

A6 Contract Management

A6.1 Contract Management Principles

Contract Management is a wide ranging and complex subject that cannot be fully covered within the scope of this document. This appendix seeks to highlight some of the key considerations associated with University contracts as well as highlighting where more detailed support and guidance can be found.

More comprehensive guidance, as well as a suite of tools intended to assist Contract Managers, can be found at <http://www.sussex.ac.uk/finance/how/purchasing/contract-management>.

Applying robust Contract Management ensures:

- a consistent approach to Contract Management across the organisation
- the responsibilities of the

Management activities relating to the agreement. These specific governance structures supersede other roles and responsibilities set out in this Policy.

A6.2.2 Heads of School/Directors of PS

Members of the University's leadership are ultimately responsible for ensuring effective Contract Management within their Division/School.

A6.2.3 Contract Manager

Every contract should be managed by a nominated member of staff

('Contract Manager'). The management of the contract(s) may be all, or a

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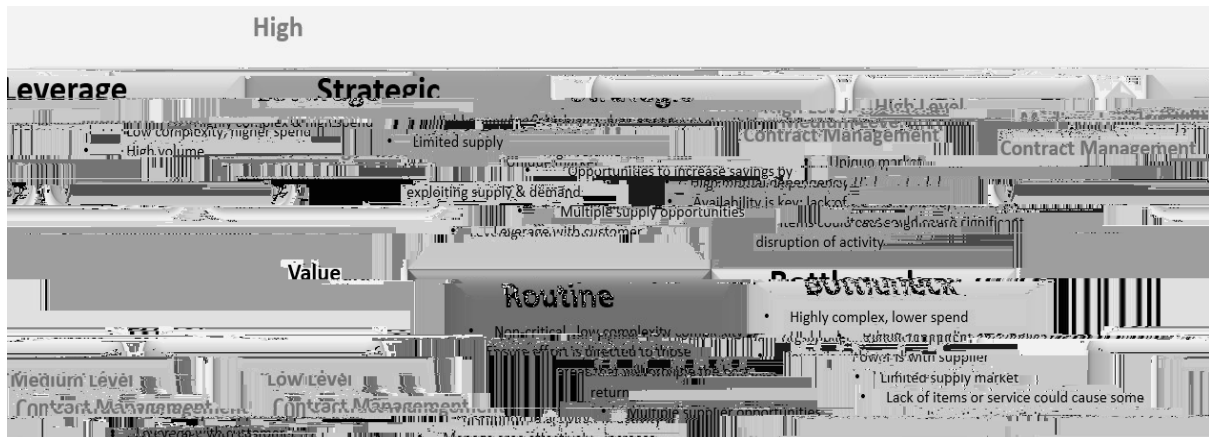
A6.3 Assessing the Level of Contract Management Required

Full guidance is provided on the Finance web pages on how to apply proportionate Contract Management practices based on the level of contract value and risk. Resources should be prioritised to contracts where the strategic value or risk are highest.

Contracts can then be categorised as one of the following:

Routine	Bottleneck	Leverage	Strategic/Critical
There are many suppliers, and the items have low value, or low strategic impact.	A bottleneck is a hindrance to productivity, efficiency or speed. The term is an analogy to the shape of a bottle that narrows at the neck. A bottleneck is typically a component of a process that is slower than everything that depends on it.	Several suppliers, purchases in large volumes create significant price savings.	Services that can involve a high value contribution and considerable risk (financial, reputational) for the buyer. Here the supplier and University should look to work closely together.
Stationery items, like pencils and paper.	A part for a machine that can only be obtained from a specific supplier.	Valves for a machine that are cheaper if purchased in volume.	Consulting services on major projects, e.g. building construction.
Desktop equipment.	A machine that would halt testing if it broke.	Consumables, like chemicals for labs, or packaging.	Critical software/systems.

A Strategic Positioning tool, known as a Kraljic Matrix, can be used to identify the value/risk profile of an individual contract as shown below and help inform the most appropriate approach to contract management for the particular requirement.



A6.4 The contract signature process

The flowchart below illustrates the process that all contracts must go through in order to be signed.

