WORKSHEET

Contract Management Scorecard

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Introduction

The key performance indicators (KPIs) most important for a given organization will vary based on its business processes, goals, and objectives. The Contract Scorecard presented here includes two sets of KPIs: **generic** and **balanced** scorecard format. To effectively **manage your contract management process,** you should fill in the target column with industry-specific standards and regularly measure these parameters.



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[Section A] General Contract Management KPIs

Performance Measurement	Description	Target	Actual (Achieved)
Contract renewal rate	The percentage of contracts that are renewed on time	80-90%	
Contract compliance rate	The percentage of contracts that follow company policies and legal requirements	90-100%	
Contract spend as a percentage of total company spend	The amount of money spent on contracts as a percentage of overall company expenditure		
Time to contract award	The amount of time it takes from the start of the procurement process to the award of a contract		
Number of disputes or claims	The number of disputes or claims that arise from contracts		
Dispute resolution time	The amount of time it takes to resolve disputes or claims that arise from contracts.		
Number of contracts expiring in the next quarter	The number of contracts that will expire in the next quarter		
Number of contracts signed vs number of contracts targeted	The number of contracts signed in a particular period compared to the target set for that period		

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Performance Measurement	Description	Target	Actual (Achieved)
Vendor performance	The evaluation of vendors based on their performance and compliance with the contract		
Savings from contract negotiation	The amount of money saved as a result of negotiating better terms in contracts.		
Service-level agreement (SLA) performance	The measurement of how well vendors meet the service level requirements outlined in contracts.		

[Section B] Contract Scorecard

Objective	Metric	Description	Target	Actual
Financial	Cost savings	The amount of money saved from better contract terms, more favorable pricing, or improved contract management processes.		
	Return on investment	The ratio of the benefits of a contract management process to its costs.		
	Revenue generated (Leakage prevented)	The amount of money generated from contracts signed.		
	Contract spend as a percentage of total company spend	The amount of money spent on contracts as a percentage of overall company expenditure.		
	Payback period	The time it takes for a contract management process to generate sufficient benefits to pay for its costs		

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Objective	Metric	Description	Target	Actual
	Earned value	The monetary value of the work completed in a specific period		
	Net present value (NPV)	The present value of the future cash flows generated by a contract management process.		
Customer/ Supplier Satisfaction	On-time delivery	The percentage of goods or services delivered on time according to the contract terms.		
	Quality of goods or services	The degree to which the goods or services provided under the contracts meet the specified quality standards.		
	Contract compliance	The percentage of contracts that are in compliance with customer requirements		
	Number of disputes or claims	The number of disputes or claims that arise from contracts with customers		
	Service-level agreement (SLA) performance	The measurement of how well vendors is meeting the service level requirements outlined in contracts with customers.		
Internal Business Process	Contract compliance	This measures the percentage of contracts in compliance with established policies and procedures.		
	Contract turnaround time	This measures the time it takes for contracts to be processed from start to finish.		
	Contract renewal rate	This measures the percentage of contracts that are renewed within a specified period.		

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	Contract profitability	This measures the profitability of contracts, often through metrics such as return on investment (ROI) or gross margin.		
	Contract risk management	This measures the effectiveness of risk management processes in identifying and mitigating risks associated with contracts.		
	Contract performance	This measures the performance of contracts in meeting established objectives and deliverables.		
	Contract satisfaction	This measures the level of satisfaction of parties involved in the contract, such as vendors, customers, and internal stakeholders.		
Learning and Growth	Employee training and development	This measures the percentage of employees who have completed relevant contract management training and development programs.		
	Employee retention	This measures the percentage of employees who remain with the organization over a certain period.		
	Employee satisfaction	This measures the satisfaction of employees with their job and the organization.		
	Employee engagement	This measures the level of engagement of employees with their work and the organization.		
	Process improvement	This measures the effectiveness of process improvement initiatives in streamlining and improving contract management processes.		
	Innovation	This measures the level of innovation in contract management processes and procedures.		

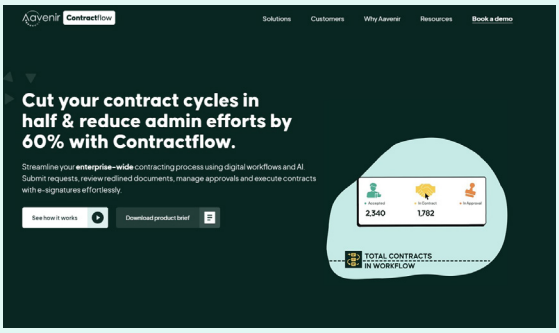
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	Compliance	This measures the level of compliance with laws, regulations, and industry standards.		
	Knowledge management	This measures the effectiveness of knowledge management processes in capturing and sharing contract management expertise and best practices.		

CONCLUSION

The list of objectives given here serves as a starting point for your contract performance management. For a detailed narrative, switch to contract management solutions that allow you to create customized objectives and help you measure and monitor each obligation with AI-enabled analytical capabilities. What should you expect from contract management analytics?

- Reporting and data visualization tools for contract data, such as contract performance metrics, spend analysis, and vendor performance metrics
- Automated contract review and approval workflows
- Automated contract renewal reminders
- Integration with other business systems, such as accounting and purchasing software
- Search and discovery tools for contract documents
- Electronic signature capabilities
- Access control and security features to protect sensitive contract information
- Compliance tracking and reporting capabilities



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