



# National e-Procurement Project

Delivering e-Procurement

## DESKTOP GUIDE TO E-CONTRACT MANAGEMENT SYSTEMS

### Critical factors checklist

A number of critical factors will dictate whether an authority's contracts are being well managed. These are listed in the checklist table on the following pages, together with the role of an eCMS in helping to achieve these.

This checklist is downloadable from [www.localt.gov.org.uk](http://www.localt.gov.org.uk)

See how many critical factors are carried out well in your authority today.

<b>Red = not well managed</b> <b>Amber = could do better</b> <b>Green = well managed.</b>
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For the purpose of this exercise, we suggest that you just consider formally tendered contracts, which should be 'visible'.

If you do not have access to this information, try the exercise with just OJEU tendered contracts.

If even that information is not available, the case for an eCMS may already be clear!

If, having used the checklist, you have identified 3 or more critical factors which are **Red** or **Amber**, you should give priority to introducing an eCMS into your authority and applying immediate corrective action.

## Critical factors checklist

### 1. Stakeholder involvement

Key stakeholders, including senior officers, members and private/voluntary sector partners must be involved in management of all strategic and high value contracts. Best practice requires that:

- A 'champion' or the person that is responsible for managing the contract is identified at the time of placing the contract and involved throughout the project
- Communication with stakeholders during the tendering and contract award process is rapid and efficient
- Stakeholder involvement continues during contract delivery (and not just when things go wrong!)
- Up-to-date information is readily available to all stakeholders, including supplier partners.

**How are you doing?**



**eCMS role in achieving good performance:**

- An eCMS not only enables rapid and time-efficient communication with key stakeholders throughout the tendering and contract award process, but it also provides the means for continued stakeholder involvement during contract delivery.
- The workflow function of the eCMS makes it easier to involve senior stakeholders, such as the project champion, in management of contracts of strategic importance and/or high value.
- Access to management information is enabled by an eCMS, facilitating open supplier relationships, continuous improvement and joint planning.

### 2. Clear specification

Too often contracts fail at the first hurdle because there is a lack of clarity regarding the goods and services being delivered. Good practice requires that the specification of requirements, as agreed with the supplier during the tendering process, is embodied into a set of KPIs to measure contract performance – see [3].

**How are you doing?**



**eCMS role:**

- The e-tendering, contract evaluation and award components of an eCMS prompt the inclusion of clear specifications and measures.
- Supplier responses will also be of a higher standard.
- In addition the process allows for publishing RFQ's internally for approval, further speeding up the document creation process.

## Critical factors checklist

### 3. Clear roles and responsibilities

Successful contract management requires the creation of suitable client structures and job roles throughout the contract lifecycle - and commitment to their execution.

**How are you doing?**



**eCMS role:**

- The eCMS requires that a suitable organisational structure is put in place for managing contracts.
- The role of the monitoring officers is clearly set out, as is the resource commitment required to undertake the management of each contract.

### 4. Continuity

Many instances of poorly managed contracts arise when stakeholders at the time of the tender cease to be involved in ongoing management of the contract. For successful service delivery, there should be an element of continuity between these functions.

**How are you doing?**



**eCMS role:**

- An integrated eCMS ensures that managers responsible for managing contracts have involvement through the procurement from the earliest sourcing stage to ensure continuity of understanding and relationships with suppliers.
- The system generates greater commitment by operational managers to measuring contract and supplier performance.

### 5. Controls

Good practice requires the establishment and operation of suitable processes, systems and controls to manage contracts. These need to be carried out consistently and transparently.

**How are you doing?**



**eCMS role:**

- The eCMS provides a framework for controls to manage the whole contracts lifecycle. These are applied routinely and scrutiny is quick and easy.
- Use of an eCMS will enable authorities to track and control delivery of the contract throughout its life, ensuring that the flexibility exists to deal with the changing needs and circumstances of both client and supplier.
- Where controls are linked to financial processes, monitoring can extend to eg payment efficiency – a key factor in encouraging performance by suppliers, especially the SMEs

## Critical factors checklist

### 6. Central Contracts Database

A key to successful contract management is the ready access to a data repository of existing contracts and their documentation, for all departments. It should contain details of all contracts let across the authority, including when they are due for renewal.

**How are you doing?**



**eCMS role:**

- The central online repository for all contracts lies at the heart of an eCMS. Collecting this data together will highlight where aggregated framework contracts can be let.
- Integration with the authority's P2P provides a single point of access for buyers, leading to higher throughput and cashable savings.

### 7. Performance Measurement

A critical factor in achieving delivery of goods and services to the contracted SLA is the establishment of suitable performance criteria (KPIs and benchmarking where necessary).

Once performance criteria have been agreed, a system of monitoring (and possibly, inspection) also needs to put in place. The level and extent of the monitoring system is determined in line with the strategic importance of the contract and the risks and likelihood of contract failure.

**How are you doing?**



**eCMS role:**

- The workflow facility of an eCMS ensures that performance monitoring is scheduled.
- The level and extent of the monitoring system is determined in line with the strategic importance of the contract and the risks and likelihood of contract failure.

### 8. Supplier relationship management (SRM)

Collaborative relationships with carefully chosen suppliers are more likely to provide greater value for money for the authority.

**How are you doing?**



**eCMS role:**

- Implementation of an eCMS provides the management information and the workflow prompts to encourage improved supplier relationship management.
- Use of an eCMS allows a focus on continuous improvement both in the authority's performance and in that of their suppliers.
- Scheduled reviews can include setting improvement targets, introduction of innovation and reduction of waste in the delivery of the contract.
- At least one eCMS starts by assessing suppliers and planning contract management priorities accordingly.

### How well did you do?

If you identified 3 or more critical factors which are **Red** or **Amber**, you should give priority to introducing an eCMS and applying immediate corrective action.