



Contract assessment

LEADMARK
● contracts ● collaboration ● control

STRENGTHEN YOUR COMMITMENT TO MEETING STAKEHOLDER EXPECTATIONS
AND IMPROVING SUPPLIER RELATIONSHIPS

Do you have suppliers you feel are not contributing to business value as they should? Are you stuck in circular debates on accountabilities with suppliers, and do you question if the contract still works for you? These are common concerns but we ask a different question.

Do you know which of your contracts support achieving business objectives or undermine your supplier relationships and performance?

Through our standard contract evaluation we provide concrete and factual insight into the quality of the contracts from a manageability point of view. The evaluation is based on four logically interrelated criteria and answers the key question: "Can the contract (still) be considered a strong instrument to underpin current and future sourcing objectives?".

Why undertake the assessment?

The assessment result enables you to take concrete measures to improve the quality of the contract in order to better achieve sourcing objectives. We place our evaluation recommendations within a broader organizational context to strengthen applicability.

Our structured, fact based assessment provides quantitative and qualitative insight into where your contract may be undermining your sourcing objectives.

It's a strong formula that provides you the following:

- ✓ Immediate impact on business focus and priorities with suppliers.
- ✓ Visibility into how contracts support or hinder achieving your business needs.
- ✓ A transparent foundation to drive better results with minimized time and effort.
- ✓ Right-sized controls/metrics to reduce risks and costs for monitoring and enforcement.
- ✓ Align the financial model and commercial levers to contractual objectives empowering improved supplier governance and steering.
- ✓ A fact based foundation for constructive and collaborative discussions between the parties.
- ✓ Enhanced communication potential to improve business stakeholders and service provider relations.
- ✓ Insight on how to clarify and transform the image of the contract with your organization.
- ✓ Ability to speed up negotiation and improvement processes.

The Assessment Process

Leadmark offers a confidential factual analysis of your contracts carried out by expert contract managers.

The structured analyses provides both quantitative and qualitative insight into where your contract may be undermining your sourcing relationships.

Based on the size of the contract the assessment is carried out over a period of just 1 or 2 weeks.

The assessment is performed off-site and requires just three one-hour meetings with your staff at your offices. The meetings do not require any preparation from your side.

It is not a review of legal terms or specific pricing conditions. Also it does not involve a peer review or visibility to other parties.

The assessment is solely based on contract documents. Other operational data including service reports and current ways of working can optionally be included.

Our 5-star Contract Manageability Rating, based on quantitative data of four criteria, shows overall quality in a single view.

Our four rating criteria

To answer the core question: "Can the contract (still) be considered a strong instrument to underpin current and future sourcing objectives?", we evaluate the contract on quantitative and qualitative aspects of the following criteria and their logical interrelationship.

Business focus

Business focus provides insight into the degree to which the contractual obligation and services provided, support business objectives. A good contract is based on business goals and if this is not the case you will want to adjust this.

Financial alignment

Financial alignment refers to the degree to which the cost-drivers in the contract related to the services provided. This relation is fundamental to effective sourcing governance. If the relation between cost and result is ambiguous you are not sure that you pay for what you get.

Balance

Balance provides insight into the relationship between contractual obligations and controls or mitigating actions. Value obligations define the services to be delivered, while controls aim to minimize risk. An excess of controls lead to bureaucracy and unnecessary costs. A lack of controls, also calls for action as it leaves the organization exposed to risk.

Readability

Bulky, complex and difficult to read contracts result in business risks; they are more likely to be 'left in the drawer', ignored or misinterpreted. Performance is impeded if people don't have a clear picture of what is agreed and what is expected from them. The evaluation provides insight into the structure, readability and accessibility of the contract and, where appropriate, concrete recommendations for improvement.

Optional extra services

In addition to the contract assessment, including the three onsite meetings (kick-off, findings presentation and recommendations presentation), you can further improve your contract and supplier management capabilities through these following complementary services.

Extend assessment scope

The scope of the assessment can be extended to include the governance execution, 'on the ground' problems, and the supplier's perspective. To further underpin recommendations and priorities, also operational information like invoices and performance reports may be included.

Contract awareness workshop

Engage your contract stakeholders with a practical, one-day workshop that will give them a better understanding of the structure and content of the contract. This will improve insight and understanding between the parties, allowing them to better achieve business objectives.

Contract optimization

In close collaboration with stakeholders within the organization and the service provider, we can undertake a project to improve the quality of the contract along the four evaluation criteria, so that the contract is better shaped to support realization of business objectives and supplier relationships.

Develop future strategies

In case the contract is not future proof, we can support you in creating a clear sourcing strategy and contracting journey which will give a clear picture of future options including critical activities and milestones.

Pricing based upon the type of the contract in the evaluation



Assessment of a project agreement*

€ 2.500,- for a project agreement



Assessment of a managed service agreement*

€ 5.000,- for managed service agreement



Optional extra services

Pricing on demand based on how the service is tailored

* Note

Assessments are performed on the basis of fixed price where we take accountability for result.