking with the vendor regularly will give you a good initial sense of whether contract deliverables are on track, looking at data helps create a full picture of whether the ultimate outcomes of your contract are being achieved.

Consider the following contracts a Parks and Recreation Department might hold:

Goal that the contract aims to achieve:	What you might learn from meetings with the vendor:	What you might see from a closer look at data:
<p>Summer Camp Program Administration Contract: <i>Smallville’s summer camp program should provide a fun and safe environment for youth across the city.</i></p>	<p>“We had a waitlist for summer camp slots this year! I think that’s a great sign that our program has a positive reputation among Smallville families.” – Vendor</p>	<p>“Nearly all the youth in the summer program came from 3 of Smallville’s 10 elementary schools. We’re wondering if other youth are not hearing about the program or are facing a barrier when trying to enroll?” – Smallville Contract Manager</p>
<p>Grass Mowing and Field Maintenance Contract: <i>Smallville’s sports fields should be maintained to a high standard of presentation and safety, so these assets are available for maximum community usage and enjoyment.</i></p>	<p>“We had a resident tell us that they were really upset to find trash on one of the soccer fields. Unfortunately, this must have happened right after our staff were there picking up trash.” - Vendor</p>	<p>“Looking at data from our 311 hotlines and a recent survey run from the parks department, it doesn’t seem like there have been any complaints. Regular inspections also haven’t revealed problems. This incident might have been a fluke!” – Smallville Contract Manager</p>

Goal that the contract aims to achieve:	What you might learn from meetings with the vendor:	What you might see from a closer look at data:
<p>Movies in the Park Chair Rental Contract: <i>Smallville’s Friday night summer movies in the park should have sufficient comfortable seating for 400 residents to enjoy the weekly blockbuster.</i></p>	<p>“We’ve heard that Smallville residents find our chairs very comfortable and appreciate not having to bring their own seating.” - Vendor</p>	<p>“The event manager for the city has been tracking your delivery times. For 5 of the past 8 Fridays, you’ve delivered the chairs over 30 minutes behind schedule. Let’s talk about how we might address this problem.” – Smallville Contract Manager</p>

From the examples above, you can see that adding in a data-driven approach to contract management can add a powerful additional layer of understanding beyond what you might learn in conversations with the vendor!

When selecting key performance indicators (KPIs) aim to have some **dashboard metrics** that you’ll discuss with your vendors at every meeting (potentially monthly or quarterly), and **deep-dive metrics** that will help you take a deep dive into specific issues on an infrequent basis. For medium intensity contract management approaches, aim to identify at least 1-2 KPIs to review quarterly. For high intensity contract management, you may want a much more robust set of metrics to look at monthly (or even more frequently).

To reveal patterns in the data, you may need to visualize the data using charts or maps; disaggregate the data by vendors, geography, or client characteristics (e.g., race, ethnicity, or gender); or create ratios for unit costs, caseloads, or throughput.

But what qualities make for a useful metric? The best KPIs are:

- *Relevant:* Does the metric tell us something important about service delivery?
- *Actionable:* Are we able to make changes in response to this metric? If this metric increased or decreased dramatically, can we think of some actions we might take?
- *Comprehensible:* Is the metric simple enough to explain to a broad audience and use on a regular basis?
- *Timely:* Will we be able to see changes in this metric on a regular basis?

Toolbox

Choosing Performance Metrics (aim for a mix of both!)

There are two categories of metrics we recommend for contract management: process or “leading” metrics and outcome or “lagging” metrics. Within each category you can identify several metrics to help you manage the contract in real time as well as gather information to assess long term performance. We recommend you select a mix of process and outcome metrics to include in your contract management plan. More information on defining these metrics can be found below:

TOOLBOX: CHOOSING PERFORMANCE METRICS (AIM FOR A MIX OF BOTH!)		
	Process/leading metrics	Outcome/lagging metrics
Description	<ul style="list-style-type: none"> Early warning signs indicating if a program is on track to achieve its ultimate results 	<ul style="list-style-type: none"> Ultimate results a program aims to achieve
Examples	<ul style="list-style-type: none"> Proportion of people who graduate from a job training program Percentage of paper-based resident surveys entered into a database within one week Time from a 311 request to when pothole repair began 	<ul style="list-style-type: none"> Wages 1 year after training completion Post-secondary educational attainment Improvements in pavement condition index
Benefits	<ul style="list-style-type: none"> Often faster to observe or easier to measure than results Sometimes necessary to make sure data available for other metrics 	<ul style="list-style-type: none"> Explicitly linked to the purpose of the program Can capture whether program has lasting impact
Weaknesses	<ul style="list-style-type: none"> Alone, rarely offer insight into efficacy/ opportunities for improvement May not perfectly predict results 	<ul style="list-style-type: none"> Often time delayed May require matching data to other systems May create perverse incentives for vendors

Wrapping Up Your Contract

Whether the line of work has ended, or a new vendor will be coming onboard, it’s important to take a measured, thoughtful approach to contract closeout. See the table below for a checklist of closeout strategies and relevant questions to consider:

Strategies for Wrapping Up Successfully

- **Hold internal reflection sessions** to capture and communicate lessons learned. These sessions should capture what you've learned and what you'd do differently next time. Document lessons learned, what worked well, and what was less successful to inform the next RFP and future contract management techniques.
- **Conduct a 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 clients) who have seen the vendor's work directly.
- **Transfer information and data:** Question whether you've received all information you need from the vendor. Is there knowledge you're at risk of losing? Do government staff need to review individually or consult with the vendor around whether all files and data have been transferred?
- **Conduct an exit interview with the vendor(s):** What was their experience working with the government? What worked well? Do they have suggestions for what could be done differently?
- **Minimize gaps in service and plan for a new vendor:** Put together a transition plan for any clients that may be moving from one vendor to another. 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?
- **Develop a contract closeout checklist or procedure:** Use a checklist to confirm that all invoices are paid, all material/equipment/badges are returned, system access is removed, and that all obligations and final reports are completed.

Implementing contract management in your government

In many governments, contract management activities are highly decentralized, with each department or agency (or even teams with departments or agencies) managing contracts with customized approaches and levels of intensity. If you work in a central purchasing office, you may find the following activities successful in making these practices stick across your government:

- Training department staff on these contract management best practices
- Serving as a resource for departments/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

Appendix: Contract Management Plan Template

The [contract management template](#) is designed to identify key contract information and make contract management activities accessible to the contract manager or contract administrator and others. You are encouraged to adapt this template to meet the needs of your government or specific contract.

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The **Procurement Excellence Network** (PEN) is a free, online community for public sector leaders seeking to transform their jurisdiction's procurement practices. It offers virtual trainings, tools, templates, and coaching, while building peer connections for leaders as they launch efforts to make procurement more strategic, fair, and innovative. PEN is an initiative of **Partners for Public Good** (PPG), a 501(c)(3) non-profit organization that helps state and local governments use key operational levers—procurement, workforce, digital infrastructure, and budgeting—to drive public impact.

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