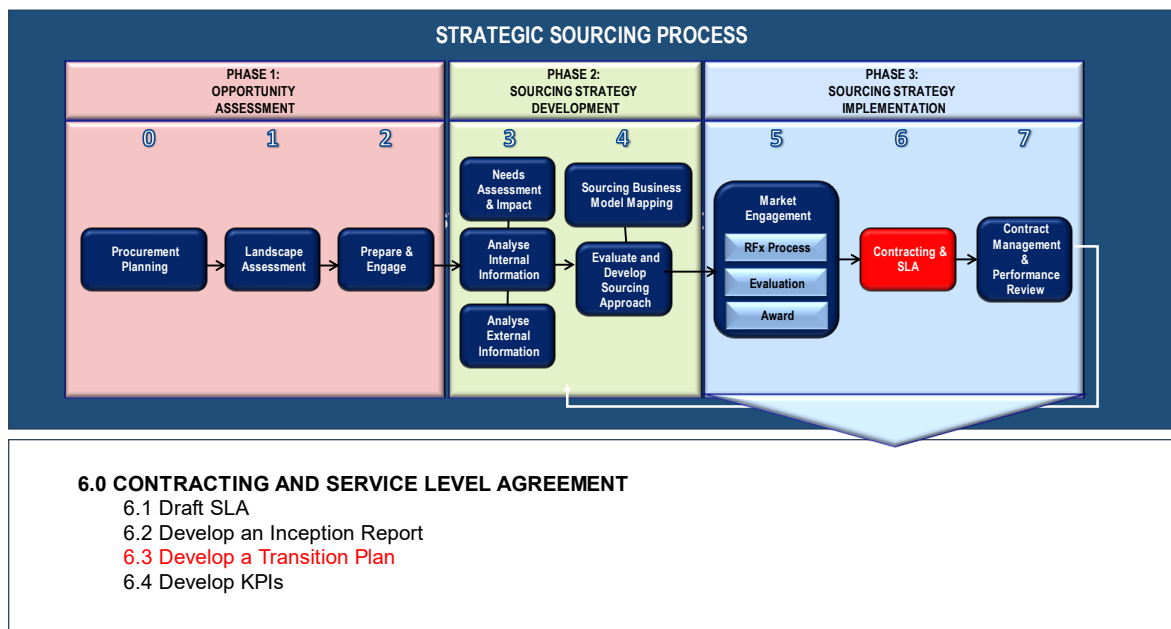


**Using this guide**

This guide accompanies the National Treasury's Strategic Procurement Framework (SPF) for Strategic Sourcing in the Public Sector. For more information, visit the National Treasury website at <http://ocpo.treasury.gov.za/>. The SPF can be found here: [http://ocpo.treasury.gov.za/Resource\\_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf](http://ocpo.treasury.gov.za/Resource_Centre/Documents/1A.%20Strategic%20Procurement%20Framework.pdf)

**DEVELOP A CONTRACT TRANSITION**



**1.0 Introduction**

- i. Transitioning from one contract to another without negatively impacting service delivery or creating legal ramifications must be a priority when developing a commodity sourcing strategy.
- ii. The following good practice guides and templates apply when developing a contract transition strategy:
  - a. How to plan for a smooth transition
  - b. Transition of people
  - c. transition plan

- d. Contract transition-in (template)
- e. Contract transition-out (template)

### **1.1 The objective**

- i. To give guidance on how to ensure a smooth transition from the previous contract to the new contract.

### **1.2 Output**

- i. A transition plan

## **2.0 Good practice guides**

### **2.1 How to plan for a smooth transition**

- i. Change can be good when it brings innovative ideas and fresh enthusiasm. This is also true in government contracting.
- ii. But it can be very stressful if it is not handled correctly.
- iii. The tender conditions should have dealt with the transitioning mechanism.
- iv. Not planning for transition can lead to unnecessary hurdles on the road and unexpected slowdowns,
- v. There are ways to smooth the path during the handover of responsibilities.
- vi. They involve focusing on both the transition of the contract and the transition of people.

#### **2.1.1 Transition of the contract**

- i. Whether relatively simple or very complex, transitions involve multiple stakeholders and a certain amount of time and expense. For example, buying IT equipment.
- ii. Transitioning is not only based on poor performance (contract cancellation) but also as part of the operations.
- iii. Successful transitions begin early with coordination and planning:

##### **2.1.1.1 Review requirements**

- i. Review both the existing and planned contracts, including the transition requirements.

- ii. Ensure the contracts support the overall acquisition strategy and that transition-in and transition-out details are included.
- iii. Check if the “transition out” requirements align with follow-on transition-in requirements.
- iv. If they are not tightly integrated, there is an increased risk of a gap in service and unmet customer service level expectations.
- v. Consider the entire lifecycle – planning, execution, and closeout of a contract – to smooth the path for both contractors and government teams.

**2.1.1.2. Outline responsibilities**

- i. Transition success depends on clearly defined and communicated roles and responsibilities.
- ii. A responsibility assignment matrix (RAM) and schedule, can organise many tasks by clearly outlining necessary steps, who is responsible, and the timetable and goals for starting and stopping those tasks.
- iii. A RAM also assists in completing remaining work and re-positioning resources from the current contract team to the next to maximise scope coverage.
- iv. Figure 1 indicates the responsibility assignment matrix (RAM).

## Responsibility matrix

	Project Manager	Business Lead	Technical Lead	Function Manager	Sponsor
Create Project Plan	R	C	C	C	I
Acquire resources	R	R	R	A	
Develop requirements	C	R	R	C	A
Construction	C I	C	R	C	
Quality Control	C I	R	C	C	I
Close Project	R	C	C	C	A

Responsible
Approve
Consult
Informed

**Figure 1: RAM Matrix**

### 2.1.1.3. Communicate frequently

- Establish lines of communication between the client, current contractor and newly awarded contractor.
- Keep everyone in the loop through frequent communications (e.g., daily “huddles” or “chats”)

### 2.1.1.4. Create a transition management plan

- Consider and document all factors involved in the planned transition, including:
  - Roles and responsibilities as outlined in the RAM.
  - Risks and mitigation strategies, considering areas such as realistic timeframes for security clearances and for transferring government equipment, property, data, etc. from one contractor to another; the training of new staff; workload and workforce management requirements; and teaming agreements.

- c. Performance measurement, including goals and metrics, along with frequency and method of reporting progress against goals.

## **2.2 Transition of people**

- i. The best-laid plan will only be achieved if the right people are in place to execute it.
- ii. The right people are usually those who have first-hand experience in overcoming transition challenges, and who can leverage those lessons learned.
- iii. Finding the people who can best perform the work is another key to effecting smooth transitions.

### **2.2.1. Personnel transition**

- i. How will staff get up to speed with the new contractor's operations?
- ii. Will training be required?
- iii. Do you know all the staff who will work on the project?
- iv. Clarify and communicate how crucial personnel retention is to the ongoing success of the project.
- v. The procuring institution and contractor can then propose a multi-pronged strategy to retain and train personnel through methods such as:
  - a. Documented transition procedures tailored to the client and their service delivery needs.
  - b. Regular communications, with face-to-face sessions to ensure personnel understand the new contractor and their continued role in the contract.
  - c. Incentive programmes, performance evaluation incentives, career advancement, and professional development opportunities.

### **2.2.2. Recruitment**

- i. If staff need to be recruited, then which ones and how long will it take?
- ii. A strong recruitment plan, should it be required, provides people who are not only qualified with required certifications, education, and experience but who possess intangible qualities that will make them a good fit for both the government department and the contractor.

- iii. A strong candidate pipeline depends on:
  - a. A strong HR recruiting team that provides efficiency, cost-effectiveness, and transparency.
  - b. Past performance demonstrating the ability to respond quickly to task orders.
  - c. Talent management approaches that identify already-known candidates with related experience.
  - d. Use of social media and professional associations to reach qualified candidates.

### **2.2.3. Retention**

- i. A smooth transition should ideally lead to a smooth contract lifecycle.
- ii. However, factors such as staff turnover can bring challenges, which is why stability and retention are so important.
- iii. A solid retention approach will include:
  - a. A well-defined strategy and communicated organisational values.
  - b. Recognition and reward for high-quality work.
  - c. Development of professional goals.
- iv. Successful contract transition requires stakeholders to view the transition as a project itself.
- v. Using tools and best practices such as a Project Management Plan and a RAM with clearly defined lines of communication will drive upfront review and decisions on requirements, roles and performance measurement.
- vi. It is also important to consider the people who will execute the work.
- vii. Minimise transition risks with thorough plans to find, leverage, and keep staff with the right skills and experience.
- viii. These strategies will result in smoother transitions and our government clients achieving their goals.
- ix. When the handover arrangements are done, it is important to determine key performance indicators and to finalise service level agreement matters to ensure

that your personnel as well as your supplier(s) understand and commit to the agreed contractual terms and conditions.

Sources:

<http://www.integritymc.com/blog/2015/02/seven-ways-smooth-contract-transition/>

### **2.3 Developing a smooth transition plan**

- i. The following are the steps for developing a transition plan.
  - a. Step 1: Add the title of the transition plan
  - b. Step 2: Mention transition details
  - c. Step 3: List role accountabilities and expectations for the transition
  - d. Step 4: Add incumbent knowledge transfer requirements for the plan
  - e. Step 5: Add role transition checklists
- ii. Contract transition and planning checklist
  - a. Purpose
    - i. This checklist can be used to record the activities necessary to manage the transition-in and transition-out phases of contracts for goods and services.
  - b. Contract Transition
    - i. Contract transition can be a period of high risk depending on the complexity of the contract and should be considered during the planning stage of procurement.
  - ii. Transition-in and transition-out obligations may be required when:
    - 1. Commencing a new contract.
    - 2. Transitioning a contract from one supplier to another.
    - 3. Transitioning the same supplier from one contract to another (for the same supply).
    - 4. Transitioning out the contract permanently (i.e. The supply is ending).

- iii. The transition-in process for incoming suppliers should coincide with the transition-out process with the outgoing supplier, where relevant.

c. Transition objectives

- i. The main objectives of transition are to ensure the efficient commencement of a contract and the incoming supplier as well as the orderly winding up of the previous contract and exit of an outgoing supplier.
- ii. This can encompass:
  - 1. Maintaining a continuous supply of goods and/or services during the transition.
  - 2. Managing and minimising the impact of changes on end users and other relevant stakeholders.
  - 3. Managing the outgoing supplier's performance to contract conclusion.
  - 4. Completing the transfer/return of records, equipment and/or assets.
  - 5. Establishing systems and processes for ongoing contract management.

d. Transition considerations

- i. The incoming or outgoing supplier may also be asked to prepare a transition checklist or transition plan.
- ii. Table 1 and Table 2 are typical transition considerations and tasks outlined in a transition-in or transition-out checklist or transition plan.
- iii. Transitioning contract considerations must include services or goods as this provides different dynamics and risks.
- iv. Where possible, transition arrangements should be organised early to avoid service gaps and potentially causing an emergency for clients.

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<sup>1</sup> Government of South Australia, Procurement Services SA



### 3.0 Templates

#### 3.1 Contract Transition-in

- i. This is an example only, and the sequence of tasks and responsibilities may vary from institution to institution as well as the complexity of the transition.
- ii. Not all checklist items will apply to all contracts.
- iii. Table 1 (contract transition-in checklist) indicates the various elements to be considered when developing a transition-in strategy.

<b>Contract <i>Transition-In</i> checklist and tasks</b>		<b>Responsibility</b>	<b>Supported by</b>
<input type="checkbox"/>	Organise a start-up meeting with the incoming supplier		
<input type="checkbox"/>	Prepare a timeline of activities/events and obtain a copy of the incoming supplier's transition-in plan – where relevant		
<input type="checkbox"/>	Confirm the transition-in obligations (including roles and responsibilities, timeframes, and resources) set out in the contract		
<input type="checkbox"/>	Note the specific differences between the previous contract and the new contract – where relevant (e.g., changes in scope, delivery, timeframes policies/procedures, and the contract terms and conditions)		
<input type="checkbox"/>	Develop other plans if required e.g., Risk Management Plan, Stakeholder Engagement Plan, Probity Plan, Disposal Plan		
<input type="checkbox"/>	Establish contract administration procedures and access to policies, procedures, and other instructions		
<input type="checkbox"/>	Arrange access to facilities, equipment, assets, systems etc. (including user accounts and other authorisations)		
<input type="checkbox"/>	Provide the procuring institution's organisational chart, facilities, and site locations to the new supplier		
<input type="checkbox"/>	Record/Confirm the new supplier's vendor details including bank details, payment terms		

<b>Contract Transition-In checklist and tasks</b>		<b>Responsibility</b>	<b>Supported by</b>
<input type="checkbox"/>	Facilitate the transfer/handover of clients and client records from outgoing suppliers – where relevant		
<input type="checkbox"/>	Conduct staff training – if the contract is new or significantly different, or if supply arrangements will change		
<input type="checkbox"/>	Establish a communication strategy for procurement under the new contract – where relevant		
<input type="checkbox"/>	Ensure Occupational Health and Safety (OHS) and any environmental requirements are addressed with the transition		
<input type="checkbox"/>	Manage the transfer of intellectual property during the transition period		
<input type="checkbox"/>	Review and record any post-transition-in findings		

**Table 1: Contract Transition-in Checklist**

Source: Government of South Australia, Procurement Services 2023

### 3.2 Contract Transition out

- i. This is an example only, and the sequence of tasks and responsibilities may vary depending on institution by institution, as well as the complexity of the transition.
- ii. Not all checklist items will apply to all contracts.
- iii. Table 2 (contract transition-out checklist) indicates the various elements to be considered when developing a transition-out strategy

<b>Contract Transition-Out checklist and tasks</b>		<b>Responsibility</b>	<b>Supported by</b>
<input type="checkbox"/>	Confirm the transition-out obligations (including roles and responsibilities, timeframes and resources) set out in the contract		
<input type="checkbox"/>	Prepare a timeline of activities/events and obtain a copy of the outgoing supplier's transition-out plan – where relevant		

	<b>Contract Transition-Out checklist and tasks</b>	<b>Responsibility</b>	<b>Supported by</b>
<input type="checkbox"/>	Review the Risk Management Plan, Communication Plan, Stakeholder Engagement Plan and Disposal Plan and undertake any actions		
<input type="checkbox"/>	Retrieve any relevant documents, reports, or information from the outgoing supplier		
<input type="checkbox"/>	Confirm that all access cards/security badges used by service providers, contractors or suppliers are returned		
<input type="checkbox"/>	Deactivate systems etc. (including user accounts, passwords, and other authorisations)		
<input type="checkbox"/>	Organise the return of any equipment and assets		
<input type="checkbox"/>	Confirm that disposal obligations are fulfilled		
<input type="checkbox"/>	Facilitate the transfer/handover of clients and client records to the incoming supplier – where relevant		
<input type="checkbox"/>	Ensure client records are closed or stored confidentially and accurately – where relevant		
<input type="checkbox"/>	Rectify any supplier contractual defects and non-conformances		
<input type="checkbox"/>	Issue handover/acceptance certification/s where relevant		
<input type="checkbox"/>	Document and confirm date of the close-out of all claims (insurance, warranties, guarantees)		
<input type="checkbox"/>	Release any payments under the contract – where appropriate		
<input type="checkbox"/>	Finalise and archive contracts and relevant documents		
<input type="checkbox"/>	Review and record any post-transition findings		

**Table 2: Contract Transition-out Checklist**

Source: Government of South Australia, Procurement Services 2023