# 

**Scotland Excel**

**Contract Implementation Plans and Exit Strategies**

**A Scotland Excel sponsored Guidance Note**

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# **Introduction**

Contract and Supplier Management (“**CSM**”) is a crucial process that must be implemented to ensure that procured services provide best value for all stakeholders. Two key phases within CSM are contract implementation and contract exit.

Implementation plans and exit strategies are assessed in Section 2 (Development and Tender) of the Procurement & Commercial Improvement Programme (“**PCIP**”), within Question 2.4 *‘What does your organisation do to efficiently use implementation plans and exit strategies?’*. This question is subject to pre-assessment and in the last round of PCIP assessment, Scottish local authorities (“**Councils**”) recorded their second lowest scores for this question. Therefore, implementation plans and exit strategies have been identified by Scotland Excel as an area in which Councils would benefit from additional guidance to support improved practice.

# **Scope**

This document aims to:

* improve your knowledge of the assessed area of implementation plans and exit strategies and share relevant, up-to-date examples and templates, so that:
  + improved practice is developed and implemented;
  + Council’s increase their understanding of what is expected to be submitted for evaluation in this question of the PCIP assessment; and
  + to inform the selection of information submitted to demonstrate that the assessment criteria have been met.

# **Overview of Guidance**

This guidance focuses on ensuring that newly procured contracts are successfully implemented to drive maximum benefits (timescales, uptake etc.) and that appropriate consideration has been given to the end of an agreement and the potential for early termination.

# **Contract Implementation Plans**

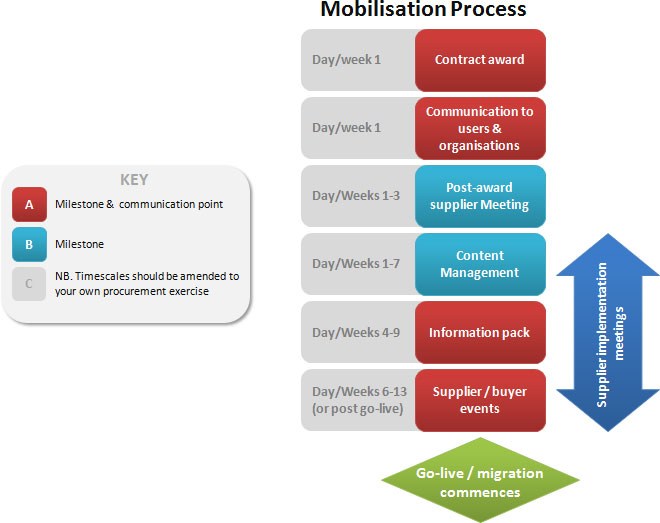
## **Implementation Plans – Key Points**

Forming an integral part of the CSM process, contract implementation is the process that primarily occurs in the period between contract award and ‘go live’, consisting of two distinct phases:

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

Implementation ensures that suppliers have all the information they require to plan the migration of users to the contract and that user-organisations have all the information they require to use the contract e.g. suppliers’ contact details, information on the goods/services available from the contract and continuity of supply (Procurement Journey, Route 3 - Contract Implementation).

The process to migrate and mobilise a contract consists of a number of steps, which when documented create a contract implementation plan. The timescales of each activity should be amended to suit each specific procurement activity. Scotland Excel, for example, begin planning for mobilisation 1-3 weeks in advance of the contract award, and send out pre-mobilisation communications to relevant parties 1 week prior to contract award.



Source: Procurement Journey, Route 3 - Contract Implementation

## **Communication**

Communication is a key element of the implementation phase, ensuring compliance and maximisation of the planned benefits of the procurement exercise.

A communication plan should be developed which considers:

* Who? – identified key stakeholder groups to whom you are communicating;
* What? – appropriate key and supporting messaging for each audience, focussed on what they need to know and what is expected of them;
* When? – the timing of your communications, which should be considered in line with the implementation process;
* How? – your communication method, which should be determined by the stakeholder audience and should take account of the accessibility requirements e.g. email, newsletter, roadshows.

It is good practice to hold your first meeting with the successful supplier[[1]](#footnote-1) as soon as possible after the contract has been awarded. As a guideline this should be within 1-3 weeks and should cover: discussions around the contract implementation phase; agreeing roles and responsibilities; identifying activities; agreeing KPIs and timescales; and setting expectations. Communication with suppliers throughout the implementation phase is crucial and meetings should be arranged as and when required.

## **Catalogue Management**

The process of catalogue management involves receiving initial catalogue data from suppliers, checking catalogue content, validation checks and testing, before finally issuing it to end user organisations.

Catalogue management can be very time consuming, depending on the size (number of line items) and number of catalogues involved, so it is imperative to allow enough time to build catalogues prior to the ‘go live’ date of the contract. It should be noted that electronic catalogues are more suited to certain commodity/service areas such as contracts for goods, and are less applicable to other commodity/areas such as social work or construction.

## **Buyer / End User Information Pack**

An information pack containing key information about the use of a contract is useful to distribute to buyers/end users. This should detail:

* information regarding the goods and services available throughout the contract;
* prices;
* supplier contact details;
* ordering information;
* returns / complaints / escalation process; and
* CSM process.

The information pack should be proportionate to the size and complexity of the contract. It should demonstrate how the contract delivers best value and provide information relating to the benefits of the contract, e.g. savings, KPIs, improvements in quality and service, sustainable procurement and community benefits expected etc.

## **Supplier/Buyer Events**

Dependent on the nature of the contract e.g. size, value and risk, organising a supplier/buyer event can be a good way to raise awareness of the contract amongst potential customers / end users. This also provides a good opportunity to distribute information packs / buyers’ guides.

### **Examples of good practice**

|  |  |  |  |
| --- | --- | --- | --- |
| **The City of Edinburgh Council** | | | |
| Contract Implementation Guidance | Contract Classification Tool | | Contract Handover and Management Report |
| **South Ayrshire Council** | | | |
| Contract Implementation Plan Template | | CSM Briefing Pack Template | |
| **Scotland Excel** | | | |
| (0517) Children’s Residential Care & Education Services Including Short Breaks, Purchasers Guide | | | |
| **Crown Office and Procurator Fiscal Services** | | | |
| Implementation/Mobilisation Plan | | | |

# **Contract Exit Strategies**

## **Exit Strategies – Key Points**

An exit strategy is usually developed as the means of withdrawal from a working relationship with a supplier, whether it be at the end of a contracted period, failure to meet agreed performance measures, breach of contract or through *force majeure* (CIPS Procurement Topic, Exit Strategies). “Development of an exit strategy should be a ‘front end’ activity, considered when developing your commodity/service strategy, included in the Procurement Documents and contractual terms and conditions where possible” (Procurement Journey, Route 3 - Contract & Supplier Management - Exit Strategy). Each condition through which the relationship can be terminated should be addressed in the exit strategy and essential components such as the transfer of information, assets, knowledge, staff (TUPE) and intellectual property considered.

## **Exit Strategy Considerations**

Having a well-developed and documented exit strategy is crucial. Fundamentally, it should contain concrete “details on the timescales for key actions and the party responsible for such actions” (CIPS Procurement Topic, Exit Strategies). Other considerations that the strategy should address include service continuity (business continuity planning), appropriate communication with the incumbent (i.e. current) supplier, escalation processes and alternative dispute resolution procedures, breach of contract, risk mitigation and exit trigger points.

## **Risk**

An exit strategy will help to mitigate risks to the purchaser when a relationship ends and reduces the likelihood of legal complications. “Barring *force majeure*, it will normally be the provider’s responsibility to manage service continuity” (Leitch, 2016). However, a good exit strategy should identify the risks associated with service interruption or failure, formally record these in a risk register and assign each risk to an individual owner to be actively managed in accordance with good risk management practice (Leitch, 2016).

## **Engaging Suppliers**

It is crucial to engage a supplier at the early stages of a relationship to discuss exit strategies. This must be treated as a sensitive conversation, as too much emphasis on the exit strategy or handling discussions unprofessionally could cause the supplier(s) concern regarding the purchaser(s) future commitment and co-operation, which may result in supplier demotivation, thus potentially impacting agreed service levels (Power et al., 2004).

Therefore, the exit strategy needs to be clearly defined and agreed during the pre-contract stage to avoid difficulties at a later date, noting that the practical implementation of an exit strategy is to a large extent, dependent upon maintaining a working relationship with the outgoing supplier (Making an exit, 2012). Inclusion of a clause in the contract to the effect, “the supplier is required to provide all such assistance as may be necessary to ensure a seamless handover to a new supplier” can be a useful tool to encourage co-operation at what may be a challenging point in the relationship (CIPS Australia: Where’s the Exit?).

Overall, it is best practice to ensure that all parties are satisfied before formally drafting the exit strategy and before signing any agreement (CIPS Australia: Where’s the Exit?). Exit strategies should be reviewed annually or when significant change occurs, and 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 (The Procurement Journey, Contract & Supplier Management - Exit Strategy).

### **Examples of good practice**

|  |  |
| --- | --- |
| **The City of Edinburgh Council** | |
| Renew and Exit Guidance | Contract Closure Report Guidance |
| **Glasgow City Council** | |
| Exit Strategy and Monitoring Plan | |
| **South Ayrshire Council** | |
| Exit Strategy Template | |
| **Crown Office and Procurator Fiscal Service** | |
| Exit Management Example (draft) | |
| **The Procurement Journey - Contract Management Checklist** | |
|  | |

# **Project Plans**

A project plan can be a useful tool to develop, manage and document the implementation plan and exit strategy, within a wider commodity strategy. Each project plan should be relevant and proportionate to the strategic importance, value and/or risk associated with the contract. It should be clear, accessible and contain a broad level of detail, including milestones, timeframes for actions and events, and approval, review and sign-off points as a minimum.

With regards to PCIP assessment, it is essential that all activities detailed in the project plan can be evidenced through supporting documentation.

## **Examples of good practice**

The Scottish Government have produced a template for the sector to use in the form of the Procurement Journey Project Plan, available in PowerPoint and Excel formats.

|  |  |
| --- | --- |
| Procurement Journey Project Plan | |
|  |  |

# **PCIP Evidence**

Implementation plans and exit strategies form part of a pre-scored question set in the PCIP assessment, and so requires advanced information to be submitted. Specific tender or contract information will be requested, comprising of a cross-section of evidence from, including, but not limited to:

1. Business Critical End to End Procurement Exercise(s);
2. End to End High Risk Procurement Exercise(s);
3. End to End High Value Procurement Exercise(s);
4. Implementation & Exit Plans Procedure; and
5. Documentation of sharing implementation plans and exit strategies with other organisations.

In addition to the evidence requested, Councils also select and submit evidence to be assessed.

For this question, it is key to demonstrate that implementation plans and exit strategies have been considered and can be evidenced in pre-tender documentation, for example:

* Providing an implementation/ project plan, which considers:
* Communications;
* Process change;
* Materials and documents;
* Training;
* Roles;
* Technology;
* Contingency plans;
* Elements of planned CSM; and
* A process to trigger when an exit strategy should be initiated;
* Within commodity strategies / category strategies;
* Within an Invitation to Tender; and / or
* Evidenced through emails, meeting minutes and reports.

# **References**

* Barton, P (2012). Making an Exit. [online] Supply Management. Available at <https://www.cips.org/en-gb/supply-management/analysis/2012/march/making-an-exit-/>
* CIPS.org (2014). *CIPS Procurement Topic, Exit Strategies* [online] Available at: <https://www.cips.org/en-gb/knowledge/procurement-topics-and-skills/strategy-policy/procurement-strategy-development1/exit-strategies/>
* Johnson, V (2010). *CIPS Australia: Where’s the Exit?* [pdf] Available at <https://www.kbresearch.com/cips-files/Where%20is%20the%20exit.pdf>
* Leitch, A (2016). *The Procurement Journey - Contract Management Checklist*, [pdf] Scottish Government: The Procurement Journey. Available at <https://www.procurementjourney.scot/route-3/route-3-contract-supplier-management>
* Power, M., Bonifazi, C. and Desouza, K.C. (2004). The Ten Outsourcing Traps to Avoid. Journal of Business Strategy, Vol. 25(2), pp. 37-42.
* Procurementjourney.scot/ (2016). *Route 3* *- Contract & Supplier Management - Exit Strategy* [online] Available at <https://www.procurementjourney.scot/route-3/route-3-contract-supplier-management-exit-strategy>
* Procurementjourney.scot/ (2016). *Route 3* *- Contract & Supplier Management – Contract Management Checklist* [online] Available at <https://www.procurementjourney.scot/sites/default/files/documents_library/Route%203%20-%20Contract%20Management%20Checklist%20Document.docx>

1. or suppliers, if you have procured a framework agreement or a dynamic purchasing system. [↑](#footnote-ref-1)