



Presented at IPSERA conference 2023  
International Purchasing & Supply Education & Research Association



# From ad-hoc to structured contract management

a longitudinal case study in public procurement

Work in progress paper

Innkjøpsledernetverket, 19.04.2023

Marius Langseth, Jan Ole Similä, and Deodat Mwesiumo

The Norwegian Public Procurement Academy (NOPPA)

Anskaffelsesakademiet

# Background



Picture of Norway

[Dette bildet](#) av Ukjent forfatter er lisensiert under [CC BY](#)

## Some rough numbers from Norway:

- 5,4 mill. people
- Total spend public sector 2021: 1559 billion NOK
- Spend public procurement 2021: 651 billion NOK (42 %)
- Around: 120.555 NOK per. person (Spain: 49.000 NOK per person).
- Public sector: ca. 32 % of workforce 2.737.000 = 885.000 (largest in OECD)
- Public procurement professionals, 3.000 (0,3 % of public sector workforce)

### Sources:

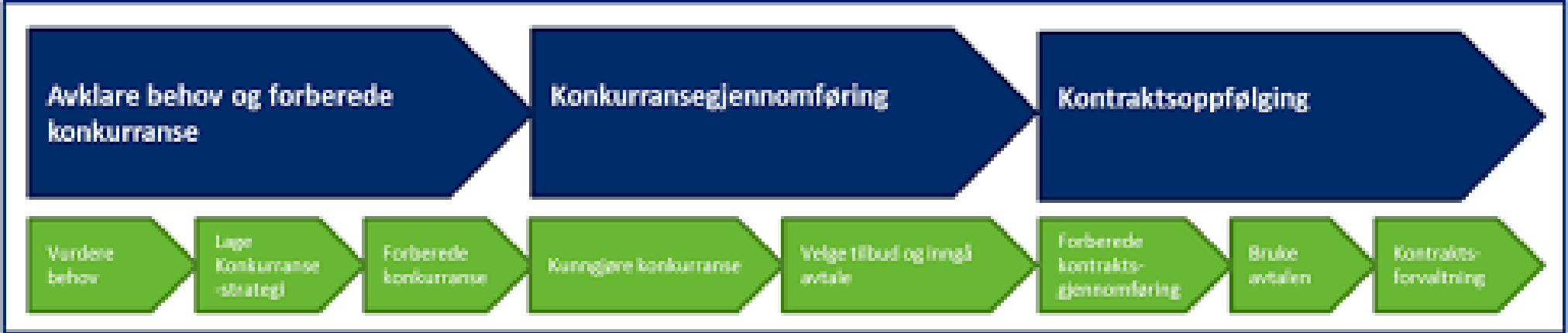
<https://www.regjeringen.no/no/dokumenter/nou-2022-4/id2906847/?ch=8>

Meld. St. 22 (2018–2019) Smartere innkjøp – effektive og profesjonelle offentlige anskaffelser

<https://www.regjeringen.no/no/statsbudsjett/2023/statsbudsjettet-2023-statens-inntekter-og-utgifter/id2931252/>

<https://www.statista.com/statistics/1169363/number-of-employed-people-in-norway-by-sector/>

# Public procurement process



Picture of official procurement process from the [Norwegian Agency for Public and Financial Management \(DFØ\)](#)

# Problems in the process

Public procurement survey, in 2018, from DFØ showed that (N343):

- 74 percent of the entities agree not having sufficient time and resources to follow up on contracts and suppliers in a good way.
- 66 percent agree not having good routines/procedures for evaluation of the delivery.

Rambøll & Difi, (2018) Public procurement survey.

Langseth, M., Johansen, O. & Gustavsen, T. E. (2021). Kontraktsoppfølging i offentlige anskaffelser. I M. Langseth & J. O. Similä (Red.), *Å kjøpe for Norge* (Kap. 5, s. 97–121). Cappelen Damm Akademisk. <https://doi.org/10.23865/noasp.128.ch5>  
Lisens: CC-BY 4.0.



*“It pays to lie in public tenders”.*

*“Public procurement and seriousness: Say one thing, do another”.*

*“New social and climate requirements  
– Oslo tightens routines for contract management”.*

# Pilot project from DFØ

- Four pilots were to show how the public sector can increase its value creation through professionalisation of contract management.
- Research project to see development over time for more evidence-informed practice and policy making.

Project period: 2020-2022



Picture of participants in the project.

Source:

EU (2022) Supporting and connecting policymaking in the Member States with scientific research.  
COMMISSION STAFF WORKING DOCUMENT

# Activities in project from DFØ

- 1) Defining and committing to their own improvement goals and obligation to disclose results.
- 2) Test out relevant digital tools for contract management.
- 3) Participation in seminars with competence enhancement.
- 4) Contribute to arenas for experience sharing.
- 5) Participate in research interviews.



Picture of targets.

# Research questions

How has contract management in public sector companies developed over time through participation in an improvement project?

- How does **time/capacity** affect contract management in public procurement?
- How does **digital tools** contribute to contract management in public procurement?
- How does public sector buyers develop **supplier relationships** as part of contract management?
- How does public sector companies follow up on **work conditions and environmental** requirements?

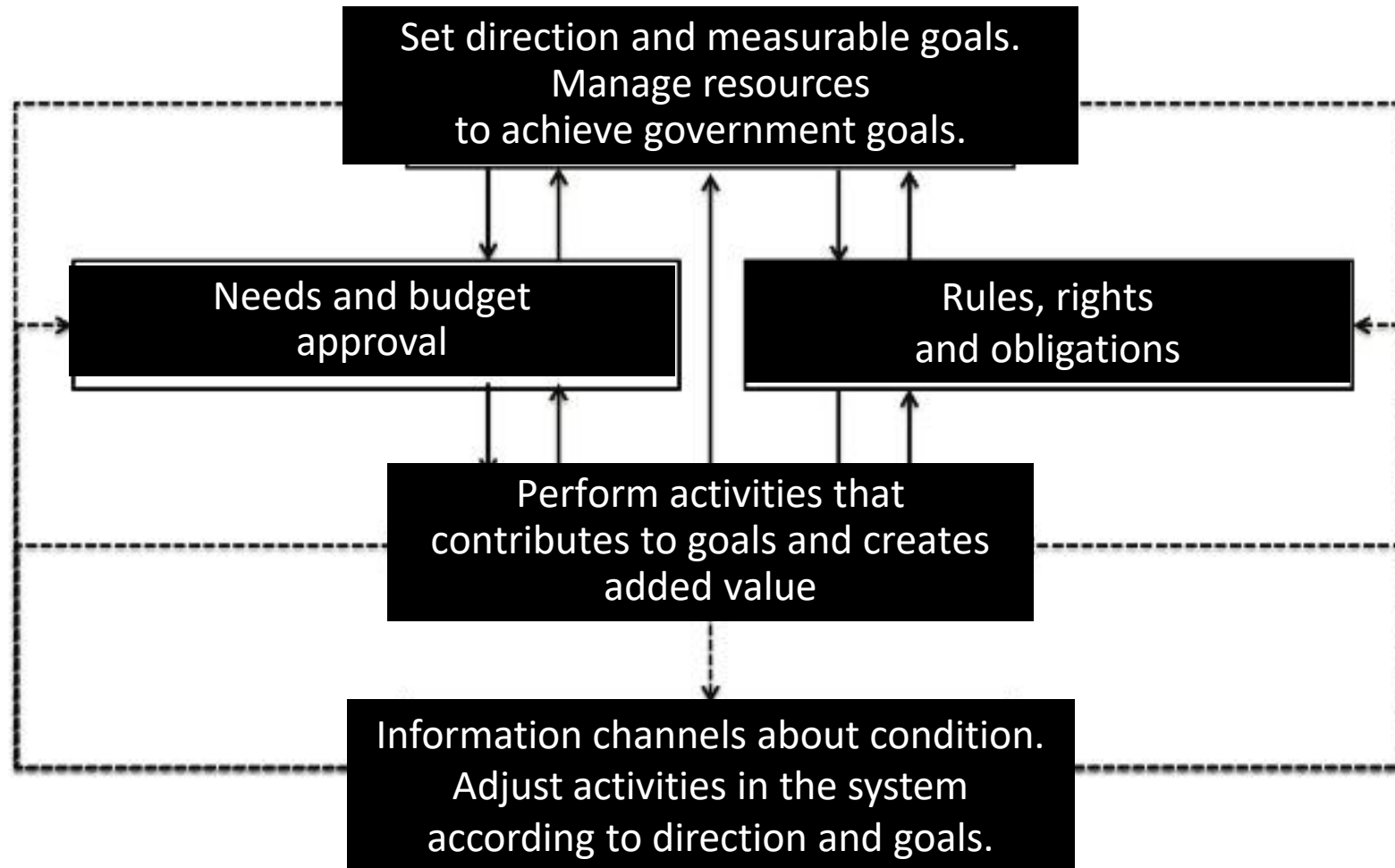
# Theory: Contract management maturity

Maturity Levels	Contract Management Key Process Areas					
	Procurement Planning	Solicitation Planning	Solicitation	Source Selection	Contract Administration	Contract Closeout
5 Optimized						
4 Integrated				*		
3 Structured	*	*	*		*	
2 Basic						
1 Ad Hoc						*

Picture of model by Rendon, R. G. (2008). Procurement process maturity: Key to performance measurement. *Journal of Public Procurement*, 8(2), 200-214.



# Theory: Public procurement as a recursive system



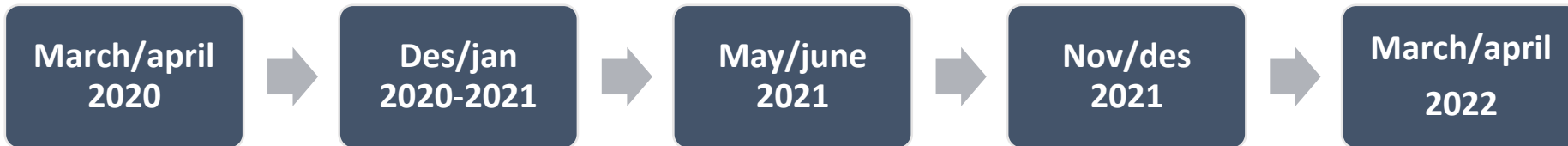
# Method

## Treatment group:

The purpose is to study development and change.

Qualitative longitudinal study: follow four public sector companies over two years.

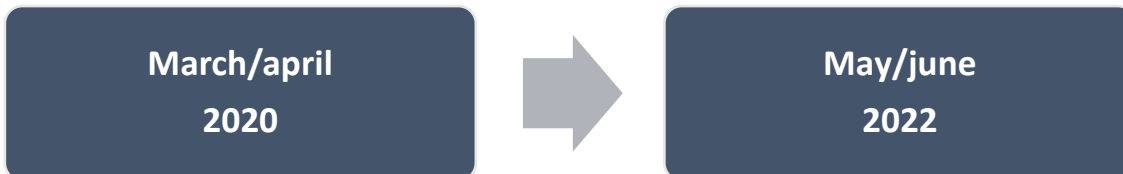
Total of 20 interviews.



## Control group (company X and Y):

See development and change

Two public sector companies with a total of 4 interviews



# Results: Time/resources

2020
The time accounts do not go up, and few employees in proportion to the number of competitions.
Contract follow-up is fragmented, and the contract owner does not have an overview of the contract.
Quote informant B: <i>“Today we spend, I imagine, 60 percent on planning, 35 percent on the competition and 5 percent on contract management”</i> .

2022
Not increased resources, but several have reallocated resources so that they prioritize dedicated resources for contract follow-up.
Several have established routines and tools to ensure the transfer of experience from contract to new competition.
Quote informant B: <i>“We have organized ourselves to have some dedicated resources for contract management now”</i> .

## Results: Digital tools

2020	2022
Few and inadequate IT systems that do not utilize all functionality	Several are doing analyses, but there is still a lack of sound systems.
Poor integration between systems and low data flow in the process	It uses more digital tools, but still some manual work.
Quote informant A: <i>"The technology is not there yet. It does not support the planning phase, and it does not support the contract follow-up phase."</i>	Quote informant A: <i>"We are doing more analysis, but it is still a bit of a homemade."</i>

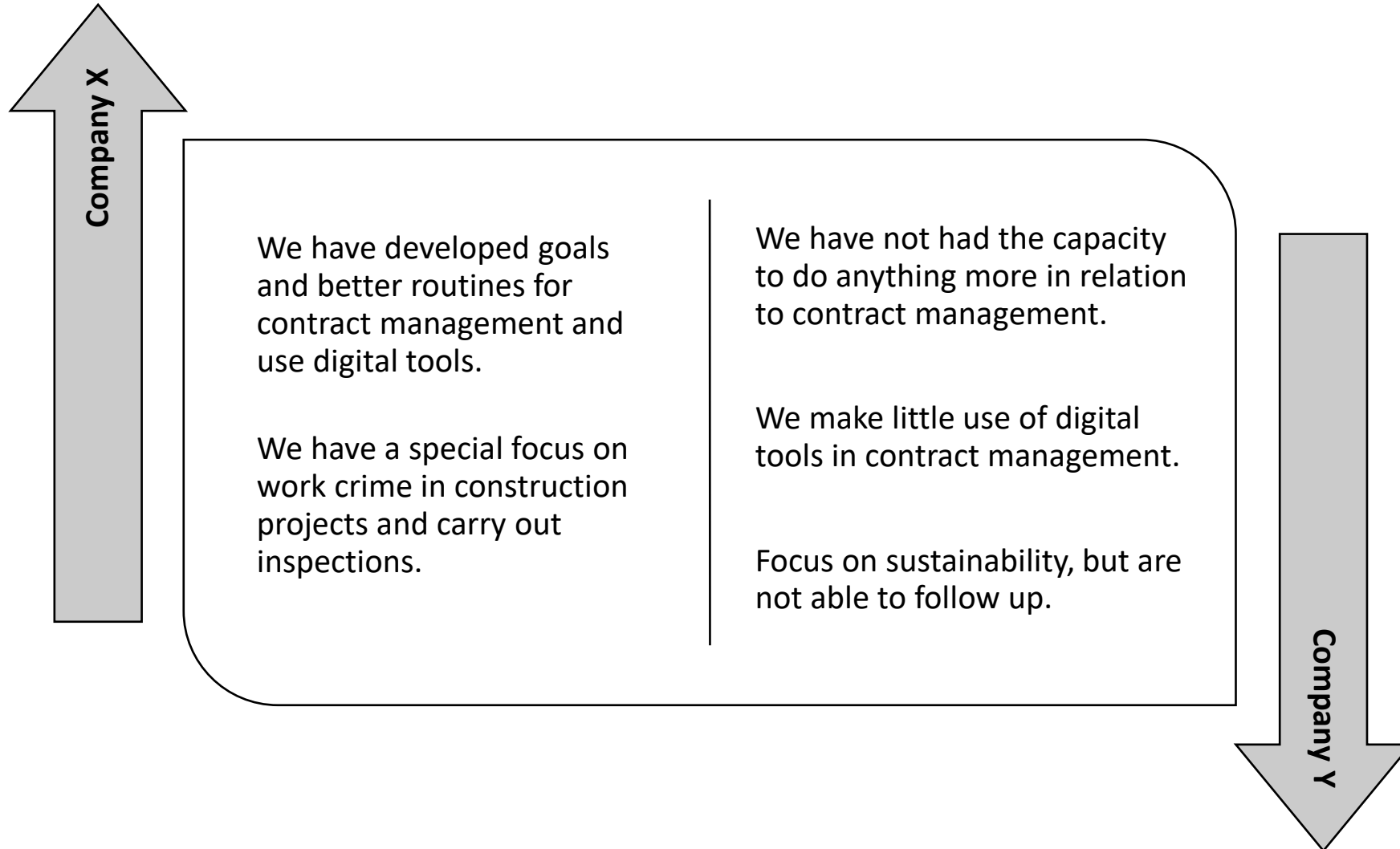
# Results: Supplier relationship

2020	2022
Emphasis on structure and control activities	More informants are talking about collaboration and learning from suppliers.
Trust, relationships, and cooperation are perceived as necessary – but are not prioritized.	Collaboration is prioritized and more manageable with priority resources.
Quote informant D : <i>"Here you have the contract, [...] It says like that. You are going to deliver this and that. Please, live! [...] If they do not deliver, sanctions will be."</i>	Quote informant D: <i>"When you have not followed the contract, the supplier has lived its own life, and we have thought that yes, it is probably going well, we will get what we need. More dialogue with the supplier means more common understanding when designing new competitions."</i>

## Results: Work conditions and environmental

2020	2022
Little focus on follow-up of wages/working conditions and the environment.	Wages, working conditions, and the environment are much higher on the agenda and are followed up.
Perceived as complicated and only followed up in some contracts.	Requirements can be complicated and require specialist expertise to follow up.
Quote informant C: <i>"It is in some contracts but only focused on following up on individual contracts."</i>	Quote informant C: <i>"There are high ambitions about this with the environment. We follow up that they deliver the same way we have followed up on all other requirements."</i>

# What about the control group?



## Development in contract management

Maturity based on:

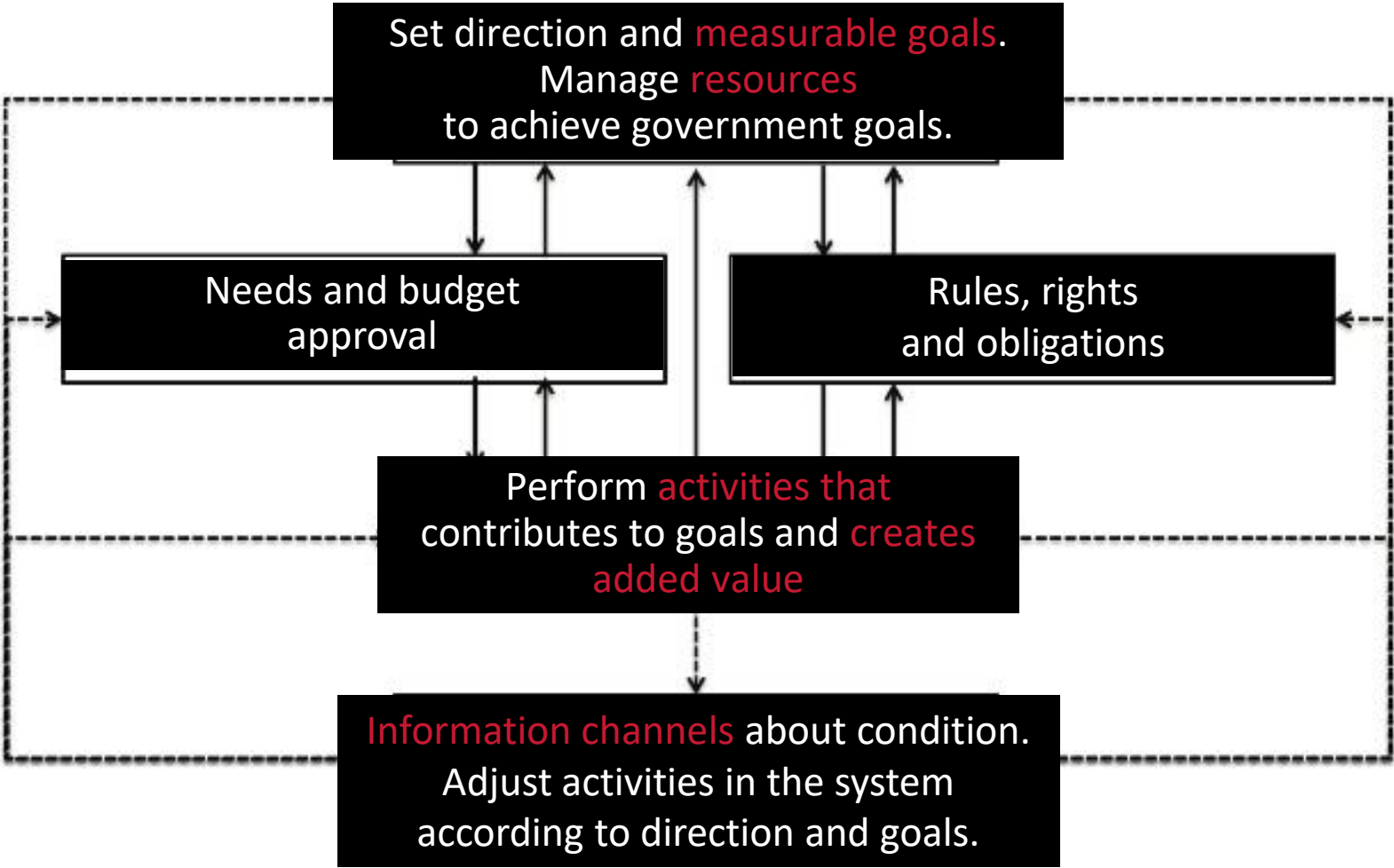
- Rendon (2008)
- World Bank
- OECD
- CMMI® for Acquisition, Version 1.3

Contract follow-up is integrated throughout the business. Continuous improvement based on analysis and data.	Optimized
Contract follow-up is carried out and documented. Good tools and frameworks are implemented, decisions based on data Follow-up of compliance and reporting to management.	Integrated
Contract follow-up is carried out and documented. Contract follow-up is systematised and structured.	Structured
Good tools and frameworks have been implemented	
Contract follow-up is partly systematised and structured. Tools and frameworks are partially implemented	Basic
Unpredictable contract follow-up. Lacks framework and structure. Depending on individuals.	Ad-hoc

Picture of maturity model.



# Systemic change: why did they move in maturity?



Picture of model by Khi-Thai (2001) Public Procurement re-examined. Journal of Public Procurement.

# Implications results: three contract management propositions

P1: Those who set goals/management support for contract management to a greater extent, state that they have sufficient time and resources.

P2: Those who report having competence and sufficient time/resources use digital tools to a greater extent in contract management.

P3: Those who state that they have goals/management support, competence, sufficient time/resources, and use digital tools report to a greater extent that they follow up on finances, environmental requirements, and social conditions.



# Conclusions

Project period: 2020-2022



**Nordre Follo**  
kommune



Oslo



KYSTVERKET



Company X & Y

Picture of all participants.

**How has contract management in public sector companies developed over time through participation in an improvement project?**

Based on the small sample it appears that professionalising contract management contributes to value creation through better follow-up of factors related to economy, climate/environment and social conditions.

Based on our findings it seems that in order to achieve good contract management, it is required that public companies:

- set goals for contract management (related to overall goals).
- sufficient time/resources (management support).
- procurement officers with competence about contract management (including supplier relationship management).
- use digital tools for contract management and for feedback on goal attainment.

# Further research



[Picture of research](#)

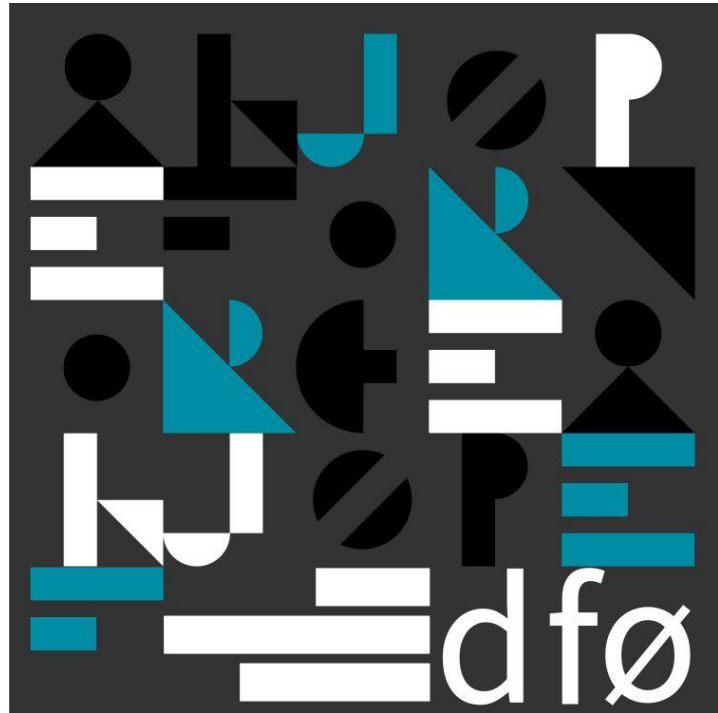
[Dette bildet](#) av Ukjent forfatter er lisensiert under [CC BY](#)

Get feedback and write out article during 2023.

One limitation is the small sample so in step 2 we want to test the propositions against a larger dataset of quantitative data to see if a larger sample support the findings.

Do we find support in a larger dataset? and how is it elsewhere in the EU?

Questions or feedback? (vi tar de til slutt)



Picture of all podcast icon.

Husk; hør på podcasten 'Å kjøpe for Norge'