

The Contract Scorecard

Successful Outsourcing by Design

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GOWER

Foreword

Why do contracts disappoint; when do they succeed? There are no silver bullets – people hate us saying this, but there it is. The major contributors to success are detailed preparation, having the right internal retained capabilities in place, contracting to encourage the right behaviours, and well applied, detailed post-contract management. With these in place, you stand a higher chance of choosing a supplier with the right capabilities and motivations to work on your case. But wringing value out of contracting arrangements is basically hard work on a daily basis, for all parties.

In this context, the Contract Scorecard concept comes into its own. Adoption and use of a Contract Scorecard is the expression of a maturing ability to manage commercial arrangements. An effective scorecard is also the product of a healthier win-win set of relationships between an organization and its suppliers. Even 5 years ago, each for their different reasons, both clients and suppliers resisted such things as Contract Scorecards. Clients preferred to fall back on more traditional, if less helpful, assessment processes. Suppliers feared being held to account on so many criteria that stretched into business outcomes, over which they often felt they could have all too little influence. But nailing down the key outcomes you want should be the starting point, not the end point, in using suppliers. Losing focus, or having multiple inconsistent objectives in the first place, have been among the more obvious ways of losing the plot in contracting, expressed in hidden costs, indifferent service and deteriorating relations between the parties. In contracts, as in life, if you do not know where you are going, any road will do. Working up a contract scorecard in the ways in which this book effectively details is a more productive way of keeping control of your supplier and your business destiny.

But the Contract Scorecard should not be a fire-and-forget missile, a one-off upfront effort. To be successful, the retention of a mutually agreed dynamism

on those outcomes, and working with the Contract Scorecard as an ongoing technique, has to become part of the very management fabric of any sourcing arrangement.

What I have always respected in Sara Cullen's professional work is its sheer practicality. This book is a no-frills ride through how to get yourself up to speed on using an eminently practical approach to focusing attention, and to work only on what matters. It is tried and tested, and it works, but only where management see staying on course as a daily responsibility, see assessment as a way of learning and optimizing performance and relationships, and do not see the scorecard as an opportunity to replace management knowledge and action by a fetish of technique and measurement. Ingrain the contract scorecard concept into your managerial behaviour and that of your supplier and look forward to a less bumpy, more directed ride.

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