

Contract Management Planning

The Contract Management lifecycle begins with setting a procurement strategy. Once the goods or service is acquired, a period of transition leads into contract management. There is an ongoing analysis of business needs, to routinely ensure that the service provides what the business really needs.

When the contract ends, for whatever reason, the re-competition process includes a re-examination of business need, the performance of the existing arrangement, any new requirements, and the options for sourcing.

Information from this stage will feed back into the procurement process of acquiring a new service: a process that mirrors the original acquisition but with the benefit of all the lessons learnt from acquiring and managing the previous contract.

Business Continuity

A major part of contract Management is considering what will happen if the service fails or is interrupted. It will normally be the supplier's responsibility to manage service continuity and this should be stipulated in the contract terms. However, the continuity of the business that depends on the delivery of the service should be a jointly handled responsibility, agreed through liaison with the supplier.

The Procurement Strategy should consider the effect of a major breakdown in the service. Reviews of business continuity plans should include:

- planning for action by the supplier to ensure continuity of service, where the supplier is required to maintain the service.
- planning to ensure continuity of service when the service supplier cannot maintain the service,
- when the decision is to terminate the contract; there may need to be provision for the service to be taken over at short notice by another Supplier.

Plans for ensuring business continuity should also include an Exit Strategy.

Exit Strategy

An exit strategy is necessary to identify possible risks, define potential losses, ensure continuity of services and should be a 'front end' activity, created as part of the Procurement strategy, which is consistent with the overall sourcing strategy. This prevents becoming locked into an unsatisfactory relationship or being forced to pay more to part ways and will minimise operational impact.

With an exit strategy in hand at the outset of a supplier relationship, supply needs will be incorporated into the contract, ensuring minimum business and customer disruption in the event that the relationship is terminated.

Exit strategies should be reviewed annually, or when significant change occurs.

There are several considerations to be made when developing an exit plan, including:

1. Continuing Service Requirements

An exit strategy should set forth the service requirements for the period during which the parties are transitioning out of the relationship. These requirements may include:

- An obligation by the supplier to continue performing the services at the same level of quality for the transition period and to continue to comply with all the obligations in the contract.
- Requirements for the provision of parallel services for a certain period, with the right to extend the term as necessary to resolve issues before the final cutover.
- An obligation by the supplier to keep the same supplier team performing services during the transition period.
- Confidentiality on any communications regarding the termination of the relationship.

2. Data Security and Privacy

Data privacy and security are critical and the Exit Strategy should consider provision for factors such as:

- Providing for the transfer of all data belonging to the council, including any customer information
- Determining an acceptable method by which the supplier will destroy and remove any proprietary information
- How the supplier will destroy and remove this sensitive information from all media, ensuring it is not disclosed to other individuals or organisations.
- The return or transfer back of each party's assets

3. Knowledge and Documentation Transfer

Rigorous documentation and knowledge transfer requirements in the contract will pay dividends. Be sure to:

- Require the supplier to give you access to everything you will need to maintain the service

- Clearly delineate which party owns the work performed by the supplier and which party is responsible for solidifying the transfer of ownership.
- Fully document the service description for any additional services of the supplier during the transition period (e.g., training your employees or training new supplier personnel).
- Require the supplier to supply copies of data, procedures, access logs, error logs, documentation and other information that the supplier generates as a part of providing the contract services. The supplier should also grant your right to provide this information to potential successor suppliers.

4. Costs

Transition, termination and timing are a key part of the financial aspects of an exit strategy. Be sure the contract:

- Will not penalise the council for an early exit, especially if the termination is due to the supplier's failure to perform the contract adequately.
- Specifies when compensation should be paid and how much, including compensation for any continuing base services and transition activities.
- Specifies the return of any pre-paid fees for which services have not been rendered.

5. Personnel

An exit strategy should cover personnel issues, such as:

- Ensuring that supplier personnel and key resources with relevant knowledge and expertise remain on the project and committed during the transition.
- Defining the exit-strategy team and its roles
- The treatment of employees and any obligations to inform or consult under TUPE

Contract Implementation

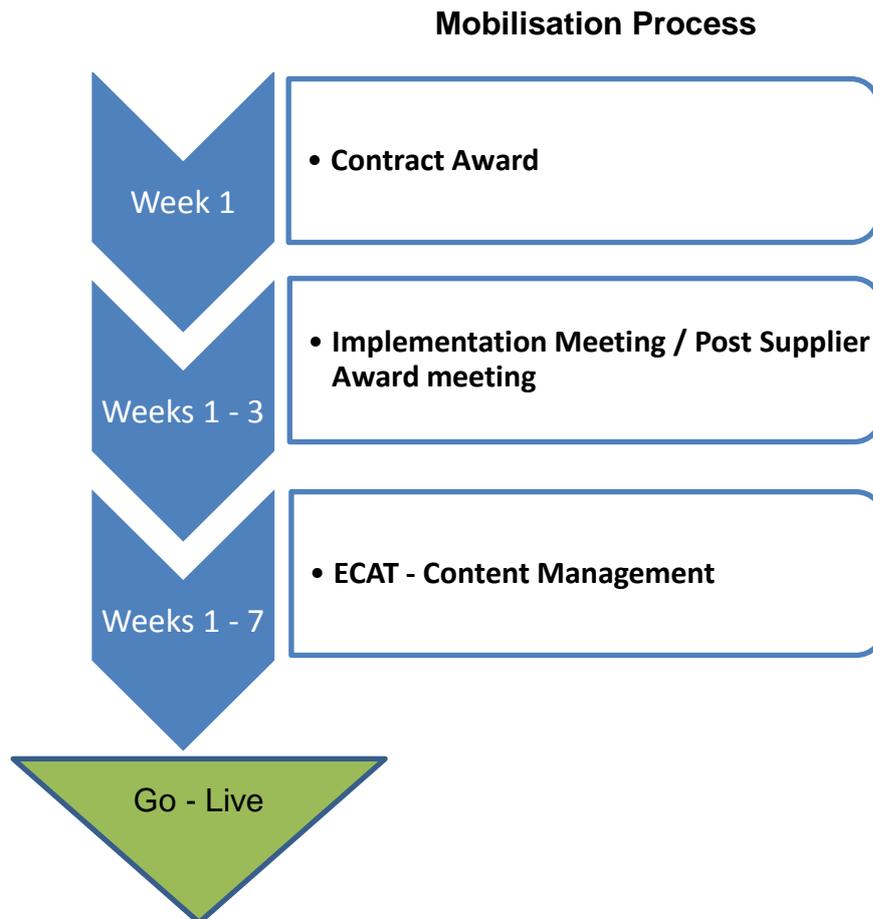
These are the processes and activities associated with implementing a new contract which ensures:

- supplier(s) have all the information they require to plan the migration of users to the contract
- users have all the information they require to use the contract e.g. suppliers' contact details, information on the goods/services available from the contract
- continuity of supply

Contract implementation consists of two distinct phases:

- Migration - facilitating the movement of organisations to a new contract post 'go-live'
- Mobilisation - the process of moving from contract award to 'go-live' i.e. the point when a user can actually buy from the contract

Some steps in the process may be done concurrently.



The mobilisation process above is a guide to help plan activities between contract award and go live. The timescales for each of the stages should be amended to reflect each specific procurement exercise.

Implementation Meeting - Post Award Supplier Meeting

Where appropriate, you should hold the first meeting with the successful supplier as soon as possible after the contract has been awarded. The purpose of this meeting is to discuss the contract implementation phase and agree roles, responsibilities, identify activities and agree timescales. It is important to keep in regular contact with the supplier during the contract implementation phase and to arrange meetings etc. when required.

ECATS - Content Management

An ECAT (electronic catalogue) must contain key information about the use of the contract including:

- who can use the contract
- details of the goods and services available through the contract
- prices
- supplier contact details
- ordering information
- returns/complaints/escalation process

Lessons Learned/Evaluating Procurement Activity

The conclusion of any contract is the ideal time to review how well the contract performed and to explore lessons learned which can be carried forward to inform future contract terms or strategies. It should be determine what worked well and areas which could be improved in future procurement exercises. Its evaluation could consider, for example:

- What worked and what didn't work?
- Were any innovations implemented and if so, what value-add did they deliver?
- The total of the contract including staff costs, and costs which were not anticipated at the planning stage;
- The total savings achieved on contract value;
- any impact of the exercise on the market.