



Joint Council for
Qualifications

Contract management

Andrew Neilson
FCIPS FCILT FSCM FITOL FIoL



Agenda

- 09:00–09:30 Welcome & introductions
- 09:30–10:30 Strategic role of directors in contract governance
- 10:30–10:50 Break
- 10:50–12:15 Oversight of performance & supplier relationships
- 12:15–13:15 Lunch
- 13:15–14:30 Managing risk, change & governance accountability
- 14:30–14:45 Break
- 14:45–15:45 Driving continuous improvement
- 15:45–16:00 Wrap-up



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Welcome & introductions, if you could please

If you could please advise what specifically are you looking to understand better or achieve because of attending this training?

Neha	Agarwal	Head of Data
Rebecca	Broad	Examinations Manager
Michael	Crossan	Head of Strategic Change
Claire	Ellis	Head of Communications
Margaret	Farragher	CEO
Amy	Glassborow	Corporate Services Manager
Billy	Goodall	Head of Corporate Services
Nick	Lait	Head of Examinations Services
Nicoli	Kelly	Executive Assistant
Mustafa	Salim	Communications and Programme Manager



Andrew Neilson FCIPS FCILT FSCM FIoL FITOL

I am a professionally qualified and award-winning procurement and supply chain executive.

I have led and developed procurement, supply chain and operations functions within leading globally reaching organisations including in country functional management across Europe, MENA, the Americas and Asia Pacific regions.

From the start of 2018, I have been providing expertise to clients / businesses of any size with end-to-end procurement, supply chain and logistics training / consultancy services on a global basis.

I deliver solutions at various levels of complexity, business transformation and geographical challenges specific to commercial benefits, strategic sourcing, supplier / customer engagement / management, high performing team development and knowledge transference.

I am a Fellow of the Chartered Institute of Procurement and Supply, the Chartered Institute of Logistics and Transport, the Institute of Supply Chain Management, the Institute of Leadership and the Institute of Training and Occupational Learning.





Objectives

This training is designed to develop the capability of directors and senior leaders to:

- Oversee contracts strategically
- Interpret performance and risk data
- Identify early warning signs of failure
- Make informed decisions on change, escalation, and renewal
- Strengthen governance and assurance culture
- Embed continuous improvement



Objectives

We will be focusing on:

- Defining “what good looks like” in contract governance
- Understanding oversight vs execution boundaries
- How to interpret trends, behavioural indicators, and key risk signals
- How to govern change, variations, and contract drift
- Leading structured performance reviews
- Applying a board-level assurance mindset



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The strategic role of directors in contract governance

This session explores:

- Governance hierarchy
- Director accountability
- Oversight vs execution
- Contracts as instruments of control and value
- Assurance flows
- What “good contract management” looks like from a board perspective
- Identifying governance blind spots



Why contract governance matters...

Directors influence contract outcomes more than the contract manager ever can!

Good governance ensures:

- Organisational objectives are met
- Value is realised
- Risk is controlled
- Decisions are transparent and defensible
- Public / organisational trust is maintained

Poor governance = poor outcomes, regardless of how well a contract was written.



Directors' responsibilities

Directors must:

- Set tone, culture, and expectations
- Establish governance frameworks
- Approve major decisions and variations
- Monitor risks and performance
- Demand clarity, evidence, and assurance
- Escalate or intervene when necessary

Summary:

This is not about operational involvement, it is all about oversight and stewardship.



Contract governance as a value engine...

A contract is not just a legal document; it is a value delivery system.

Directors shape value delivery by:

- Setting the right objectives
- Challenging assumptions
- Ensuring alignment between contract purpose and outcomes
- Ensuring supplier relationships remain strategic

A multi-year service contract shows the following issues:

- Supplier reports have become increasingly vague
- KPI performance is “green” every month, but staff delivering the work report growing delays and errors
- Variation requests are approved verbally and not documented
- The contract manager has a long-standing friendly relationship with the supplier
- No formal performance meeting has been held in six months
- The board receives a one-page summary with “no major issues” status

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Task (10 minutes):

- Identify all **governance blind spots** present
- Identify the **risks** arising from these blind spots
- Agree which **questions the Board should ask**
- Recommend **governance corrections**



Assurance framework components

Dimension	Director-level responsibility	Why it matters
Value	Ensure outcomes are delivered	Prevent “activity without impact”
Risk	Identify and monitor major risks	Protect organisation’s continuity
Control	Ensure contract controls function	Avoid drift and unmanaged changes
Assurance	Demand clear evidence	Builds trust in decision-making
Accountability	Clarify roles & approvals	Prevent role confusion & failures

Boards govern; managers execute.

Directors must avoid:

- Being too operational
- Being too distant to provide meaningful challenge

Balance is achieved by structured reporting and dependable assurance.



What good governance looks like...

- Clear roles and decision rights
- Strong risk visibility
- Transparent performance reporting
- Documented change control
- Formal oversight rhythms
- Clear thresholds for escalation

Good governance is not a subjective measure...

Contracts enable directors to influence:

- Service quality
- Financial commitments
- Risk environment
- Compliance obligations
- Supplier behaviour and incentives

A contract is a governance tool as much as a commercial one.



Directorial “tone”...

Tone from the top shapes:

- Expectations around transparency
- Supplier behaviour
- Organisational discipline
- Approach to risk and escalation
- Accountability culture

Colleagues, teams and suppliers all take cues from leadership attitudes.



What good governance looks like...Oversight v execution

Oversight includes:

- Setting boundaries
- Monitoring outcomes
- Challenging information
- Approving strategic decisions

Execution includes:

- Delivering services
- Managing daily issues
- Completing tasks

Directors rely upon:

- Performance dashboards
- KPI trend reports
- Risk registers
- Escalation summaries
- Supplier insights
- Independent audit or review findings

A director joins a contract review meeting and begins:

- Asking the supplier to change its staffing model
- Redesigning the reporting template
- Reviewing day-to-day issue logs
- Directing the supplier on what operational steps to take next
- The contract manager becomes disengaged and confused about their role.

The supplier becomes unclear who is in charge...

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- Directing the supplier on what operational steps to take next
- The contract manager becomes disengaged and confused about their role.

The supplier becomes unclear who is in charge...

Teams discuss and agree:

- Which behaviours are “oversight” and which are “execution”?
- What risks arise when directors' cross boundaries?
- What should directors do instead?
- How should the contract manager respond?



Types of “assurance”

Assurance type	Purpose	Questions directors ask
Performance	Are services being delivered as agreed?	What trends matter?
Financial	Are costs aligned to expectations?	Are we paying more for less?
Risk	Are risks controlled?	What has changed?
Compliance	Are obligations met?	What must we fix?
Relationship	Is the supplier healthy?	Are behaviours constructive?



Directors' accountability

Directors are accountable for:

- Ensuring risks are identified and addressed
- Approving significant changes or variations
- Ensuring value is delivered
- Ensuring performance declines are discovered early
- Ensuring governance structures work

Accountability is about ensuring, not doing.



Those key questions Directors should be asking

- What outcomes is this contract supposed to achieve?
- How do we measure success?
- What risks are we carrying?
- What are the early warning signs?
- What decisions require escalation?

Questions drive oversight quality!



What good contract management looks like

- Clear service definitions
- Well-structured KPIs
- Regular formal reviews
- Documented decisions
- Embedded risk management
- Supplier accountability mechanisms



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Level	Role	Responsibilities	Typical outputs
Board	Strategic oversight	• Approvals • Risk appetite • Escalation accountability	• Approvals • Minutes • Risk decisions
Executive	Organisational control	• Performance assurance • Supplier strategy	• Dashboards • Deep-dive • Improvement plans
Management	Operational execution	• Day-to-day contract management	• KPI tracking, • Service reviews
Suppliers	Delivery ownership	• Meeting obligations • Reporting	• SLA results • Improvement actions



The importance of escalation discipline

Directors must always ensure that:

- Clear escalation triggers exist
- Escalations are timely
- Escalations are evidence-based
- Escalations lead to corrective action

Escalation is not a sign of contractual failure; it is a robust risk control measure.



Examples of governance failures

Failure type	Root cause	Director-level impact
Contract drift	Weak oversight	Uncontrolled scope increase
Poor performance	Weak KPIs	Value erosion
Missed risks	Inadequate reporting	Unexpected disruption
Compliance breach	No monitoring	Reputational / legal consequences
Supplier failure	No assurance	Service collapse



The early warning signs...

- Declining trend performance
- Increased exceptions or incidents
- Vague explanations from management
- Supplier defensiveness
- Missing or late reports
- Cost increases without justification

Early Warning Indicators tend to cluster, we need to look for patterns.



The role of constructive challenge

Directors challenge by asking:

- What evidence supports this?
- What is driving this trend?
- Why has this risk increased?
- What is the supplier's plan?
- What options do we have?

Challenging a situation, activity and . or action is accountability, not criticism.



Directors' approval “focus”...

Directors need to be approving:

- Major contract awards
- Renewals and terminations
- High-value variations
- Strategic changes in delivery
- Major risk responses

Clear demarcation lines, defined and communicated responsibilities and accountabilities eliminate ambiguity.

Contracts clarify:

- Responsibility allocation
- Risk transfer
- Indemnity and liability
- Performance standards
- Escalation and dispute pathways

Directors must be able to understand where the organisation holds risk.



Contractual governance fails when...

- Information is incomplete
- Reporting is too operational
- Risks are underreported
- Dashboards hide deterioration
- Escalations happen too late

Therefore, directors must demand insight and context, not just information.



The role of independent review

Independent assurance includes:

- Internal audit
- Commercial assurance reviewers
- Gateway reviews
- Contract health checks

All these can provide an unbiased view of contractual health, risk and due process.



Independent review v internal reporting

Feature	Independent review	Internal reporting
Perspective	Objective...external	Operational lens
Purpose	Validate assurance	Monitor progress
Strength	Highlights hidden issues	Tracks delivery
Weakness	Not continuous	May lack challenge
Ideal use	Major decisions & risks	Monthly oversight



A culture of assurance...

Directors have a responsibility to foster a culture of:

- Transparency
- Evidence-led reporting
- Constructive challenge
- Early escalation
- Proactive risk dialogue

The culture of any organisation and / or individual determines whether governance works.



“Blind trust”...

“Blind trust” arises when:

- Relationships become too comfortable
- Reporting is accepted without testing
- Assumptions replace evidence

Trust must be maintained, never assumed.



Decision making under uncertainty...

When information is incomplete, directors must:

- Identify critical unknowns
- Demand clarity
- Use scenario thinking
- Quantify decision impact

Being comfortable with ambiguity is a leadership skill.



Documentation and auditability

Good governance requires:

- Clear approval records
- Documented decisions
- Evidence of compliance
- Version control of contract documents

Documentation is the backbone of defensible decisions.



Governance touchpoints

Directors shape governance at:

- Contract initiation
- Supplier selection
- Performance oversight
- Variation approval
- Renewal/termination decisions

Governance is continuous, not episodic.



Independent review v internal reporting

Lifecycle stage	Director question	Purpose
Initiation	Why are we doing this?	Strategic alignment
Award	How do we know we've chosen well?	Value and capability
Delivery	How do we know it's working?	Assurance
Variation	What changes and why?	Control & risk
Renewal	Should this continue?	Value for money

Such boards:

- Demand clarity
- Avoid unnecessary detail
- Stay focused on outcomes
- Insist on honest risk reporting
- Provide disciplined challenge



Directors' "assurance" mindset...

Ask continuously:

- What is the evidence?
- What is the risk?
- What is the trend?
- What is the worst-case scenario?
- What action is required?



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Oversight of performance & supplier relationships

This session develops the director-level capability to:

- Interpret performance information
- Identify early warning signals
- Understand behavioural indicators
- Recognise when to intervene
- Maintain effective oversight of supplier relationships



Oversight of performance & supplier relationships

Performance oversight is not the same as performance management.

Procurement and Directors must both know how to:

- Ask the right questions
- Identify risks hidden within data
- Evaluate supplier health
- Ensure that operational teams maintain adequate control

Good performance oversight requires clarity on:

- What is being measured
- Why it matters
- Whether it reflects reality
- Whether the supplier is improving or deteriorating
- Organisations must look beyond monthly dashboards and examine trajectory, variation, and explanation quality.



Directors provide governance , not operational direction.

Oversight is driven by the quality of questions asked, not the quantity of data received.

High-impact questions directors should ask routinely of Procurement/ the business:

- “What story does this performance data actually tell?”
- Forces management to interpret, not just present, metrics.
- “How has performance changed over the past 3, 6, or 12 months?”
- Encourages trend-based thinking rather than focusing on isolated periods.
- “What are the early warning signals we should be concerned about?”
- Directs attention to predictive indicators rather than lagging ones.
- “Where does the supplier narrative differ from operational reality?”
- Surfaces inconsistencies between formal reporting and lived experience.



Directors provide governance , not operational direction.

Oversight is driven by the quality of questions asked, not the quantity of data received.

High-impact questions directors should ask routinely or Procurement / the business:

- “What assurance do we have that the data is complete, accurate, and validated?”
- Protects against over-reliance on supplier self-reporting.
- “What one thing has changed since last time that we need to pay attention to?”
- Helps identify new risks, behaviours, or operational shifts.
- Why these questions matter
- These questions shift the conversation from reporting to insight, which is essential for directors who must judge whether performance is stable, improving, deteriorating, or masking underlying risks.

KPI type	Purpose	Example metrics	What can we learn?
Output	Measures volume of activity or service completion	• Number of cases processed • Calls handled • Fulfilment rates	• Workload pattern • Throughput capacity • Operational efficiency
Outcome	Measures whether the service is achieving intended results	• Accuracy levels • User satisfaction • Error incidence	• Whether the contract is delivering value, not just activity
Quality	Reflects consistency and reliability of service delivery	• Error frequency • Defects • Rework rates	• Whether processes are robust and mature
Timeliness	Tracks speed of service relative to expectations	• SLA response times • Turnaround times	• Stability and predictability of service performance
Risk / Compliance	Indicates exposure levels and adherence to obligations	• Number of incidents • Nar misses • Audit findings	• If the supplier is operating: ○ Safely ○ Lawfully ○ within risk appetite

- High-quality reporting enables the business to make decisions with confidence and clarity.
- Good reporting is not about colourful dashboards, it is about the narrative that connects data to insight, insight to risk, and risk to action.

Characteristics of good KPI reporting:

- Explains performance movements - "Why did this change?" is more important than "What is the number?"
- Highlights exceptions and anomalies, not just averages
- Is internally validated, reducing reliance on supplier-only reporting
- Provides forward-looking indicators, not just historic results, predictive insight will deliver better governance.
- Clearly links performance to risks, costs, and user impact
- Maintains consistency in format and definition, ensuring comparability across periods



Reporting in contract management

- High-quality reporting enables the business to make decisions with confidence and clarity.

Poor reporting indicators:

- No variance explanations
- KPI changes without clear justification
- Overuse of “green” traffic lights without evidence
- Lack of narrative

We all need to demand clarity and insight, not aesthetics or decoration.

- One month of data is a snapshot; a trend is a diagnosis; we must always look for the underlying movements that reveal real service health.

Key components of trend analysis:

- Direction of travel: Is the service strengthening, weakening, or plateauing?
- Rate of change: A sharp decline may signal acute issues; gradual decline may indicate growing systemic failure.
- Volatility: Unstable performance suggests fragile processes or overstretched capacity.
- Seasonal effects vs anomalies: Distinguish structural patterns from unexpected deterioration.
- Recovery trajectory: After an incident, is performance returning to previous levels or settling at a lower baseline?



Reporting in contract management – Trend analysis

- One month of data is a snapshot; a trend is a diagnosis; we must always look for the underlying movements that reveal real service health.

Why it matters for directors:

- Trend analysis converts data into meaningful questions:
- “Why is performance drifting?”
- “Why is the recovery slower than expected?”
- “Are we facing deeper capability or capacity issues?”

Good governance requires spotting signals of future failure early, trends reveal patterns that dashboards hide.

Variance interpretation is a core oversight skill; we must understand why performance deviates from expectation and what it implies.

Key considerations when reviewing variance:

- Materiality: Is the variance small noise or an indicator of deeper issues?
- Persistence: Does this variance occur repeatedly or is it a one-off anomaly?
- Direction: Is performance drifting away from targets or fluctuating around them?
- Causality: Are explanations credible, consistent, and supported by evidence?
- Correlation: Does this variance coincide with staffing changes, demand spikes, or supplier pressures?
- Recovery actions: What has been done and is it working?



Reporting in contract management – Variance analysis

Variance interpretation is a core oversight skill; we must understand why performance deviates from expectation and what it implies.

Oversight questions:

- “What are the underlying drivers of this variance?”
- “How do you know this is the true cause?”
- “What assumptions underlie your explanation?”
- “What alternative explanations are possible?”

Variance is not just a number; it is a signal that must be decoded.



Reporting in contract management – Data quality

Data quality is one of the strongest predictors of contract governance maturity.

High-performing suppliers and internal teams produce accurate, timely, validated, and consistent data.

Red flags indicating weak data governance:

- Late submissions with vague explanations
- Missing or inconsistent data fields across months
- Unexplained changes in metrics, definitions, baselines, or formats
- Overly positive reporting without matching operational sentiment
- Supplier reluctance to share raw data
- Frequent corrections or backdated adjustments

So why does this matter?

When data quality declines:

- Performance issues may be masked
- Risk exposure increases
- Governance visibility is compromised
- Supplier accountability weakens
- In short: weak data = weak control.

We must always challenge data quality early, once trust in the data erodes, governance collapses.



Indicators of healthy supplier performance

Healthy supplier relationships display consistent behaviours and stable performance characteristics.

Healthy performance indicators include:

- Clear, honest explanations for performance variations
- Evidence-based narratives, supported by root cause analyses and corrective actions
- Predictable delivery, with low volatility and consistent SLA achievement
- Proactive risk management, including early warnings and mitigation planning
- Constructive engagement, demonstrating focus on solutions rather than excuses
- Stable staffing, particularly in key roles that carry knowledge capital
- Continuous improvement mindset, with documented initiatives and progress tracking



Indicators of healthy supplier performance

Healthy suppliers don't simply hit KPIs, they demonstrate capacity for:

- Adaptation
- Resilience
- Transparency
- Improvement over time

Suppliers can often “look good” on paper before deterioration becomes visible but behaviour & pattern recognition gives directors a clearer governance picture.



Behavioural indicators of supplier health

We must always ensure we focus on how suppliers “show up”, not just what they report.

Positive behavioural signals (healthy & maturing relationship):

- Proactive transparency: Supplier openly shares risks, failures, and emerging concerns before they escalate.
- Consistency in communication: Regular, predictable updates with clear actions and ownership.
- Collaborative problem-solving: Supplier willingly participates in root-cause workshops and improvement discussions.
- Stability in staffing: Key personnel remain consistent, knowledge is retained, and handovers are managed professionally.
- Balanced narrative: Supplier provides an honest blend of successes, problems, and improvement opportunities.

Negative behavioural signals (deteriorating or stressed relationship):

- Defensiveness or avoidance: Supplier becomes evasive when asked for evidence or explanation.
- Selective reporting: Only positive data is highlighted; negative trends disappear from commentary.
- Reduced engagement: Supplier becomes slow to respond, cancels meetings, or delegates to increasingly junior staff.
- Blame-shifting: Supplier attributes issues entirely to external factors or organisational behaviour.
- Unexplained staff turnover: Key roles replaced suddenly, often with less experienced personnel.

Strong relationships require:

- Clear roles & boundaries: Everyone understands who makes decisions, who manages operations, and who escalates issues.
- Structured communication rhythms: Scheduled formal reviews, supported by informal checkpoints during periods of change.
- Shared visibility of goals: Supplier understands the outcomes that matter most to the organisation, not just contractual obligations.
- Mutual accountability: Both parties own their contribution to performance, improvement, and problem resolution.
- Documented commitments: Agreements from meetings are captured and monitored so progress can be tracked objectively.



Supplier Relationship dynamics

Weak relationships often show:

- Misunderstood expectations
- Growing frustration on both sides
- Delayed or incomplete communications
- Reactive problem-solving instead of proactive planning

A relationship built on transparency, fairness, and evidence enables higher performance and faster resolution of issues.

Signs of relationship deterioration can include:

- Communication becomes slow or inconsistent: Supplier avoids giving direct answers or delays updates without explanation.
- Shift in tone: Meetings feel tense, defensive, or transactional rather than collaborative.
- Meeting attendance declines: Senior supplier representatives stop attending reviews, signalling disengagement.
- Reduced openness: Supplier no longer shares risks early and provides minimal detail when issues arise.
- Overreliance on written communication: Supplier avoids discussion and increasingly relies on email to avoid scrutiny.

Why this matters:

- Relationship deterioration almost always precedes performance deterioration.
- Poor communication environments slow down problem resolution.
- Over time, this increases risks, costs, and operational instability.

Organisations must not underestimate “soft signals”, they are often louder predictors of failure than any KPI.

Performance and risk move together; a change in one almost always influences the other.

Key risk categories to consider:

- Operational risk: Failures in processes, systems or resources affecting service continuity.
- Financial risk: Overspend, uncontrolled variations, hidden labour costs, or dependency on single resources.
- Compliance and regulatory risk: Contractual breaches, data protection failures, health & safety issues.
- Strategic risk: Supplier misalignment with organisational direction or inability to scale or innovate.
- Supplier viability risk: Financial instability, mergers, acquisitions, or organisational restructuring.

More after the break...

Scenario:

- You are responsible for monitoring the performance and supplier relationship of a key service contract.

The latest quarterly review highlights:

- Performance data
- SLA performance: **97% → 94% → 91%** over three months
- Error rate rising: **1.4% → 1.8% → 2.5%**
- Backlog growth at **22%**
- Root-cause analysis labelled “in progress” with no documented findings
- Supplier statement:
“We have experienced short-term resource issues, but overall service levels remain steady.”

Scenario:

- You are responsible for monitoring the performance and supplier relationship of a key service contract.

Supplier relationship indicators:

- Two review meetings cancelled at short notice
- Slower response times and more formal communication tone
- Senior supplier reps not attending governance meetings
- Internal staff reporting increased defensiveness
- Two experienced supplier staff left and were replaced by less experienced personnel
- Supplier has started requesting additional charges for activities previously considered in-scope



Exercise – Interpreting performance & supplier relationship signals

Scenario:

- You are responsible for monitoring the performance and supplier relationship of a key service contract.

Group task (10 minutes):

- What does the performance data tell you about service health and stability?
- What do the behaviour and relationship indicators reveal?
- What are the main risks emerging from this situation?
- What actions should the contract/performance team take to address these issues?



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This session builds practitioner capability in identifying, analysing, mitigating and monitoring contract and supplier risks, including how to manage change in a controlled, evidence-based manner.

Effective contract management requires the ability to:

- Detect risks early
- Interpret signals across performance, behaviour and capacity
- Apply structured risk analysis tools
- Manage change requests rigorously
- Maintain transparency, evidence, and accountability across all parties

Risk is any event, condition or behaviour that may negatively impact:

- Service delivery
- Cost stability
- Quality outcomes
- Compliance obligations
- Supplier capability or capacity
- Organisational reputation
- Risk management is the process of identifying, analysing, responding to, and monitoring these threats.

Common risk areas include:

- Operational : Deliverability, backlog, process failure
- Financial : Budget pressures, additional charges, leakage
- Compliance : Legal, regulatory, data protection
- Cybersecurity : Supplier or subcontractor vulnerability
- Capacity & capability : Staff turnover, skills gaps
- Commercial : cope drift, uncontrolled variations
- Relationship : Communication breakdown, defensiveness



Typical risk categories

Risk category	Description	Example indicators
Operational	Service failure, delays	OTIF decline, backlogs
Financial	Unplanned spend	Additional charges, variations
Compliance	Breach of requirement	Missing evidence, failed audits
Cyber / Data	Security vulnerability	Supplier incident, weak controls
Capacity	Insufficient resource	Late delivery, over-reliance on key staff
Capability	Skills gaps	Increased errors, weak RCA
Relationship	Collaboration breakdown	Slow communication, defensiveness

Risks often worsen when:

- Issues are not escalated promptly
- Change requests bypass proper controls
- Suppliers minimise or under-report problems
- Data quality weakens
- Early warning signals are ignored
- Meetings focus on reporting, not analysis
- Root causes are not identified or addressed
- Effective risk management is proactive, not reactive.

Before a risk materialises, subtle changes often appear.

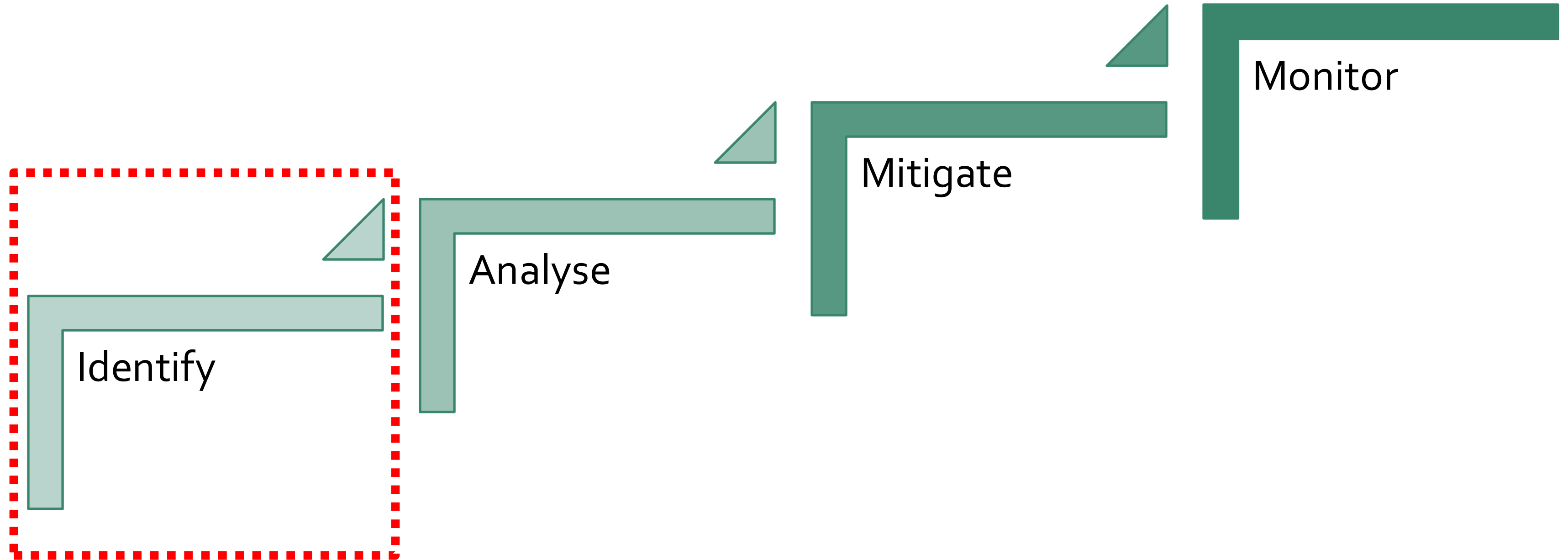
Examples include:

- Gradual KPI decline
- Rising variance or volatility
- Slower communication or reduced transparency
- Unexplained staffing changes
- Sudden increase in minor errors
- Repeated small incidents
- Supplier asking for scope reinterpretation
- EWIs allow teams to intervene before deterioration becomes failure.

Behaviour often reveals weakening control sooner than data.

Watch for:

- Defensive tone from supplier
- Vague explanations or lack of evidence
- Cancelled or delayed review meetings
- Reduced senior engagement
- “Short-term issue” repeated over several periods
- These behaviours are among the strongest predictors of future disruption.



Build a comprehensive list of possible risks across the supply chain

- **Strategic risks:** mergers, acquisitions, market entry.
- **Operational risks:** production downtime, labour shortages.
- **Financial risks:** currency fluctuations, cost inflation.
- **Compliance risks:** regulatory shifts, ESG requirements.
- **Technology risks:** system failures, cyber attacks.
- **Environmental risks:** natural disasters, climate change events.

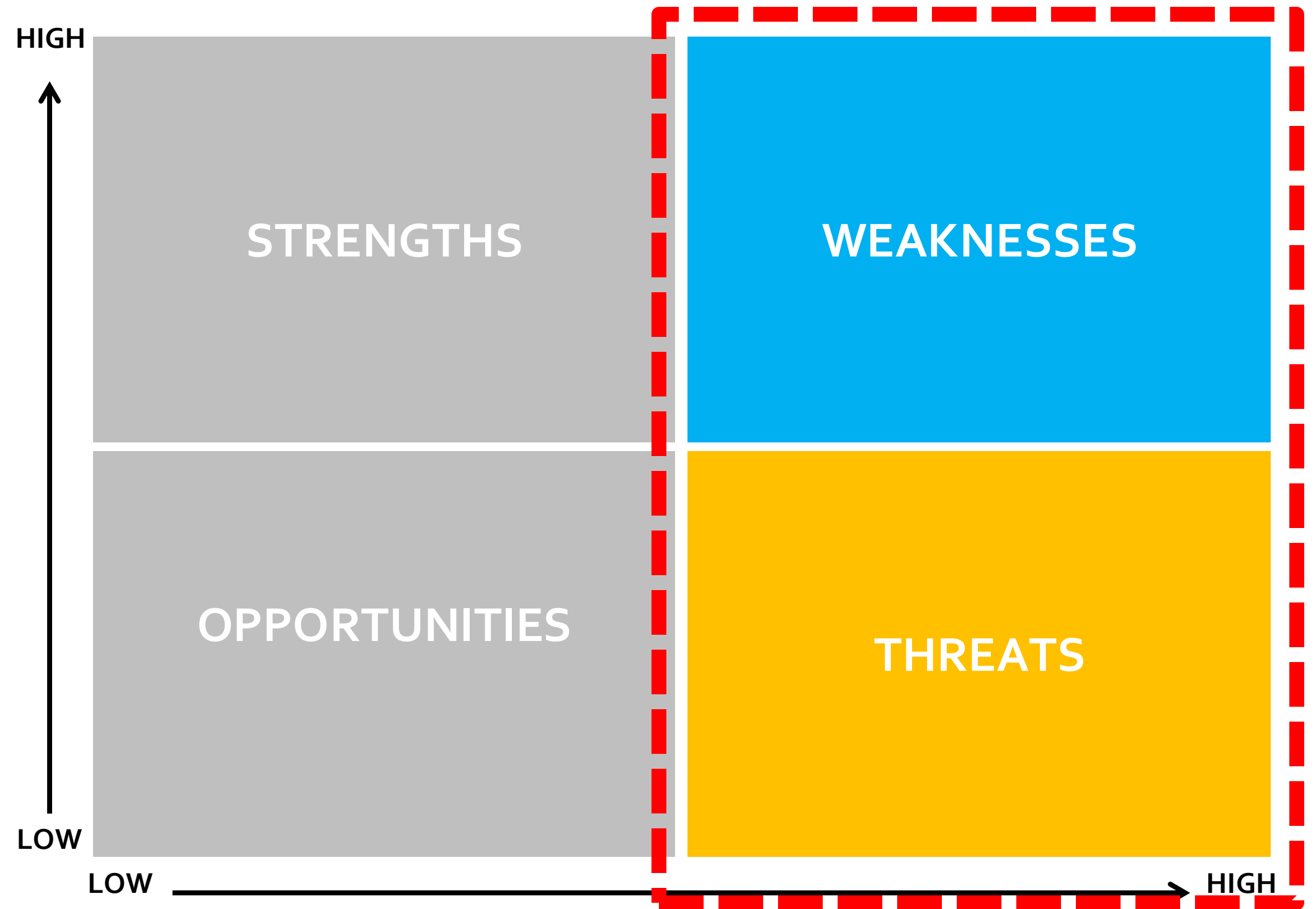
Many organisations overlook **strategic and compliance risks** until it's too late.



Risk management tools

Tool	Purpose	Best use
SWOT	Surface internal / external factors	Early-stage planning
PESTLE	Understand external influences	Environmental scan
Process mapping	Locate bottlenecks	Operational risk
Market analysis	Understand the market drivers	Alternative sourcing
Contract review	Identify compliance gaps	Governance health-check
Stakeholder interviews	Capture lived experience	Hidden risks

- Helps assess internal capabilities (strengths / weaknesses) and external market factors (opportunities / threats).
- Use it to position the category within your organisation's broader strategic context.
- Good for quick strategic framing at both category and supplier level.



PESTLE Analysis



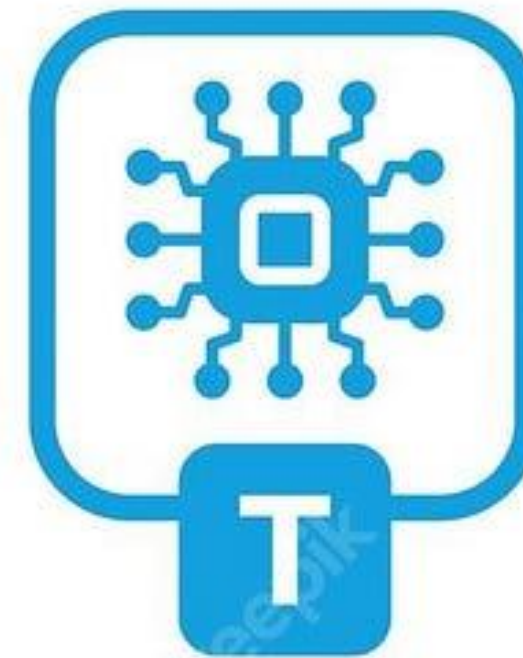
Political



Economic



Social



Technological



Legal



Environmental

Political

- Regulations and Policies:-
 - Heavy government regulations around environmental protection, safety standards, and emissions.
- Trade Agreements:-
 - Impact of international trade agreements and tariffs on raw materials and finished products.
- Political Stability:-
 - Operations and supply chains can be vulnerable to instability in oil-producing countries.
- Subsidies and Tax Incentives:-
 - Some governments provide subsidies for energy industries; others may impose carbon taxes.

Economic

- Oil Prices:-
 - Volatility in crude oil prices affects feedstock costs and profit margins.
- Global Demand:-
 - Driven by industries like automotive, construction, agriculture (plastics, fertilisers, etc.).
- Exchange Rates:-
 - As a global business, profits can fluctuate based on currency movements.
- Recession Impact:-
 - Economic downturns reduce demand for industrial, and consumer products made with petrochemicals.

Social

- Public Opinion:-
 - Rising public concern about plastics, pollution, and sustainability can hurt brand image.
- Consumer Trends:-
 - Shifting preferences toward eco-friendly and biodegradable products.
- Workforce Skills:-
 - Need for a highly trained workforce, especially in engineering and chemical management.
- CSR Expectations:-
 - Pressure to demonstrate corporate social responsibility and contribute positively to communities.

Technological

- Innovation in materials:-
 - Development of bio-based or recycled alternatives to traditional petrochemical products.
- Process improvements:-
 - Advances in refining and production technologies to improve efficiency and reduce emissions.
- Automation and AI:-
 - Increased use of digitalisation for predictive maintenance, safety monitoring, and supply chain optimisation.
- Energy transition:-
 - Investment in renewable energy technologies impacting traditional petrochemical models.

Legal

- Environmental laws:-
 - Compliance with emissions standards, waste disposal regulations, and water use policies.
- Health and safety:-
 - Stringent regulations on workplace safety
- Intellectual property:-
 - Protection of patents on new chemical processes or materials.
- Litigation risks:-
 - Potential lawsuits related to environmental contamination or product liability.

Environmental

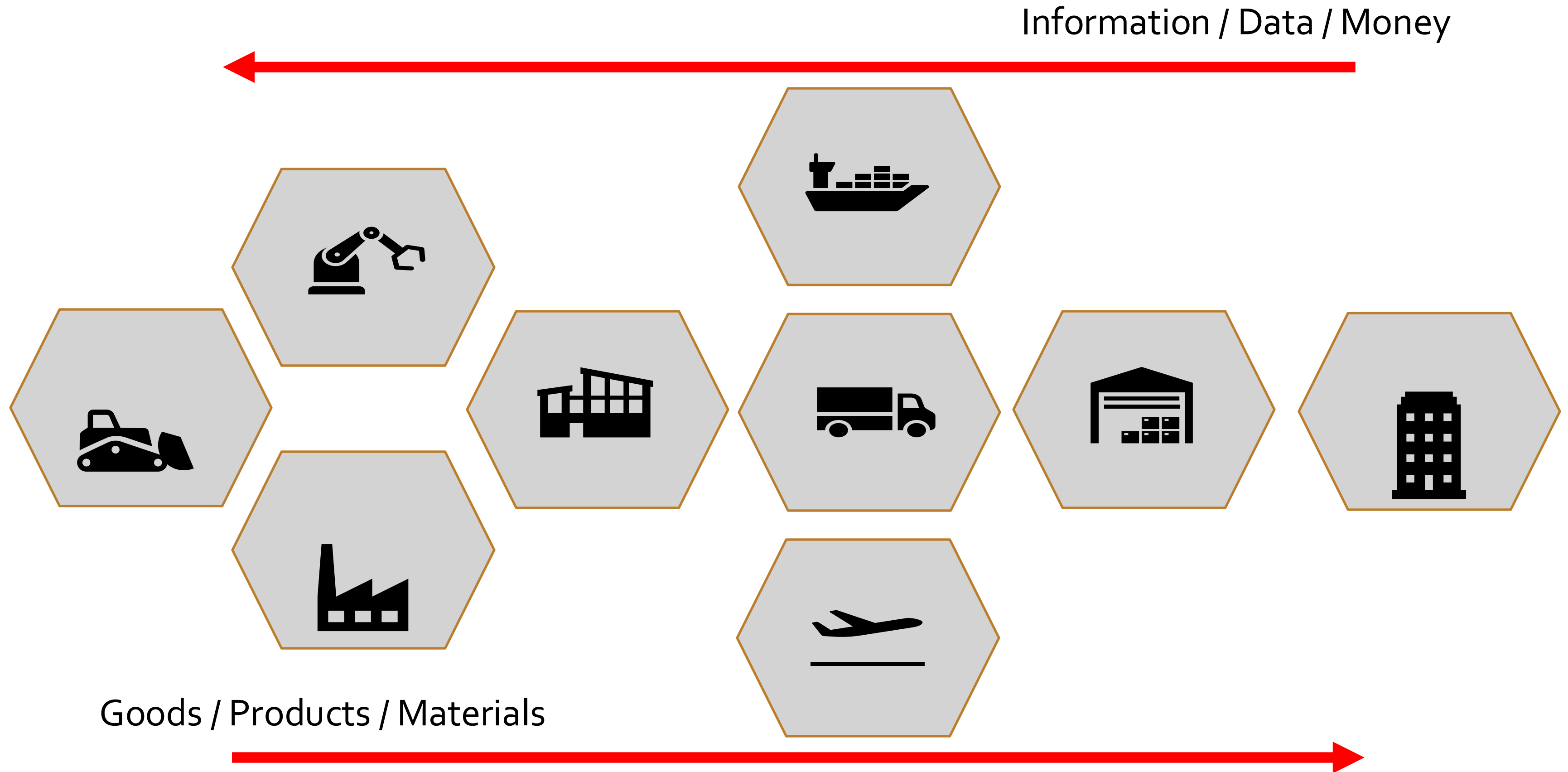
- Carbon footprint:-
 - High pressure to reduce greenhouse gas emissions.
- Pollution control:-
 - Managing risks of chemical spills, air and water pollution.
- Resource scarcity:-
 - Dependency on finite natural resources like oil and gas.
- Climate change:-
 - Increased regulation and stakeholder expectation to transition toward more sustainable practices.

Process mapping

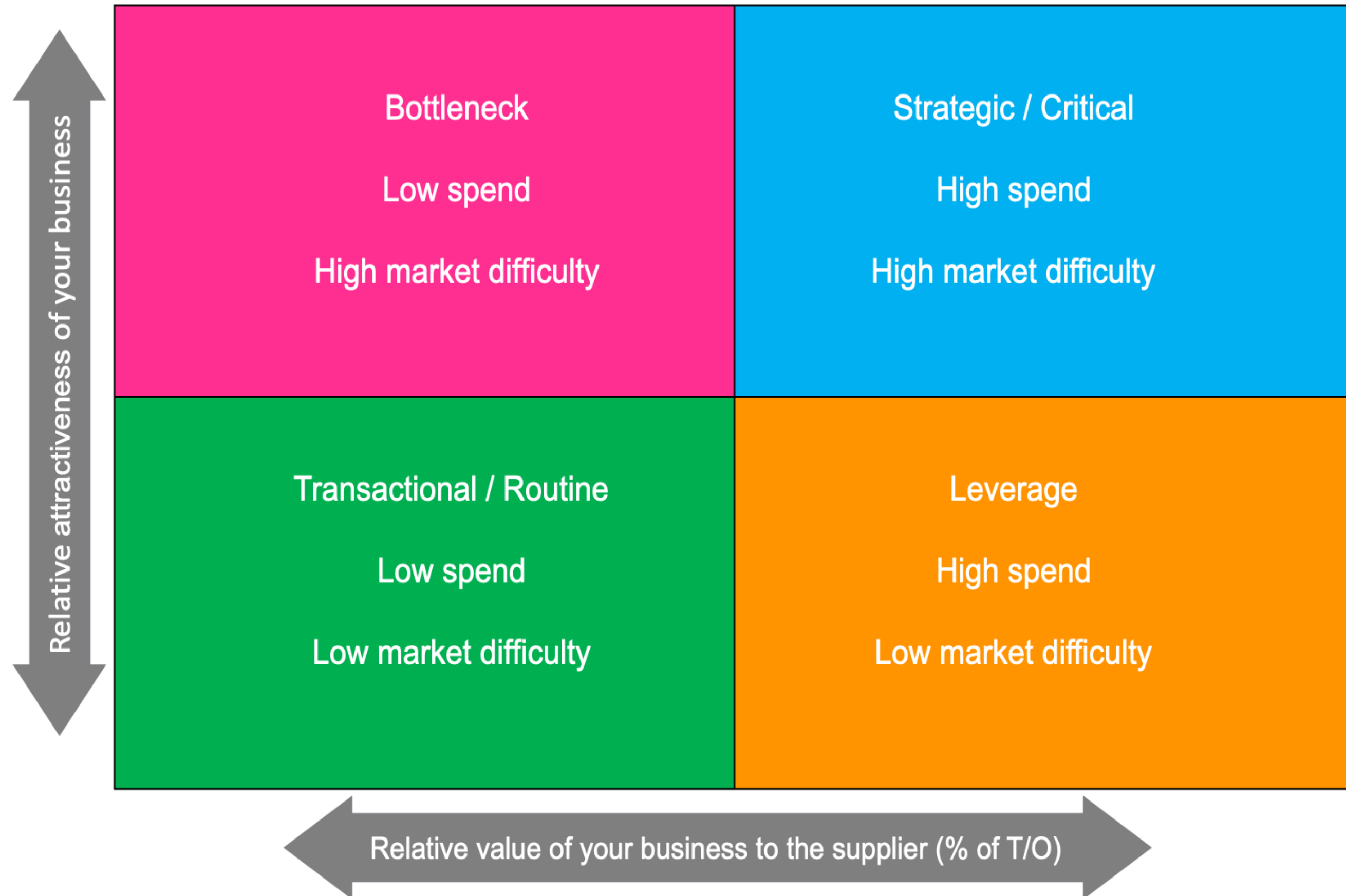
- Visualise supply chain from Plan → Source → Make → Deliver → Return.
- At each step, ask: “Where could this fail?”
- Highlight bottlenecks and dependencies.

Example:

- Deliver: Single port of entry = high congestion risk.
- Source: Reliance on one supplier for raw material X.
- Mapping exposes **flow disruptions** that may not be visible at the top level, it works best when combined with operational data.



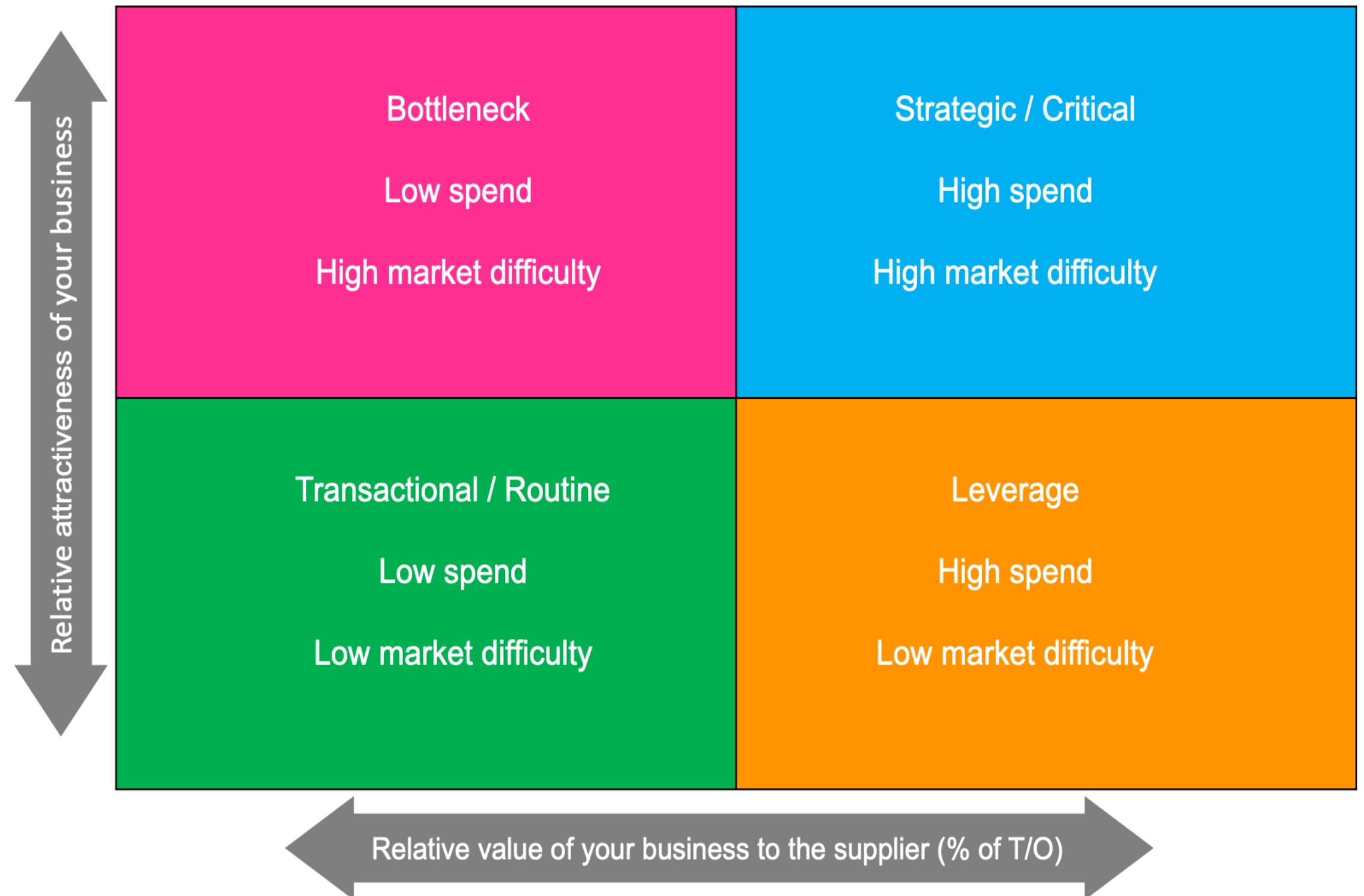
Tools for identification – Market analysis



Categorises goods and services into four types based on Risk / complexity and Profit impact.

- Strategic (high risk, high value)
- Leverage (low risk, high value)
- Bottleneck (high risk, low value)
- Routine (low risk, low value)

Good for prioritising categories and choosing appropriate sourcing strategies





Tools for identification – Market analysis

Market drivers are external factors that influence:-

- Supply availability
- Supplier behaviour
- Pricing trends
- Risk levels
- Innovation opportunities

Analysing these drivers helps category managers:-

- Anticipate changes
- Adapt strategies
- Improve supplier negotiations
- Future-proof sourcing decisions



Tools for identification – Market analysis – Drivers

Driver	Description	Example
Supply / Demand Dynamics	Balance between availability of goods / services and customer demand.	A shortage of semiconductor chips drives higher prices and longer lead times.
Raw Material Prices	Costs of key inputs that suppliers rely on.	Rising oil prices increase costs across petrochemical categories.
Technological Advances	Innovations that disrupt existing markets or create efficiencies.	Automation reduces manufacturing costs, changing supplier capabilities.
Regulatory Environment	Laws, standards, and compliance requirements that affect supply chains.	New emissions regulations mandate changes in fleet and equipment purchasing.
Supplier Market Structure	Level of concentration or fragmentation among suppliers.	A highly consolidated supplier market (few big players) strengthens supplier power.
Global Economic Trends	Macroeconomic factors like inflation, interest rates, and GDP growth.	A global slowdown reduces demand for construction materials.



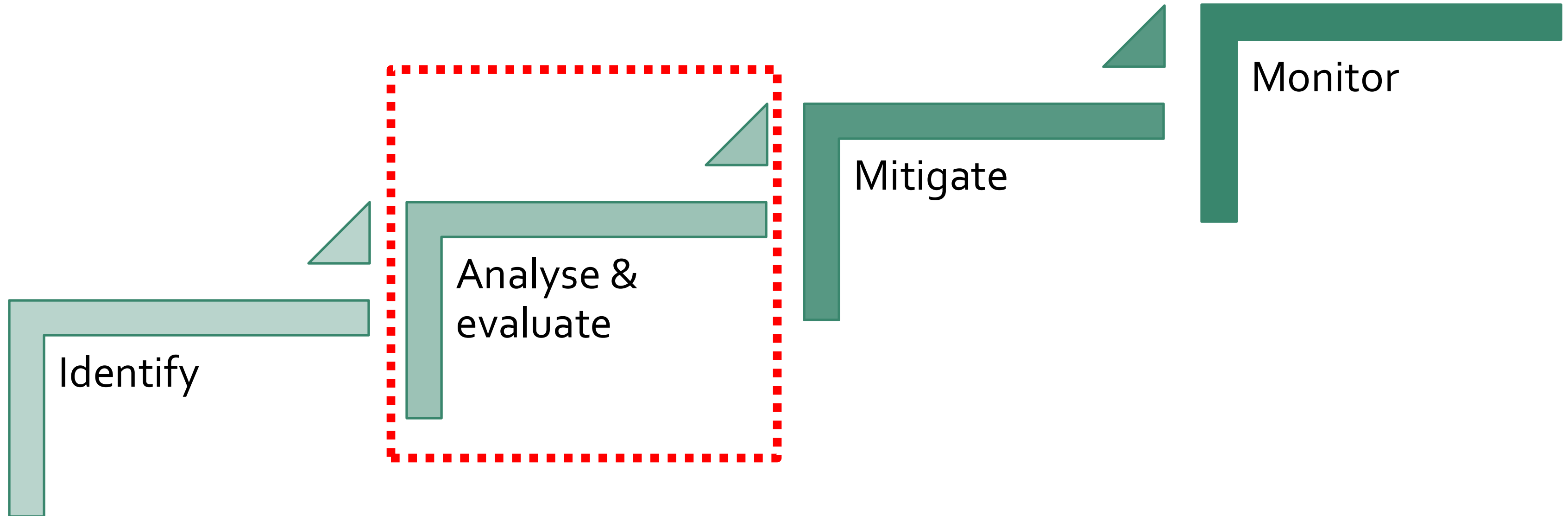
Tools for identification – Market analysis – Drivers

Driver	Description	Example
Geopolitical Factors	Political stability, trade policies, tariffs, and sanctions impacting markets.	Trade tensions between countries disrupt supply chains and sourcing strategies.
Environmental and Sustainability Pressures	Societal and investor demands for sustainable practices.	Increased demand for recycled materials in packaging categories.
Customer Expectations	Shifts in buyer or end-user needs and preferences.	Industrial buyers demand ESG certified suppliers for their own compliance goals.
Innovation and R&D Investment	New product developments influencing category capabilities.	Breakthroughs in battery technology reshaping the energy storage category.



Tools for identification – Market analysis – Why do drivers matter?

- Risk mitigation:-
 - Foresee threats like shortages, price spikes, or regulation changes.
- Opportunity seizing:-
 - Spot emerging technologies or supplier innovations early.
- Strategy calibration:-
 - Adjust sourcing strategies to align with market realities.
- Negotiation advantage:-
 - Leverage knowledge of market pressures in supplier discussions.
- Sustainability alignment:-
 - Proactively meet evolving ESG and regulatory expectations.



Overview

- Goal: Move from a list of risks to an understanding of their significance.
- Assess likelihood (how often risk might occur).
- Assess impact (severity of consequence).
- Use both qualitative and quantitative methods.
- “Not all risks are equal; analysis separates the noise from the real threats.”
- The objective isn’t to eliminate subjectivity but to standardise judgement.



Systematic risk – Analyse & Evaluate

Two “core dimensions”

Likelihood → How probable is the risk?

Impact → How damaging if it happens?

Associated considerations:

Velocity → Speed of onset?

Exposure → How many business areas could be affected?

Likelihood: Qualitative scale

1	=	Rare	→	once in 10+ years)
2	=	Unlikely	→	every 5–10 years
3	=	Possible	→	every 2–5 years
4	=	Likely	→	annual
5	=	Almost certain	→	multiple times per year

Useful when no solid data is available (e.g., geopolitical risks).

Likelihood: Quantitative scale

0 – 5% chance	=	Rare
5–20%	=	Unlikely
20–50%	=	Possible
50–80%	=	Likely
80%	=	Almost certain

Data-driven, probability models, cost modelling, works for measurable risks like supplier late delivery.



Systematic risk – Analyse & Evaluate

Impact:

Dimensions to assess...

Financial: revenue, cost increases, fines.

Operational: downtime, production halts.

Customer: service levels, loyalty.

Reputation: brand damage, media exposure.

Compliance / safety: legal breaches, human risk.

Impact:

1	=	Insignificant	→	minor inconvenience, no financial loss
2	=	Minor	→	local disruption, <\$50k cost
3	=	Moderate	→	affects one function, reputational damage, <\$500k cost
4	=	Major	→	business-wide disruption, multimillion loss
5	=	Critical	→	shutdown, regulatory breach, lives at risk

Always adapt thresholds (e.g., in pharmaceutical → “impact” may = patient safety).

Combining likelihood & impact:

- Risk Score = Likelihood × Impact
- Low score (1–6) = monitor
- Medium (7–14) = manage with controls
- High (15–25) = urgent mitigation



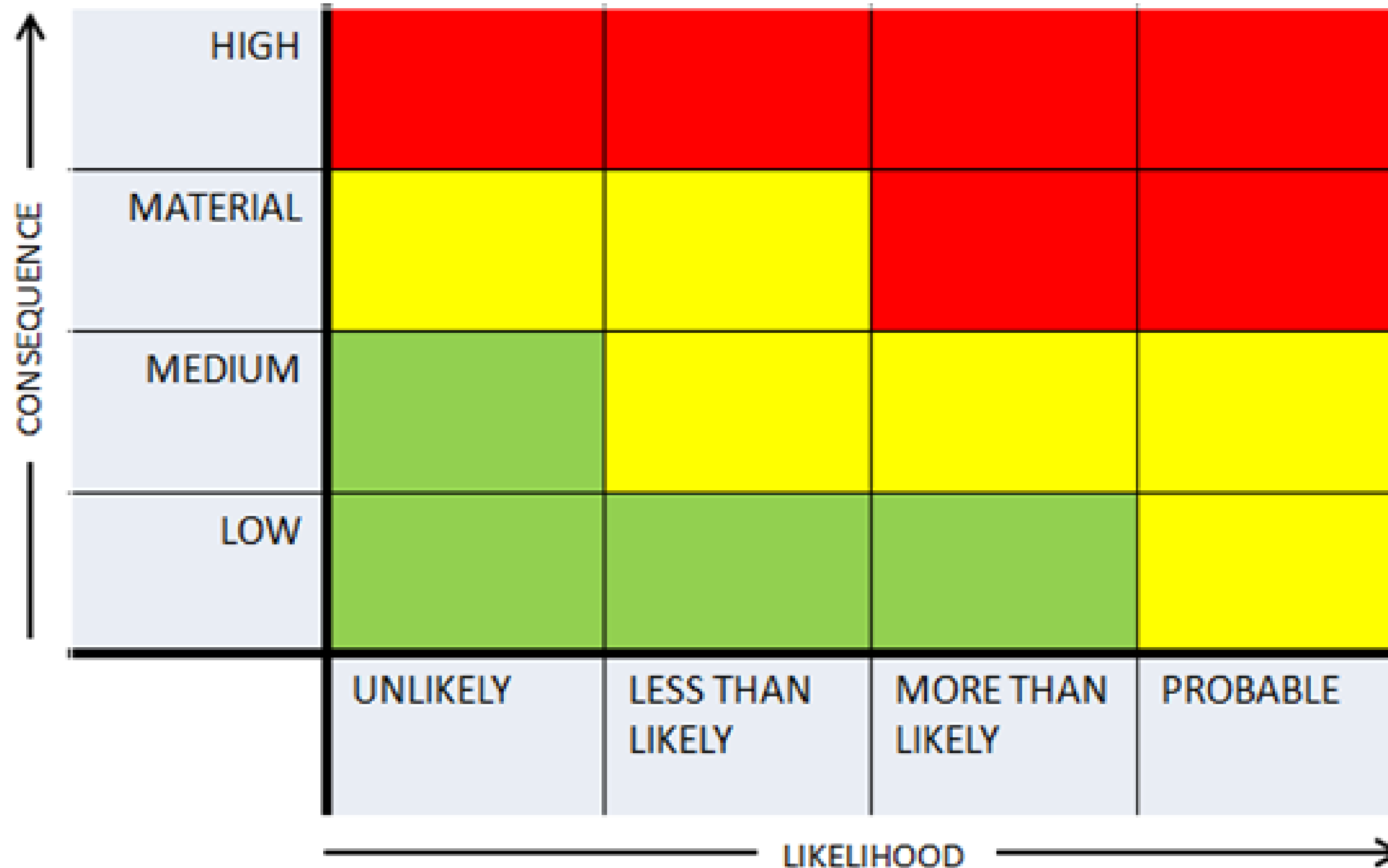
Systematic risk – Exercise

Risk ID	Risk description	Source identified	Owner / Function	Notes
1	Supplier insolvency	Supplier audit / finance check	Procurement	Sole-source supplier
2	Port congestion	Logistics KPI review	Logistics	Seasonal issue (Q4 peak)
3	Cyber attack on ERP	IT risk assessment	IT	High volume of attempted breaches

Risk ID	Likelihood (1–5)	Impact (1–5)	Score (L×I)
1	3 (Possible)	5 (Critical)	15
2	4 (Likely)	3 (Moderate)	12
3	5 (Almost certain)	5 (Critical)	25

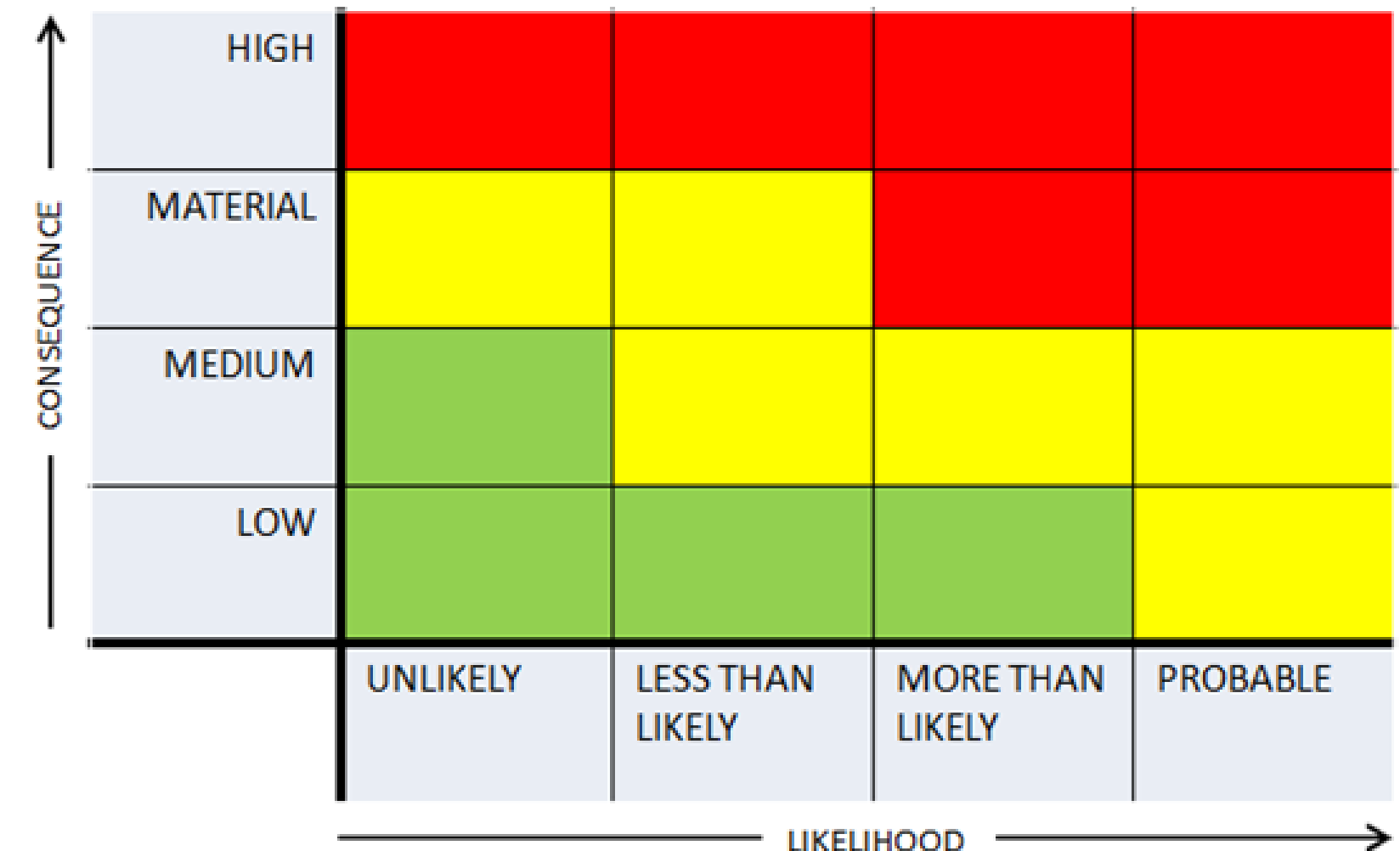
Velocity - how quickly a risk impacts once triggered.

- Fast risks:
 - cyber breach
 - transport strike
- Slow risks:
 - climate regulation changes
 - gradual supplier decline.



Systematic risk – Alternative approach

High	Prolonged negative and significant impact on total / global market share, share price, market confidence and / or EBITDA.
Material	Short to medium term negative impact at a national level on market share, share price, market confidence and / or EBITDA.
Medium	Short term and limited negative impact on market share, share price, market confidence and / or EBITDA. More likely to be local rather than national or global.
Low	Short term and low impact on market share, share price, market confidence and / or EBITDA.



	Likelihood
Probable	> 75%
More than Likely	> 50%
Less than Likely	> 25%
Unlikely	< 25%

Risk heatmaps –

- Simple but powerful visualisation.
- They plot risks by *likelihood* and *impact*, showing which areas demand urgent focus.
- Example - high likelihood / high impact events fall into the red zone.

- Risk assessment matrices –

- These are structured grids that score risks using criteria such as severity, probability, and detectability.
- They bring consistency when comparing very different types of risks, such as comparing cyberattacks to supplier insolvency.

Risk ranking

- Rank risks numerically by score.
- Identify “Top 5” → management focus.

Example:

- Cyber attack (25)
- Supplier insolvency (15)
- Port congestion (12)
- Ranking helps prioritise **resources and budgets**.

Multi-criteria evaluation

- Consider additional dimensions:
- **Velocity** → speed of impact.
- **Exposure** → number of functions affected.
- **Recoverability** → how long recovery takes.
- Helps avoid underestimating “fast-hitting” risks.

Portfolio view of risks

- Not just single risks → consider clusters.
- Example: Cyber + Supplier IT Weakness = systemic exposure.
- Risk evaluation should also look at interdependencies.

Common pitfalls in evaluation

- Over-focusing on familiar risks (blind spots).
- Ignoring low-likelihood but catastrophic events (“black swans”).
- Overloading with too many “high risks” → loss of focus.

Tool	Purpose	Example
Risk registers	Track risks, assign owners, and monitor status	Automotive OEMs log supplier insolvency
Risk heat maps	Visualise risks (Likelihood × Impact)	FMCG uses heat maps for port congestion
Supplier scorecards / SRM	Assess supplier resilience (OTIF, finance, ESG)	Unilever’s supplier dashboards
Scenario planning / stress testing	Test supply chain under “What if...?” conditions	Siemens digital twins simulate shutdowns

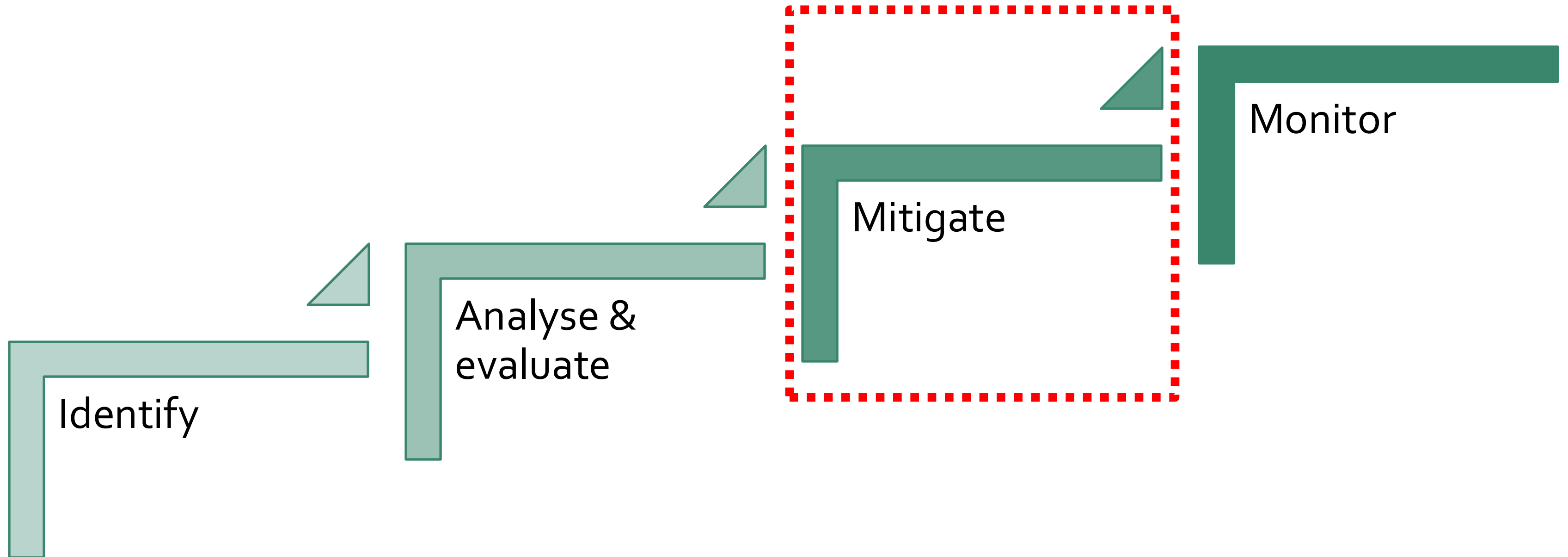


Systematic risk – Analyse & evaluate – Tools

Tool	Purpose	Example
AI & predictive analytics	Detect early disruption signals	DHL Resilience360 predicts border closures
Blockchain & IOT	Secure, transparent, real-time supply chain visibility	Maersk + IBM blockchain for port delays
Cybersecurity tools	Protect ERP, cloud, and supplier IT systems	Maersk cyberattack response (2017)
Cloud & collaboration platforms	Share real-time demand/supply data across partners	P&G + Walmart joint planning dashboards

Communicating evaluation results

- Senior leaders want clarity, not detail.
- Use visuals (heat maps, dashboards).
- Keep top 5 risks highlighted, not 50.





Mitigate – Actions...

Strategy	Description	Example in supply chain
Avoid	Eliminate activity to remove risk	Stop sourcing from a high-risk supplier region
Reduce	Minimise probability or impact	Dual sourcing, buffer inventory
Transfer	Pass risk via contracts/insurance	Freight insurance, outsourcing to 3PL
Accept	Live with risk if cost too high to mitigate	Seasonal demand spikes tolerated

Risk avoidance:

If a risk has been classified as “business critical” / “commercially terminal” if it came to fruition, then:

- Remove the risk in its entirety
- May mean business / corporate goal / objective amendment.
- Stop sourcing from unstable regions.
- Eliminate dependency on single suppliers.
- Redesign products to avoid scarce / raw materials.
- Example: Car manufacturers reduced rare earth reliance after geopolitical tensions.

Risk reduction:

If the risk is regarded as either likely or impactful, then:

- The organisation should review options to amend process, methodology, activity, market interaction to subsequently reduce the impact or likelihood of that recognised risk.
- Build redundancy: dual sourcing, nearshoring.
- Improve supplier development programs.
- Invest in inventory visibility & demand forecasting.
- Example: Retailers reduced port congestion risk via diversified logistics partners.

Risk transfer:

The mitigation or reduction in risk can be achieved through implementing external support, outsourcing, alternate supply source / market and / or insurance.

- Insurance (cargo, credit, cyber).
- Contracts with force majeure and penalty clauses.
- Outsourcing logistics to 3PLs with global networks.
- Example: Electronics firms hedge FX risks with forward contracts.

Risk acceptance:

- The impact and likelihood are both regarded as low, where mitigation cost > potential loss.
- Monitor but don't over-invest.
- Example: Weather delays on non-critical shipments.

Balancing mitigation choices:

- Trade-off: Efficiency vs Resilience.
- Too much redundancy → high costs.
- Too little → vulnerability.
- Mitigation is about risk appetite & strategic balance.



Mitigation – Building supplier resilience

Strategies:

- Diversification → multiple suppliers per category.
- Supplier development → training, audits, improvement plans.
- Dual sourcing / nearshoring → avoid over-dependence.
- Collaboration → real-time information sharing.

Supplier collaboration tools:

- SRM dashboards → monitor health & performance.
- Shared risk registers → suppliers contribute to visibility.
- Digital contracts with resilience clauses.
- Collaboration is a resilience tool, not just governance.

Even resilient suppliers can fail; organisations need continuity strategies for when things go wrong.

Business Continuity Planning (BCP):

- Supplier resilience = proactive protection.
- Business Continuity Planning = response if failure occurs.
- Both are needed!

Definition

- A structured approach ensuring critical supply chain operations continue during and after disruptions.

Core components:

1. Risk identification
2. Business impact analysis
3. Recovery strategies
4. Crisis management teams
5. Testing & updates
6. Review & approve

Step	Description	Example
1. Risk identification	Identify potential disruption scenarios	LNG shift after Russia sanctions
2. Impact analysis	Evaluate consequences on supply chain functions	Tier 2 API supplier failure halts pharma
3. Response strategies	Define backups (suppliers, routes, stock)	Alternate port contracts
4. Crisis management teams	Assign roles / responsibilities for response	Procurement + IT + Ops team
5. Testing	Simulations, tabletop exercises	Fire drill for port closure scenario
6. Review & improve	Continuous monitoring & updating	Annual BCP audits



Mitigation – Recovery strategies

Recovery strategy	Description	Example
Alternate suppliers	Maintain backup contracts	Dual-source semiconductors
Buffer inventory	Hold safety stock for critical SKUs	Pharma buffer stock during COVID
Relocation	Move production to alternate site	Electronics production in Vietnam
Logistics rerouting	Pre-negotiate alternate routes	Diverting around Suez Canal
Contract flexibility	Clauses for force majeure response	Automotive tier-1 suppliers



Mitigation – Supplier resilience

Category	Checklist Questions
Financial health	Is the supplier profitable? Do they have debt risks?
Operational agility	Can they scale production quickly?
Geographic risk	Are they dependent on one location or country?
Cybersecurity	Do they have ISO/IT security certifications?
Continuity planning	Do they maintain a tested BCP?



Mitigation – Supplier resilience scorecard

Category	Weight (%)	Criteria	Score (1–5)	Weighted Score
Financial Health	25%	Stable cash flow, strong margins	4	20
Operational Flexibility	20%	Multi-site, agile lead times	5	25
Geographic Risk	15%	Dependent on one region	2	6
Cybersecurity	15%	Moderate IT resilience	3	9
ESG & Sustainability	10%	Good compliance but limited data	3	6
Continuity Planning	15%	Formal BCP tested annually	4	12
Total	100%			78 / 100

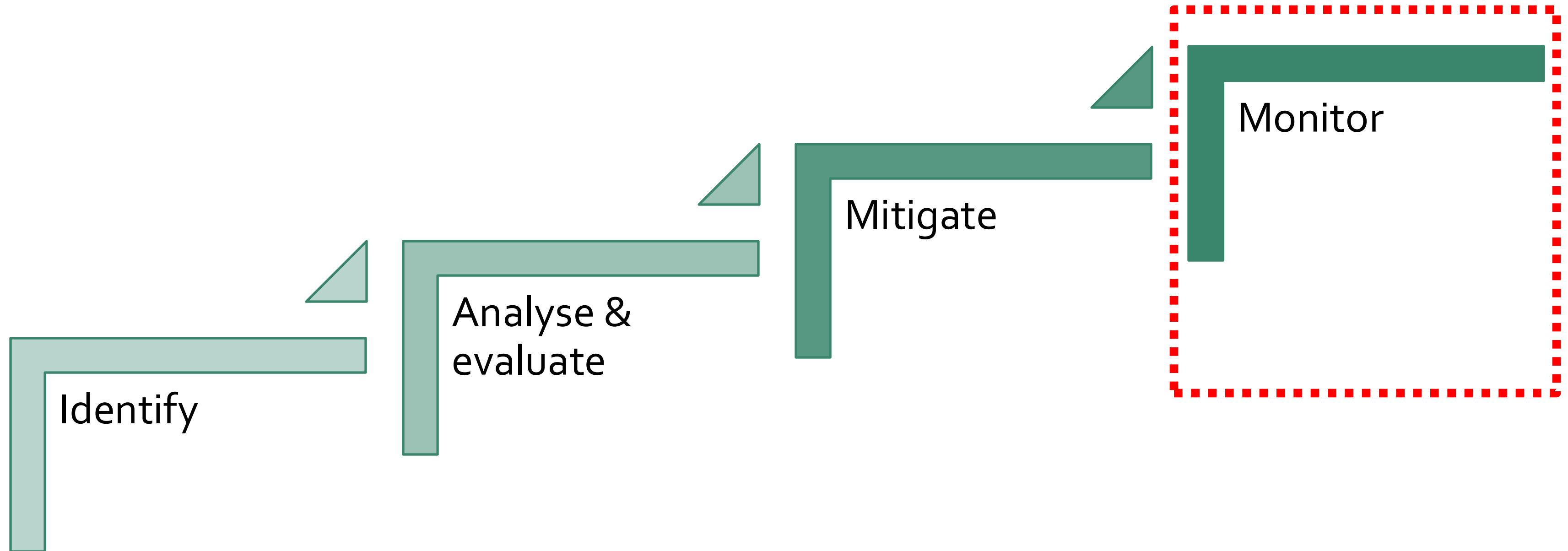
Challenges in mitigation:

- Costs of redundancy.
- Supplier resistance to diversification.
- Complexity of global sourcing.
- Overconfidence in insurance alone.
- Mitigation is about choosing the right mix of strategies.
- It balances resilience vs efficiency.



Mitigation - A decision tree framework

	Question	Strategy	Example
1	Can it be eliminated entirely?	AVOID	Stop using high-risk raw material
2	Can likelihood / impact be reduced?	REDUCE	Add dual sourcing / safety stock
3	Can it be shifted to another party?	TRANSFER	Insurance, 3PL contract
4	If none of the above, is it tolerable?	ACCEPT	Seasonal delays tolerated



Risk monitoring is continuous and includes:

- Tracking KPI and SLA trends
- Reviewing incident frequency
- Checking progress of mitigation actions
- Confirming supplier commitments are delivered
- Refreshing risk register regularly
- Ensuring risk owners remain engaged
- Monitoring ensures risks do not worsen unnoticed.



Risk registers

A structured risk register will include:

- Risk description
- Root cause
- Impact and likelihood score
- Velocity
- Mitigation actions
- Owner
- Target date
- Status updates

Registers must be updated **at least monthly**.



What a good risk register looks like...

Element	Description
Clear risk statement	What could go wrong and why
Evidence	Data, incidents, feedback
Scoring	Impact, likelihood, velocity
Mitigation	Practical, realistic actions
Ownership	Single accountable person
Monitoring	Frequency + metrics
RAG status	Transparent current position

Scenario:

Over the last 8 weeks, the following developments have occurred with a business-critical supplier you manage:

Service performance indicators

- Average service response time increased from 45 minutes → 1 hr 10 mins → 1 hr 40 mins
- The number of unresolved service tickets grew from 32 → 68 → 104
- First-time resolution rate decreased from 87% → 81% → 74%
- Customer complaints increased, particularly around service delays and repetitive errors

Supplier communication & behaviour:

- The supplier reports “temporary resourcing pressures” but provides no staffing plan
- Weekly service review meetings have become inconsistent—two rescheduled, one cancelled



Exercise – Risk management

- The service manager is slow to respond and provides minimal detail
- Two experienced service technicians have left and replacements are still onboarding
- Supplier has submitted a change request to increase the service charge citing “increased workload”

Internal impacts:

- Your internal teams report disruptions to workflow
- Rework on unresolved service issues is consuming staff time
- Departments affected by the delays have escalated concerns to contract management
- Operational backlog is now affecting customer-facing services

Group task (10 minutes)

- Discuss and document:
 - 1. What service-related risks are emerging from this scenario?**
 - Consider operational, quality, customer, capacity, compliance, and cost impacts.
 - 2. What early warning indicators were visible before the service decline became obvious?**
 - 3. What actions should the contract/performance team take immediately to stabilise service?**
 - Think about controls, communication, escalation, supplier actions, and monitoring.
 - 4. What changes should be examined through the change-control process?**
 - Decide what evidence is required and how the request should be evaluated.



Change control as a risk management tool

Uncontrolled change is a top cause of:

- Cost escalation
- Scope creep
- Service instability
- Contractual ambiguity

Change control ensures every change is:

- Justified
- Documented
- Impact assessed
- Approved by the right people
- Implemented correctly
- Monitored for results

A good change control process includes:

- Change request submitted with clear rationale
- Impact assessment (cost, performance, legal, risk)
- Clarification with supplier as needed
- Review and verification by contract management
- Approval through correct governance route
- Implementation
- Post-implementation review



Governance accountability in risk & change

Key accountability principles:

- One owner per risk
- Clear escalations
- Documented decisions
- Evidence for every approval
- Shared understanding with supplier
- Transparent communication across teams



Mitigation - A decision tree framework

Activity	Responsible	Accountable	Consulted	Informed
Identify risks	Contract Manager	Contract Manager	Supplier	PMO
Analyse risks	Supplier	Contract Manager	Subject Matter Expert	Stakeholder
Approve change	Commercial team	Head of Procurement	Legal	Finance
Monitor	Supplier + Contract Manager	Contract Manager	Operations	Project Management Office

Continuous improvement links to risk through:

- Regular Root Cause Analysis
- Process refinement
- Supplier capability uplift
- Performance reviews
- Service innovation
- Lessons learned integration
- Risk management should improve service, not just protect it.



Summary

Effective contract management integrates risk awareness with structured action to protect service outcomes.



Agenda

- 09:00–09:30 Welcome & introductions
- 09:30–10:30 Strategic role of directors in contract governance
- 10:30–10:50 Break
- 10:50–12:15 Oversight of performance & supplier relationships
- 12:15–13:15 Lunch
- 13:15–14:30 Managing risk, change & governance accountability
- 14:30–14:45 Break**
- 14:45–15:45 Driving continuous improvement
- 15:45–16:00 Wrap-up



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Continuous improvement

- Continuous improvement is the discipline of constantly seeking ways to enhance service performance, reduce waste, strengthen controls, and increase value. It is an ongoing mindset and operating rhythm embedded into contract and supplier management.

Continuous improvement helps organisations to:

- Maintain service stability as environments change
- Prevent repeat issues through structured analysis
- Reduce cost through efficiency gains
- Improve customer experience
- Strengthen resilience and reduce service risk
- Build stronger, more transparent supplier relationships
- Demonstrate value for money throughout the contract lifecycle

It ensures that performance does not simply meet expectations but evolves positively over time.

High-performing contracts typically demonstrate:

- Consistent KPI achievement with low volatility
- Transparent and evidence-led reporting
- Active collaboration between the organisation and supplier
- Strong capacity and capability within the service
- Early identification and resolution of issues
- Documented improvements delivered year-on-year

These outcomes are the result of embedded continuous improvement practices.



Continuous improvement...the improvement cycle

Continuous improvement follows a predictable cycle:

Identify:

- Issues, opportunities, inefficiencies, pain points

Analyse:

- Use of data, Root Cause Analysis , feedback, and process mapping

Improve:

- Agree solutions, implement changes, adjust processes

Monitor:

- Track performance and ensure changes deliver the intended result

Review:

- Evaluate outcomes and identify the next opportunities

Continuous Improvement is a loop, not a linear process.

Strong contract management identifies improvement opportunities from:

- Performance data (KPI trends, SLA breaches, variability)
- Customer feedback and complaints
- Internal staff insights
- Audit findings or compliance checks
- Supplier suggestions or innovation proposals
- Benchmarking against peer organisations
- Technology or automation opportunities
- Observed process inefficiencies

Opportunities appear everywhere when teams know what to look for.

Improvement type	Purpose	Examples
Process	Reduce waste, simplify tasks	Streamlined workflows, fewer handovers
Quality	Increase accuracy, consistency	Standardised checks, improved training
Service	Improve customer experience	Faster response times, clearer communication
Cost	Reduce cost without harming service	Automation, demand management
Compliance	Strengthen controls	Documented procedures, evidence libraries
Innovation	Introduce new capabilities	AI tools, digitalisation



Continuous improvement...data

Improvement decisions must be evidence-based, not assumption-led.

Useful data includes:

- Trend analysis
- Backlog patterns
- Error types and frequencies
- Rework volumes
- Customer feedback themes
- Supplier operational metrics
- Cycle times and process maps

Data shows where problems occur, how often, and what is driving them.

RCA is not only applied for failures, but also essential for discovering:

- Process gaps
- Training gaps
- System weaknesses
- Supplier capacity issues
- Reporting inaccuracies

Every RCA should conclude with:

- Clear root causes
- Prioritised actions
- Owners and timeframes
- Expected outcomes
- Follow-up checks

RCA closes the gap between symptoms and long-term improvement.

Effective suppliers:

- Proactively identify issues and opportunities
- Share data and insight openly
- Offer improvement ideas and innovations
- Demonstrate learning from incidents
- Invest in capability-building
- Participate in improvement workshops

Improvement should be treated as a shared responsibility, not an organisational burden.

To ensure improvement plans deliver results, we need to:

- Track progress regularly
- Validate evidence of completion
- Compare performance before and after
- Check for unintended consequences
- Ensure actions address the root cause
- Adjust or extend actions where results differ from expectations

Monitoring ensures improvement plans create real service uplift.



Continuous improvement...Planning for success

- Compare performance before and after
- Check for unintended consequences
- Ensure actions address the root cause
- Adjust or extend actions where results differ from expectations
- Monitoring ensures improvement plans create real service uplift.

Continuous improvement must be integrated into “governance rhythms”:

- Included as a standing agenda item in service review meetings
- Linked to KPIs and SLA performance
- Reviewed monthly and quarterly
- Supported by consistent templates and documentation
- Monitored jointly with suppliers
- Aligned with change control where appropriate

Embedding ensures improvement is visible and accountable.

A Project Management Office supports continuous improvement by:

- Tracking actions and milestones
- Ensuring consistency of reporting
- Providing analysis and templates
- Coordinating improvement programmes across suppliers
- Validating evidence of completion
- Escalating overdue actions

PMOs increase discipline and reduce the risk of improvement work stalling, please note, for PMO's please also read:

- Project Manager
- Project Owner
- Functional Head



Continuous improvement...Barriers...

Improvement often stalls due to:

- Blame culture or defensiveness
- Lack of clear ownership
- Insufficient data
- Inconsistent reporting
- Supplier reluctance or resource gaps
- Poorly defined outcomes
- Over-ambitious timelines
- Failure to follow up on actions

Awareness helps teams prevent these issues early.



Continuous improvement...Overcoming barriers...

Strategies include:

- Creating a collaborative environment
- Using structured improvement methodologies
- Allocating clear owners
- Providing training and tools
- Setting realistic timeframes
- Keeping plans action-focused
- Reviewing actions regularly

Small, consistent improvements are more effective than large, infrequent changes.



Continuous improvement...Service innovation...

Continuous improvement is not only about fixing issues, it also includes:

- Introducing new technologies
- Automating repetitive tasks
- Enhancing user experience
- Redesigning service models
- Reducing manual effort
- Leveraging supplier expertise

Innovation creates long-term value beyond day-to-day performance.



Continuous improvement...it is a culture...

A true CI culture encourages:

- Curiosity
- Evidence-based decision-making
- Openness to feedback
- Willingness to challenge existing processes
- Celebrating small wins
- Learning from mistakes
- Shared ownership between organisation and supplier

Mindset drives behaviour; behaviour drives improvement.



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Scenario:

Over the last exam cycle, several operational issues have been reported:

- Increase in administrative errors (incorrect entries, mismatched names, incomplete documentation)
- Delays in issuing access arrangements & special consideration guidance
- Centres report confusing instructions and inconsistent communication
- Response times to centre queries have slowed, creating a backlog
- Internal audits have found non-compliance in candidate verification and submission timing
- Document volume has grown significantly, causing version confusion across centres
- **Group task (10 minutes):**
- Design a continuous improvement (CI) approach to stabilise the service, reduce risk, and enhance centre experience.

CI becomes embedded when:

- Improvement is a standing agenda item in review meetings
- Issues are logged consistently and reviewed for patterns
- Teams feel comfortable raising problems early
- Data is used to drive decisions, not anecdote
- Documentation is updated as processes evolve
- Centres and suppliers are encouraged to share insights
- Improvements are captured and monitored like any other deliverable

Embedding CI ensures improvements do not rely on individuals, they become part of the service culture.



Continuous improvement...embedding into the organisation

Continuous Improvement requires **shared ownership**, especially across complex environments involving centres, awarding bodies, suppliers, support teams, and operational staff.

Collaboration behaviours that drive CI:

- Transparent sharing of issues and data
- Clear communication pathways
- Joint workshops and problem-solving sessions
- Active feedback loops with centres
- Engaging suppliers early in improvement planning
- Encouraging innovation proposals

CI fails when communication is reactive; it thrives when collaboration is proactive.



Continuous improvement...“good” evidence

Effective CI relies on verified, reliable evidence, not perceptions or assumptions.

Evidence may include:

- Trends in administrative errors
- Audit findings
- Call / query volumes
- Ticket resolution times
- Centre feedback themes
- Root cause analysis outputs
- Process maps revealing bottlenecks
- Compliance results

Evidence ensures CI actions target the real, underlying problem rather than treating symptoms.



Continuous improvement...“good” evidence

Evidence type	What good looks like	Why it matters
Data trends	Multi-period patterns, not snapshots	Shows direction & velocity
Complaints	Categorised themes with frequency	Highlights systemic issues
RCA outputs	Structured, documented, repeatable	Ensures problem truly understood
Process maps	Clear, current, validated	Identifies bottlenecks and waste
Audit findings	Actionable, time-bound recommendations	Links CI to compliance
Workload metrics	Demand vs capacity	Supports resource planning



Continuous improvement...standardisation

Examples of CI standardisation:

- Standardised JCQ templates for submissions
- Single version-controlled guidance hub
- Consistent naming conventions for documents
- Uniform escalation processes
- Shared definitions of key terms (e.g., “complete documentation”)
- Common workflows across regions or business units

Standardisation reduces ambiguity and ambiguity is the enemy of compliance.



Continuous improvement...standing the test of time

To ensure CI becomes lasting:

- Document the improved process
- Update guidance and templates
- Deliver training for those affected
- Monitor metrics for at least 2–3 review cycles
- Celebrate progress publicly
- Build CI activities into BAU workflows
- Ensure ownership does not lapse when individuals leave

Sustained improvement requires discipline and continuity.



Agenda

- 09:00–09:30 Welcome & introductions
- 09:30–10:30 Strategic role of directors in contract governance
- 10:30–10:50 Break
- 10:50–12:15 Oversight of performance & supplier relationships
- 12:15–13:15 Lunch
- 13:15–14:30 Managing risk, change & governance accountability
- 14:30–14:45 Break
- 14:45–15:45 Driving continuous improvement
- 15:45–16:00 Wrap-up**

This course covered:

- Governance foundations and the importance of clear roles, documentation and decision pathways
- Performance oversight, including interpreting KPIs, trends, variance, service data and behavioural signals
- Risk identification, analysis and response using structured risk frameworks and early warning indicators
- Change control discipline, ensuring all changes are documented, assessed, approved and monitored
- Supplier relationship management, including behaviours, communication rhythms and collaborative problem-solving

This course covered:

- Root Cause Analysis (RCA) and evidence-led diagnosis of problems
- Continuous Improvement (CI) tools, methods and embedding practices
- The role of PMO in oversight, tracking, planning, reporting and risk/change coordination
- Together these elements build a mature, controlled, transparent and resilient contract environment.

Key takeaways: Governance & oversight:

- Governance is about clarity, structure and consistency, not formality
- Roles and responsibilities must be defined, documented and communicated
- Good oversight balances support with accountability
- Evidence-based reporting is essential, if it's not documented, it's not controlled
- Behavioural signals are often the earliest indicators of future issues
- Escalation is not punitive; it's a control mechanism to protect service and compliance
- Decisions should always follow the agreed governance route
- Strong governance enables everything else in the contract lifecycle.

Key takeaways: Performance, risk & change control

Performance:

- Track trends, not just monthly snapshots
- Validate data and triangulate with operational experience
- Variance requires explanation, evidence and corrective action
- Backlogs, volatility and repeat issues are early signs of deeper problems

Risk:

- Risks emerge from service, behaviour, compliance, capacity and data quality
- Early warning indicators are critical in preventing service failure
- Mitigation must be owned, time-bound and monitored

Key takeaways: Performance, risk & change control

Change:

- Uncontrolled change = cost, confusion, and compliance risk
- Change requests must follow proper governance:
evidence → assessment → approval → tracking
- Document everything

Performance, risk and change are deeply interconnected.

Key takeaways: Suppliers, service & continuous improvement

Supplier management:

- Strong relationships are built on transparency, consistency and responsiveness
- Declining behaviours often precede declining performance
- Regular review rhythms and shared dashboards support accountability

Continuous improvement (CI):

- CI is a mindset and a structured process
- RCA is essential to avoid treating symptoms instead of causes
- Improvements must be:
 - documented
 - measurable
 - tracked
 - reviewed after implementation

Key takeaways: Suppliers, service & continuous improvement

Service delivery:

- Consistency, clarity and standardisation reduce errors
- Customer / centre experience should shape how services are improved

Service excellence is built by iterating, not by chance

Key takeaways: PMO, maturity & embedding the learning

PMO:

- Provides structure, discipline and oversight
- Ensures risks, improvements and changes are tracked and governed
- Enables transparency across multiple contracts or suppliers

Maturity:

- Mature contract management environments demonstrate:
 - clear governance
 - consistent reporting
 - evidence-driven decisions
 - proactive risk management
 - embedded CI culture



Key takeaways: PMO, maturity & embedding the learning

Embedding the learning:

- Apply templates, tools and frameworks to real contracts
- Strengthen documentation and evidence trails
- Use CI and RCA routinely, not reactively
- Build review rhythms that encourage transparency
- Challenge assumptions with data, not anecdote

The goal is not perfection. The goal is control, consistency and continuous improvement.



Contract management

Any questions?