

Best practices

for more effective
contract administration



Together,
we are
Sourcewell

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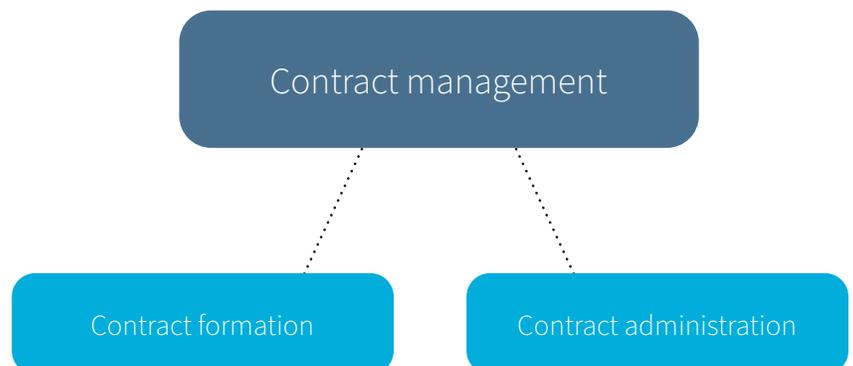
Overview



To create high-performing contracts, you need to simultaneously engage your client relationship and a business-partner relationship to help all parties achieve their goals.

As procurement professionals, we often focus a lot of energy on solicitations and getting contracts in place, but what happens next?

When implementing complete contract management, you are forming the contract and effectively administering it throughout its lifetime. To create high-performing contracts, you need to simultaneously engage your client relationship and a business-partner relationship to help all parties achieve their goals. As the contract administrator, you must own the plan of action. Do you want to be the person helping clients or the person getting in the way of helping clients get what they want?



Overview (cont.)

Change your focus

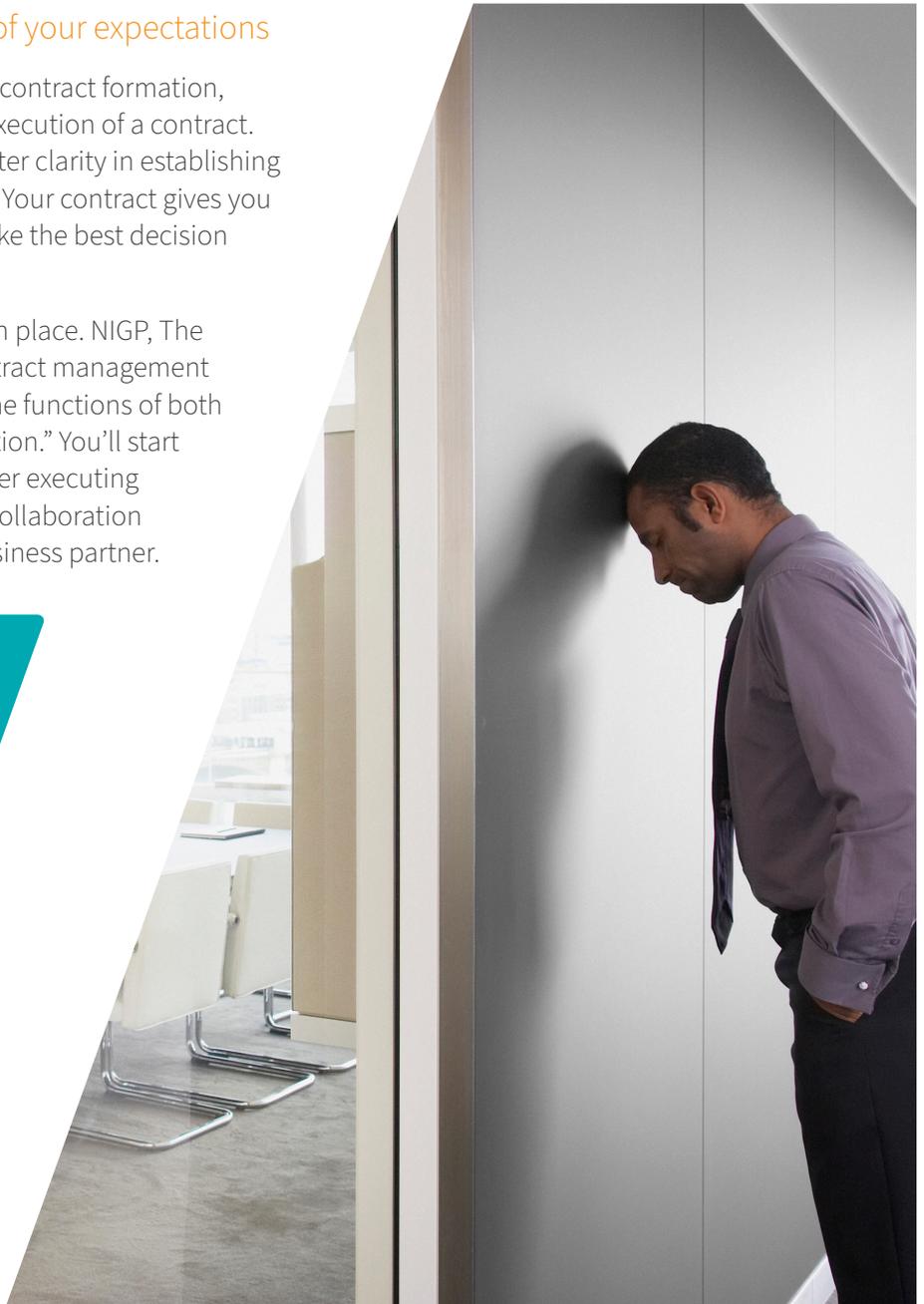
Let's now focus specifically on effective contract administration. We will provide best practices shared by procurement professionals to ensure more effective results throughout your contract's lifespan.

Don't let your specification fall short of your expectations

Effective contract administration starts with contract formation, which involves the pre-work activities and execution of a contract. Strong, well-written solicitations create greater clarity in establishing expectations with the responding suppliers. Your contract gives you customized data and the opportunity to make the best decision based on a long-term return on investment.

The work doesn't stop once the contract is in place. NIGP, The Institute of Public Procurement defines contract management as, "the overarching process that includes the functions of both contract formation and contract administration." You'll start the contract administration journey right after executing the contract in order to create a successful collaboration among procurement, the client, and the business partner.

Your contract gives you customized data and the opportunity to make the best decision based on a long-term return on investment.



Role of procurement in contract administration

Not all contracts are created equally. Some are more complex and demand more attention because they affect multiple agencies within the organization. The iron triangle in project management provides a great visual to describe work in procurement. Procurement professionals constantly work within the three constraints of schedule (time), budget (cost), and scope to produce the highest-quality purchase.

Additionally, procurement experts assess contracts on qualitative and quantitative measures to determine their level of involvement.



Quantitative measures

- Number of solicitations
- Number of purchases in a given timeframe
- Number of departments utilizing the contract

Qualitative measures

- Interaction between procurement and client
- Client's knowledge of procurement
- Personality differences
- Communication preferences

While the procurement team maintains the contract, our agencies/end users utilize the contract most of the time and can manage the terms of the contract. In this guide we refer to agencies and end users as clients. We prefer the term “client” over “customer” because it describes a transformational relationship rather than a transactional one. Customers are folks who see you, the procurement professional, to make a purchase or meet a need. Clients are individuals within your organization who seek procurement’s help and professional expertise to fulfill their goals and mission. By using this term, you’ll more easily establish credibility, relationships, and value to those you serve.

Contract administrators perform the following activities to manage the contract

1. Communicate with business partners
2. Complete a contract administration plan
3. Communicate with clients

Communicating with clients

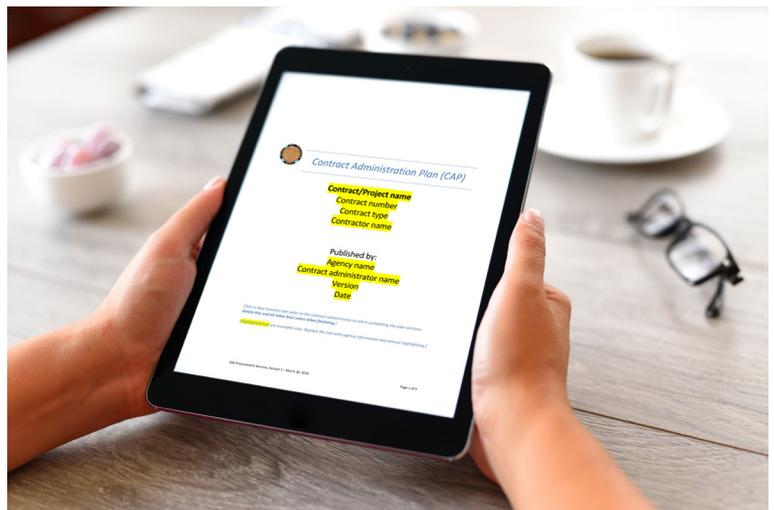
“Procurement is more of an art than a science.”

Adam Manne,
Director of Purchasing
Prince William County, VA

Remember, procurement staff members are the experts in procuring and managing a contract, and clients are the experts about the product or service being procured. As a procurement professional, you work with your client to designate a subject matter expert (SME) to help you through the contract. They know what they need, and you know the best legal and ethical method(s) to obtain the contract. Use your CAP as a guide to communicate and better describe the need and use for what will be procured.

Successful procurement teams promote great communication, and great communicators work away from their work desk. Contract administrators should meet with their clients to talk about upcoming projects, learn about their pain points, and determine what they can do to help. Procurement staff members kick off their communication strategy before the contract is in place and they never stop asking questions.

According to NIGP, adopting a contract administration plan (CAP) provides a strategic framework for effective contract administration. Plan architects emphasize process, output, and outcome to effectively monitor a given contract or project. Administrators can use this CAP for communicating with clients in the planning stages of the contract solicitation and after the contract is awarded. The Department of Administrative Services in Oregon offers a contract administration plan template on its website oregon.gov/das/OPM/Pages/administration.aspx.



Here are some tips to enhance communication with your clients and/or agencies:

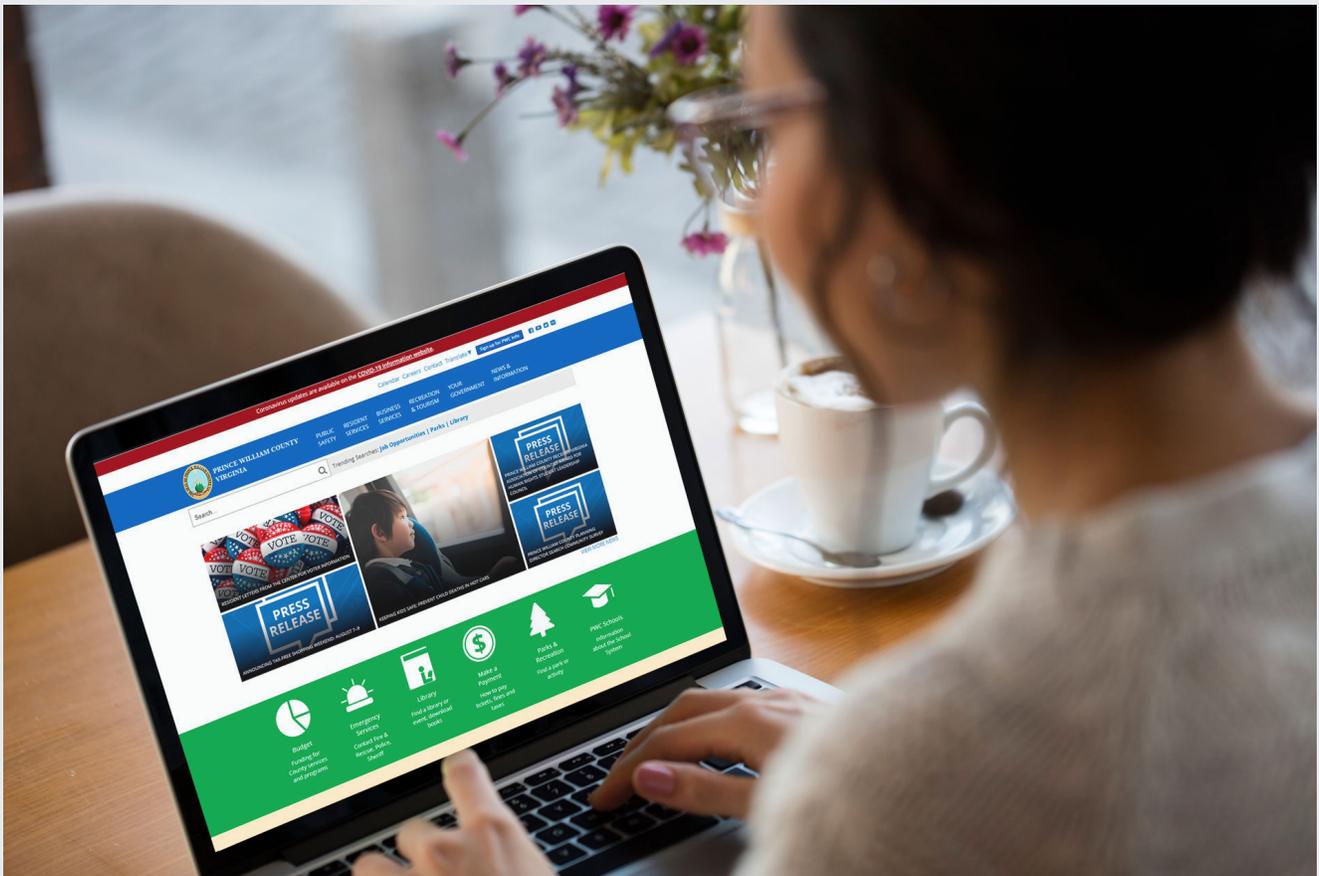
1. Attend client team meetings
2. Use technology platforms to share information (e.g., OneNote, Microsoft Teams)
3. Hold town hall meetings to teach about procurement
4. Go on a listening tour to learn about client needs and pain points
5. Be available! Answer the phone and/or return calls promptly

Mini case study

Greater collaboration

When Adam Manne, director of purchasing for Prince William County in Virginia, first started in his role, he wanted the team to easily meet with different agencies. He quickly replaced desktop computers with laptops to make the team more mobile. Team members now visit agencies every day. Procurement goes to the given client to meet and work together to find a solution. They listen and participate in each agency's team meetings. They learn from one another.

The results are positive – greater collaboration and partnerships, better contracts, more compliments about the procurement process, and better communication. Clients now view the procurement team as a partner. Procurement staffers still say “no” at times, but they keep the conversation positive while working together to find an alternative solution.



Communicating with business partners

Once the contract is awarded, you should first meet with the awarded business partner and using client as a best practice. Communicate the following:

- Establish key contacts with business partner
- Review contractual agreements
- Provide training for e-procurement catalog (if applicable)
- Determine business review dates
- Set goals and expectations

Administrators who execute a successful contract term promote positive relationships with business partners and clients. Strong relationships improve service, process efficiencies, spend consolidation, and executive attention. Place your business partner into their appropriate tier structure. This structure will guide the amount of involvement you have with the business partner compared to your using client. For more information, read Sourcewell's Strategic Sourcing whitepaper at sourcewell.co/sourcing.

Level 1

Strategic partner

Strategic partners represents the highest level of supplier designation. Supplies in this tier involve high transaction and spend volume, and affect a vast majority of your organization's departments. The senior management actively manages these relationships. Key components of these partnerships include business reviews, performance goals, contract management, and support and relationship management.

Level 2

Strategic business partner

Strategic business partners support multiple departments, providing products and services at a level significant enough to warrant management. Conduct business reviews once or twice per year. Goals focus primarily on operational effectiveness. Monitor contract compliance as appropriate.

Level 3

Key business partner

Key business partners sell goods to departments on your e-procurement platform, or are designated as important. Involvement with these suppliers is limited due to lower activity levels on the e-procurement platform, or overall sales. Conduct business reviews as needed with a focus on transactional and operational efficiencies.

Listening sessions

Since procurement needs depend on client and personnel education and capacity, the procurement team for Prince William County, VA adopted an evaluation process to better distribute contracts among the staff. The procurement team dedicated an individual to go on a listening tour with every client to learn more about the pain points and needs they are facing. Procurement found they needed to be more visible with these folks. To have a better understanding of the client needs, they have designated a point person for each contract to streamline communication. The procurement team performs listening sessions two times a year in order to evaluate and improve their services.

Depending on your resources, dedicating a position to the procurement team efficiency and workload distribution will enhance department quality and effectiveness.



Role of the business partner in contract administration

Here's the great news: Business partners also want a better understanding of contract administration. They want to learn how they can help and better communicate with you. Both parties succeed with a successful contract.

Successful contract administrators maintain open, honest, and ongoing communication. Use a CAP or SMART goals to establish clear expectations with your business partners. Business partners love a plan.

Business
partners
love a plan



Mini case study

Have a plan in writing

Let's say you've asked your business partner to paint two coats in a building recently renovated. They brush down...and they brush up. They believe this meets your two-coat requirement.

This does not meet your expectations.

Lessons learned: Have a plan in writing. Talk about it with your business partner. If needed, meet in person. Face-to-face communication works best. You will increase your chances to meet or exceed expectations by creating more opportunities to communicate and build relationships.

– Adam Manne, Director of Purchasing
Prince William County, VA

How Sourcwell helps with your contract administration

Sourcewell is here to help

The Sourcewell competitive solicitation process provides master agreements, offering flexibility to best meet your needs. You can add additional terms and conditions and/or subsequent agreements. Sourcewell awarded contract solutions allow for sourced goods or open market. While Sourcewell's contracts can be a complete solution, they also allow you to use them a la carte style.

Remember, as procurement professionals you have the gold, and therefore, you make the rules. Negotiate terms to meet your expectations.

Engage your Sourcewell team

Sourcewell has a dedicated supplier development team to serve participating agencies and competitively awarded business suppliers. Supplier development administrators can facilitate the verification of compliance, pricing, and what is or is not included and allowable in the contract. Additionally, they offer ongoing education to the awarded business suppliers to ensure dealers and representatives understand your choice to use an awarded contract and how they can better serve you.

Most importantly, Sourcewell's supplier development team is a resource to you, and is happy to be a part of the ongoing communications with your selected Sourcewell business supplier.



Conclusion

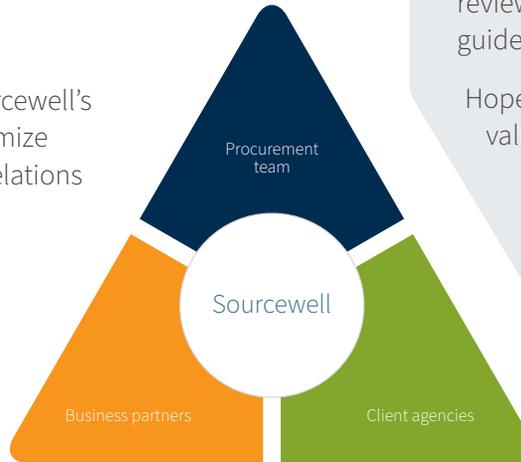
Successful contract administration requires all hands on deck

Communication and collaboration occur among all groups — the procurement team, the client, the business partner, and Sourcwell. Instead of concentrating on how much money was saved or earned, think about the amount of service you are able to provide.

Help when you need it

Interested in learning more about how Sourcwell's contracts and processes can help you maximize your portfolio? A dedicated team of client relations professionals is only a call or click away.

Contact today at:
877-585-9706
support@sourcwell-mn.gov



Acknowledgement

Thank you to Adam Manne and several other procurement professionals for steering and reviewing the content for this guide.

Hopefully, you consider this a valuable resource for your team.

Thank you for all you do for your communities and those you serve.

