

THE CONTRACT PROFESSIONAL'S PLAYBOOK

The Definitive Guide to Maximizing Value through Mastery of Performance and Outcome-Based Contracting

Requirements Checklist for Service

Use this checklist to define the functional and technical requirements for the service.

Instructions

1. Please answer each relevant question. Your answers to the completed questions will become part of the Statement of Work and will influence some of the terms and conditions in the final contract. The contract team will align these requirements and the contract terms and conditions.
2. These lists are not exhaustive; these questions are just the beginning of your conversation with your organization's stakeholders. So, in your own daily work, start with this list and build on it.
3. These questions may also help you identify risks and associated losses. Please see below for instructions on the inclusion of your answers in the Risk Monitoring Template (not included in the free sample).
4. These questions and answers will also help form your Contract Summary for eventual contract management.

Business Objectives (Why do the work)

- What is causing the need, problem, challenge or issue?
- What is the supplier doing to meet this need, problem or challenge?
- Is the supplier providing services directly to the buying company or providing services to the customer on behalf of the buying company? (*potentially a risk factor*)
- What outcome is the buying company looking for from this supplier?
 - Deliver _____ to _____ on time for proper maintenance of _____.
 - Provide a stable "app" that allows _____ to more easily _____ when scheduling appointments with _____.
 - Provide a platform to easily track _____, which will allow the company to better track _____ for financial reporting.
 - Write your statement here.
- Summarize here: What is the purpose of the contract? (This will be used in any RFP or solicitation for a competitive bid/quote, and may serve as a charter or mission statement for the relationship.)

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Developing the Work (What is the work)

- List the specific tasks or duties the supplier will provide to satisfy the need, problem or challenge?
 - Place these duties or tasks in order of importance, with the most important being numbered 1. (If the contract negotiator is unfamiliar with the work, this prioritization helps the contract negotiator understand the critical aspects of the service.)
- How does the service function? (Note, these are your technical and functional requirements.)
 - Think in terms of verbs: design, deliver, report, investigate, etc.
- What are the buying organization's obligations to the supplier (access to a building, computer system, technical drawings, etc.). List those requirements to determine how to include them in the contract.
- Should the buying or supply organization's policy, regulatory and statutory requirements be documented here in the functional requirements? In other words, does the service need to meet a regulatory or policy obligation? List them. (*potentially a risk factor*)
- List any professional qualifications or designations required of the supplier and/or their staff to perform the work? (*potentially a risk factor*)
- Check your work: Are the functional and technical requirements clearly written in a form that the supplier and the buy-side contract manager both understand?
 - Use simple sentences, verbs, industry terms, and industry standards.
- Are there implied requirements (such as one party providing the other party data or drawings or access to a system) that are not outlined so far? List them.

Describing Performance in Words and Metrics (How and when is the work done to specifications)

- When does the service need to start?
- Is the timeline for performance/delivery etc. clearly outlined? (*potentially a risk factor*)
 - Are there gaps in the delivery dates or "TBD's"?
 - Who, when and how will the "TBD's" be determined?
- What documents/reports will the buying company need to verify delivery of the services?
- What other objective factors will the buying company use to verify the work?
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 - Think of things like: number of visits, number of people served, software functions for a time period without failing, reports delivered, etc.
- List the unit of measurement here: _____ . If there is no unit of measurement, skip the next checkbox below.
- If there is a unit of measurement, answer these questions:
 - Who will record the data about this unit of measurement?

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- How often with the recording party collect the data?
- In what form will the recording party report the data?
- How will the receiving party validate that the data is accurate?
- Who will review that data?
- Who at the buying company will approve of the data?
- ❑ What should happen if the service does not meet the requirements? (Note, these will be incorporated into the contract terms and conditions.)
 - Will the supplier have the right, time and ability to “cure” or fix the service or deliverable (software)? How will that work? What timeframe? Who would be negatively impacted if the services are defective?
 - If the supplier will have the right to re-do work, what is that process? Who will pay for the re-work?
- ❑ How do you know that the work is “finished”? What is the least the supplier can do to call the project done? (*potentially a risk factor*)
- ❑ Check your work: Are the performance requirements clearly written so the Contract Manager can demonstrate performance or demonstrate the lack of performance when talking to the supplier about its performance?

Bonus Materials

Acceptance (What happens if the services don't meet expectations?)

The contract template will typically have generic acceptance language, and usually refers back to the scope of work or technical specifications for acceptance criteria. This section will provide acceptance criteria. (Acceptance criteria provide guidance about how and when the work is complete. Complete can mean a part of the service is complete allowing the supplier to move on to another phase of the work.

Or complete can mean all of the services are complete. Please see the Defined Terms in the contract for the applicable definition.)

- ❑ Who at the buying company will verify that the services are delivered? What does that person need to verify that the goods and services are delivered? Is it the same person who will approve the data to validate a performance metric from above?
- ❑ Who at the buying company will verify that the services meet the technical and functional specifications? In other words, that the services meet the buying company's requirements? What does that person need to verify technical specifications for the goods and services?

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- Is testing required to validate performance? When, by whom and how are those tests to be done? (*potentially a risk factor*)
- Does this service require quality assurance (QA) audits, or other procedures to verify or validate performance? When, by whom and how are those to be done? (*potentially a risk factor*)
- Are there additional expenses for on-site tests? Who pays for them?
- What if something is rejected and needs to be tested again? Who pays for that process?
- How does the buying company enforce these performance requirements? (If you have any questions, please ask your legal department.)
- Check your work: Is the acceptance process clearly outlined so the buying company can formally accept or reject the services? (Note, acceptance leads to payment, and rejection leads to re-work).



Reassess the answers to the following questions as your answers may indicate a potential risk and associated loss to your organization.

Potential Risk Questions

These questions (from above) may indicate a potential risk and associated loss.

- Is the supplier providing services directly to the customer on behalf of the buying company? If yes, this is a potential risk and needs to be addressed in the legal terms and conditions. Further note this risk in the Risk Monitoring Template and follow the directions in the template (not included in the free sample).
- Should policy, regulatory and statutory requirements be documented here in the functional requirements? In other words, does the service need to meet a regulatory or policy obligation? If you listed any policies, regulations or statutes please work with your stakeholder and legal department about potential risks.
- List any required qualifications of the supplier and/or their staff to perform the work? If there are qualifications, the loss of or lack of qualifications is a potential risk and needs to be addressed in the legal terms and conditions. Further note these qualifications as a risk in the Risk Monitoring Template and follow the directions in the template (not included in the free sample).
- Is the timeline for performance/delivery etc. clearly outlined? If a missed timeline could negatively impact the buying company or the customer it serves, the missed timeline is a

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potential risk and needs to be addressed in the legal terms and conditions. Further note this risk in the Risk Monitoring Template and follow the directions in the template.

- ❑ Are there tests of the service deliverables? If yes, a failed test is a potential risk and needs to be addressed in the legal terms and conditions. Further note this risk in the Risk Monitoring Template and follow the directions in the template (not included in the free sample).
- ❑ Does this good or service require quality assurance QA audits, or other procedures to verify or validate performance? If yes, a failed quality assurance audit is a potential risk and needs to be addressed in the legal terms and conditions. Further note this risk in the Risk Monitoring Template and follow the directions in the template (not included in the free sample).