**Contract and relationship management plan template**

**$100,000 and above**

Agency instructions

* This template is intended for procurements valued from NZ$100,000 upwards.
* Your agency may customise this template to reflect its practice and requirements – especially the approvals section.
* When customising, consider including user instructions like the example given below. Note that the yellow highlighted areas in this example and the remainder of the document specify where to customise.

Example of user instructions

* This template is intended for any procurement valued from NZ$100,000 upwards.
* A contract management plan contains all the key information about how successful delivery under the contract will be managed and by whom.  It establishes systems and processes to ensure that the both parties carry out their responsibilities. It draws on information identified by the evaluation panel and key elements negotiated with the successful supplier.
* Having established the contract, it is critical to ensure that delivery is proactively managed by responsibly driving results and maximising outcomes. It involves managing (1) service delivery, (2) relationships and (3) contract administration. For further assistance refer to the [*Guide to contract and relationship management*](http://www.business.govt.nz/procurement/pdf-library/agencies/contract-relationship-management.pdf)*.*
* A contract management plan [choose: should / must] be completed and approved prior to the start date of the contract.
* A contract management plan enables the contract manager to:
* ensure continuity of the supply or services
* develop a good understanding of the contract and the responsibilities of the parties involved
* understand key risks and how they will be managed
* understand the framework in which the performance of both parties will be monitored.
* This template is for a contract and relationship management plan. It recognises the importance of building effective working relationships with the supplier and other key stakeholders.
* The level of detail included in your contract management plan will vary, depending on the nature of the goods or services being purchased.
* The establishment of a new contract creates a range of issues and potential risks that need to be managed.  Good transition management should provide for a seamless implementation with minimal disruption to stakeholders. Consideration of the requirements for a smooth transition to the new contract should have commenced during the planning stage of the procurement and continued as the procurement process. All business process changes and how they impact on users need to be identified and managed.
* If you would like assistance in preparing your plan, or a constructive peer review of your draft, please contact [enter contact details for the procurement team].

|  |
| --- |
| [insert agency logo] |

[Name of agency]

Contract and relationship management plan

[Name of procurement project]

|  |  |
| --- | --- |
| Document development control | |
| Prepared by: |  |
| Position / title: |  |
| Business unit: | [Insert: business division or group] |
| Document version: | 1.0 |
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**Acronyms**

The following acronyms are used in this document.

|  |  |
| --- | --- |
| Acronym | Term |
| [Insert: e.g. ROI | Registration of interest] |
| [Insert: e.g. RFP | Request for tender] |
|  |  |
|  |  |
|  |  |
|  |  |

**Approvals**

Approval of the contract and relationship management plan

|  |  |  |
| --- | --- | --- |
| Procurement manager / procurement team leader | | |
| **Approval:** | This contract and relationship management plan is comprehensive with sufficient detail for the nature, value and size of the procurement. | |
| **Name:** |  | |
| **Position/title:** |  | |
| **Signature:** |  | **Date:** |

**Summary**

|  |
| --- |
| Background |

* The history of this procurement is [insert].
* The [choose: goods/services to be delivered are [insert].
* The supplier is [insert] operating from [insert address].

|  |
| --- |
| Key documents |

The working files that relate to this contract are [insert name of file/s and reference number/s].

**Key documents supporting this plan**

|  |  |  |
| --- | --- | --- |
| Document | Reference # | File # |
| Contract for service / supply arrangement |  |  |
| Licence and warranties |  |  |
| Risk register |  |  |
| Issues register |  |  |
| Asset register |  |  |
| Stakeholder engagement plan |  |  |
| Contract management meeting agenda |  |  |
| Annual review of performance template |  |  |

**Contract basics**

|  |
| --- |
| Objectives |

* This contract relates to the following business needs [insert].
* Our key objectives are to [insert].
* The key outcomes are to [insert].

|  |
| --- |
| Terms and conditions |

* This is an [choose: input / output] based contract. It is based on the agency’s [insert the name of the agency’s template or state that it is a bespoke contract].
* The duration of the contract is [insert: e.g. three years with the option to extend twice for one year each (i.e. 3+1+1)].
* Unique features of this contract are [insert].
* Variations to the contract will be dealt with by [insert].

|  |
| --- |
| Price |

* The approved budget (for the whole-of-life) for this contract is $[insert]. This is based on total capital costs of $[insert] and total operational costs of $[insert].
* Payment will be subject to satisfactory delivery and made on [choose: weekly / monthly / quarterly invoice / the successful delivery of milestones / at the end of the contract].
* The table below details the whole-of-life costs over the duration of the contract.

**Whole-of-life costs**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Acquisition | Start up | Year 1 |  |  |
| Initial purchase price |  | $ |  |  |
| Delivery |  | $ |  |  |
| Installation |  | $ |  |  |
| Training |  | $ |  |  |
| Operating costs |  | Year 1 | Year 2 | Year 3 |
| Consumables |  | $ | $ | $ |
| Parts |  | $ | $ | $ |
| Labour |  | $ | $ | $ |
| Maintenance |  |  |  |  |
| Support upgrades |  | $ | $ | $ |
| Revenue |  | Year 1 | Year 2 | Year 3 |
| Revenue stream |  | $ | $ | $ |
| Disposal |  |  |  | Year 3 |
| Decommissioning |  |  |  | $ |
| Removal |  |  |  | $ |
| Disposal costs |  |  |  | $ |
|  | Start up | Year 1 | Year 2 | Year 3 |
| Totals | $ | $ | $ | $ |
| Sub-total | | | | $ |
| Less total revenue | | | | $ |
| Less residual value on disposal | | | | $ |
| Estimated total cost over whole-of-life | | | | $ |

**Contract delivery**

|  |
| --- |
| Requirements |

A detailed statement of requirements is contained in the contract [insert: schedule / appendix #].

|  |  |  |  |
| --- | --- | --- | --- |
| Key deliverables | | | |
| Deliverable | Standard / quality | Due date |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| Continuous improvement and innovation | | | |

Both the agency and the supplier are committed to ensuring continuous improvement in the efficiency and effectiveness of delivery under the contract, as well as investigating opportunities for innovation. Both parties agree to discuss options for continuous improvement regularly and report on improvement initiatives.

**Initial areas that could benefit from continuous improvement**

|  |  |  |
| --- | --- | --- |
| Area for improvement | Options to operationalise | Timeframe |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| Supplier development | | | |

Both the agency and the supplier are committed to ensuring the ongoing development of the supplier’s ability to successfully deliver against the contract requirements. Both parties agree to discuss options for ongoing supplier development regularly and report on initiatives.

**Initial areas that could targeted for supplier development**

|  |  |  |
| --- | --- | --- |
| Area for supplier development | Options to operationalise | Timeframe |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

**Key personnel**

|  |
| --- |
| Our team |

Specific roles have been assigned in relation to management of the delivery under the contract and management of relationships with the supplier and key stakeholders.

**Roles and responsibilities of MBIE**

| Name and title | Role | Responsibilities |
| --- | --- | --- |
|  | E.g. Contract manager | * Overall responsibility to manage delivery under the contract and act as a first point of contact for the supplier. * Manage relationships with key stakeholders. * Keep records of important phone calls, meetings and correspondence. * Report to senior management on the supplier’s performance and delivery under the contract. * Escalate issues that cannot be resolved at contract manager level. * Report to the Manager of the business unit [identify]. |
|  | E.g. Financial analyst | * Check invoices and reconcile them against the contract deliverables. * Make payment. * Keep a note of all costs including price variations and ensure that there is sufficient delegated authority to make payment. * Report to the Contract Manager. |
|  | E.g. Evaluation analyst | * At times agreed in the contract evaluate delivery in accordance with agreed criteria. * Report to the Contract Manager. |
| The supplier’s team | | | |

The following individuals have been assigned roles in relation to management of the delivery under the contract.

**Roles and responsibilities of supplier**

| Name and title | Role | Responsibilities |
| --- | --- | --- |
|  | E.g. Contract Manager | * Overall responsibility to manage delivery under the contract and act as a first point of contact with our agency. * Manage relationships with key stakeholders. * Keep records of important phone calls, meetings and correspondence. * Report to senior management on delivery. * Escalate issues that cannot be resolved at contract manager level. * Report to the manager of operations [identify]. |
|  | E.g. Operations Manager | * Successful delivery of the goods / services under the contract. * Early identification of risks and mitigation measures. * Report to contract manager. |
|  | E.g. Financial Analyst | * Prepare invoices upon successful delivery under the contract. * Submit invoices for payment. * Report to the contract manager. |

**Key stakeholders**

|  |
| --- |
| Internal stakeholders |

* The contract manager will manage relationships with internal stakeholders. The key internal stakeholders are [insert].

**Roles and level of engagement for internal stakeholders**

|  |  |  |
| --- | --- | --- |
| Role | Characteristics | Stakeholders |
| **Responsible** | The person/s that is responsible for undertaking the procurement. |  |
| **Accountable** | The person’/s with authority to make decisions and is accountable for the outcomes. |  |
| **Supportive** | The person/s that does the *real work*. |  |
| **Consulted** | The person/s that needs to be consulted to add value or get buy-in. |  |
| **Informed** | The person/s or group/s that need to be kept informed of key actions and results, but are not involved in decision-making or delivery. |  |
| External stakeholders | | | |

The contract manager will manage relationships with internal stakeholders. The key external stakeholders are [insert].

**Roles and level of engagement for external stakeholders**

|  |  |  |
| --- | --- | --- |
| Role | Characteristics | Stakeholders |
| **Responsible** | The person/s that is responsible for undertaking the procurement. |  |
| **Accountable** | The person’/s who has authority to make decisions and is accountable for the outcomes. |  |
| **Supportive** | The person/s that does ‘the real work. |  |
| **Consulted** | The person/s who needs to be consulted to add value or get ‘buy-in. |  |
| **Informed** | The person/s or group/s that need to be kept informed of key actions and results, but are not involved in decision-making or delivery. |  |
| Communications | | | |

* The agency will communicate with internal stakeholders by [choose: regular informal updates / regular newsletter / regular user satisfaction surveys / ad hoc when required.
* The agency will communicate with external stakeholders by [choose: regular informal updates / regular newsletter / regular user satisfaction surveys / ad hoc when required.
* A communication plan for stakeholders and suppliers is attached at [insert Appendix X and remember to attach the appendix].

**Transitioning**

|  |
| --- |
| Impact |

*Delete if not applicable*

The previous supplier of the [choose: goods / services is [insert] This contract will come to an end on [insert]. The likely impact of the transition to the new supplier will be [insert].

|  |
| --- |
| Action plan |

* The transition will be managed by [insert name and title of transition team].

**Key actions supporting the transition**

|  |  |  |
| --- | --- | --- |
| Action | Person responsible | Due date |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |

**How the previous supplier will support the transition**

|  |  |  |
| --- | --- | --- |
| Action | Person responsible | Due date |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |

**How the new supplier will support the transition**

|  |  |  |
| --- | --- | --- |
| Action | Person responsible | Due date |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |

**Communications management with internal and external stakeholders during the transition**

|  |  |  |
| --- | --- | --- |
| Action | Person responsible | Due date |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |
|  | Name and title |  |

**Monitoring and evaluation**

|  |
| --- |
| Framework |

* The standards and quality the supplier is required to meet in the delivery of the [choose: goods / services] is described in the contract [insert: reference clause X / annex Y of the contract).
* The key performance criteria are [insert].
* The supplier has the primary responsibility to ensure that these standards are met. Our contract manager will monitor delivery against the contract to check that the standards are being met.

|  |
| --- |
| Monitoring and reporting |

* The contract managers will meet [choose: monthly / quarterly / 6 monthly / annually / on an ad hoc basis] to review performance. For each meeting the supplier’s contract manager shall prepare a report for the previous period summarising performance, targets met and identify any issues to be addressed.
* On [insert: the anniversary of the contract start date, and every year thereafter], we will undertake an annual review of delivery. We will do this by [insert: state how the review will be done].
* Three months before the end of the contract we will undertake a contract completion review. We will assess overall performance, budget against actual price, outcomes achieved and benefits delivered. A report will be prepared by [insert name] and presented to [insert name] by [insert date].

|  |
| --- |
| Underperformance |

* The standards and quality the supplier is required to meet in the delivery of the [choose: goods / services].
* Where underperformance has been identified the contract manager for the supplier will:
* investigate the cause
* identify options to rectify
* clearly communicate the cause and what action is to be taken by when in order to rectify
* continue to monitor performance to ensure the problem has been rectified
* seek opportunities to motivate better performance via incentives.

**Risk mitigation and management**

The key risks in delivery are [insert].

**Agency risk management**

|  |  |
| --- | --- |
| Risks to be managed by the agency | Mitigation and management strategies |
|  |  |
|  |  |
|  |  |
|  |  |

**Supplier risk management**

|  |  |
| --- | --- |
| Risks to be managed by the supplier | Mitigation and management strategies |
|  |  |
|  |  |
|  |  |
|  |  |

**Contract completion**

|  |
| --- |
| Exit strategy |

* At the end of the contract there will be no further requirement to provide these [choose: goods / services]. The contract will be allowed to run its full term and then expire. ***OR***
* It is anticipated that there will be an ongoing need for the provision of these [choose: goods / services]. Subject to the review/s of performance the contract term may be extended by [insert: e.g. two plus one years].
* At the end of the contract assets will be transferred to [insert: say who will get any assets].
* The strategy to exit from the provision of these [choose: goods / services] in the long run is [insert]
* Special issues that may arise include [insert]

**Dispute resolution**

Dispute resolution [choose: is / is not] dealt with in the contract. Refer to clause [insert]. If a dispute arises, contract managers will act to identify the issue and seek resolution directly with each other. In doing so, each agrees to use their best efforts to:

* clearly communicate the background facts leading to or causing the dispute
* set out clearly what action is required to resolve the dispute and by when
* identify measures to prevent the issue arising in future.

If the dispute cannot be resolved by the contract managers, it will be escalated to senior managers. For the agency that will be [insert: name and position or just the position]. For the supplier that will be [insert: name and position or just the position].

If senior managers are unable to resolve the dispute, the matter will be referred to MBIE’s in-house legal team, who will seek to resolve the dispute with regard to the contract’s dispute resolution provisions.

**Contract management and governance structure**

Strategic

Senior manager / CE

Agency contact

Director / GM / CE

Supplier contact

* **Meet:** annually and three months before the contract ends.
* **Focus:** effectiveness of contract delivery and quality of stakeholder engagement.
* **Reports**: receives annual reports from respective contract managers.
* **Dispute resolution:** final point of resolution prior to mediation.

Tactical

Project sponsor

Procurement Manager

Agency contact

Operations manager

Supplier contact

* **Meet:** quarterly.
* **Focus:** overview of ongoing delivery, stakeholder satisfaction and value for money over whole-of-life. Review contract effectiveness. Consider innovation in delivery.
* **Reports**: receives quarterly reports from respective contract managers.
* **Dispute resolution:** significant risks that impact on overall delivery and disputes escalated from contract managers. Escalate issues that cannot be resolved to next tier.
* Contract manager
* Payments office
* Evaluation expert

Agency contact

* Contract manger
* Invoicing officer
* Quality control officer

Supplier contact

* **Meet:** monthly.
* **Focus:** successful delivery, on time, to specification (including quality), within budget and with all milestones being achieved. Accurate invoicing and prompt payment. Ongoing continual improvement. Stakeholder engagement and satisfaction. Annual evaluation (formal review) of contract effectiveness.
* **Reports**: monthly.
* **Dispute resolution:** responsible for resolution of day-to-day issues arising. Escalate significant issues to next tier.

Operational