

Contract Management

Your supplier's performance should be managed throughout the lifetime of the contract to make sure that they perform to the quality, service, cost and delivery identified in your original quotation. Some benefits of contract management may include:

- no contract surprises or escalating costs;
- more efficient processes;
- easier change management; and
- prompt payment of the full supply chain.

There are three main stages of Contract Management:

The Stages of Contract Management

Mobilisation & Implementation	This is a period of time before the new supplier begins performing the contract to become ready. This may involve: co-ordinating communication between the current and new supplier; providing information; planning.
Lifetime of the Contract	The normal working period of the contract. This may involve solving any issues that may arise e.g. supply problems.
Exit Strategy	<p>You should consider what will happen when a contract ends: this could be because the contract finishes on the pre-agreed date or it terminates earlier than expected. Your exit strategy should be considered/agreed during the tender and mobilisation and implementation stage. This can be updated during the lifetime of the contract, if agreed with the supplier(s).</p> <p>Please note: you cannot terminate a contract with the aim of avoiding procurement rule obligations.</p>

Contract Management Examples

Some examples of Contract Management activities are:

- Phone calls with suppliers;
- Meetings with suppliers;
- Score carding of suppliers;
- Site visits;
- Analysing performance information;
- Problem solving;
- Benchmarking against other similar contracts/suppliers;
- Analysing management information.

Organisations should build into their contract management activities sufficient checks to ensure suppliers are meeting their obligations under the [General Data Protection Regulations \(GDPR\)](#).

If obligations are not being met, organisations should take urgent remedial action with the supplier to address issues and risks.

Contract Manager

Open or close

Ideally a single person or team should manage the contract to ensure continuity of contract knowledge and to build a more in-depth relationship with the supplier(s) over time. The contract manager may not be the same person who awarded the contract.

The contract manager should be clear about what their responsibilities on the contract are. They should determine how much time should be spent on the managing the contract.

For example:

Contract is low value, low risk to your organisation and there are many other substitute suppliers available e.g. stationery

The contract manager may not need to stay in regular contact with the supplier. The contract may effectively “run itself” with no issues and therefore the Contract Manager may decide to have a monthly (or quarterly) supplier call to go over any updates.

Contract is low value but high risk to the organisation e.g. IT software

The contract manager will be more involved to avoid issues and problem solve.

For example, they may have weekly meetings, weekly reporting and regular supplier visits.

It is good practice for the contract manager to publish in advance a schedule to the supplier. This schedule will include the contract management activities, including objectives, that will be undertaken in the future. This ensures attendance and that responsible individuals are prepared to contribute.

Contract Variations and Extensions

Open or close

If you need to vary your contract requirements and/or extend the length of the original contract, you may need to undertake a new procurement exercise.

Variations and extensions are exceptional and should be kept to a minimum. They should only take place where the changes that you make would not significantly alter the original contract.

A significant change could be to the:

- contract scope;
- contract value;
- contract duration.

If you are unable to estimate the value of a contract that contract will be explicitly made subject to the procurement rules.

If a significant change to the contract is proposed, you must contact your local Procurement Function or Centre of Expertise for advice on how to proceed.

Quickfire Guide

Quickfire Guide

Have You Got Everything You Need?

Before carrying on, please check you've got everything you need.

- Scope of responsibilities are identified;
- A documented contract management process is in place.