



Six tools for implementing active contract management

This technical guide is comprised of six tools that the Government Performance Lab has created to help governments use active contract management strategies (ACM) to produce better results from their contracted services. It includes:

1. A worksheet with ten planning questions for designing and launching a new ACM practice
2. Examples to help agencies select leading and lagging performance metrics
3. Guidance for prioritizing a roadmap of performance topics for in-depth analysis
4. Three simple data techniques for revealing performance patterns
5. Strategies for fostering a collaborative, trusting ACM practice
6. Checklist of elements for maintaining an effective ACM practice

Active contract management: What it involves and why do it

Active contract management is a set of strategies developed by the GPL in partnership with government clients that apply high-frequency use of data and purposeful management of agency service provider interactions to improve outcomes from contracted services. ACM consists of high frequency, data-informed meetings between government agencies and social service providers designed to produce action that improves performance. ACM empowers leaders to detect and rapidly respond to problems, make consistent improvements to performance, and identify opportunities for reengineering service delivery systems. For more on ACM, visit <https://govlab.hks.harvard.edu/active-contract-management>.

Design worksheet: Planning a new ACM practice

Performance Improvement Opportunities	Implementation
1. What is the motivation for regularly reviewing performance data?	6. What is the appropriate cadence for meeting with providers to review real-time performance data and promote continuous learning and improvement?
2. What are the most important leading indicators, outcome metrics, or other performance measures that we want to be frequently tracking and reviewing with providers? Identify up to five.	7. Who needs to regularly be “in the room” to enable rapid barrier busting when performance lags? How can sufficient participation by senior leadership be assured to support these efforts?
3. Against what benchmarks shall provider performance be compared? Potential benchmarks may include historical outcomes, peers, specified targets, third-party standards, national best practices, or others.	8. What data sources are available – or need to be developed – to generate performance information for frequent review? How reliable is this data?
4. In human services, how are we going to match and refer clients to services? How will we check if matching and referral procedures are working?	9. Who from the agency will perform necessary data analysis and develop meeting materials? Who will be responsible for directing further analytical needs and identifying the practice implications raised by the data?
5. On what topics do we anticipate needing in-depth analysis on provider performance and client outcomes to proactively support system improvement?	10. How will the agency support regular follow up and action based on dashboard and roadmap information? Potential solutions may include ad hoc working groups, individual case pulls, and/or dedicated follow-up time on meeting agendas.

Identifying the right metrics to review:

Leading and lagging indicators

Depending on available data, dashboards often include two types of metrics:

Toolbox: Choosing performance metrics

	Leading indicators	Lagging (outcome) indicators
<i>Description</i>	• Early warning signs indicating if a program is on track to achieve its ultimate results	• Ultimate results a program aims to achieve
<i>Benefits</i>	• Can be early proxy measure for results • Often faster to observe or easier to measure than results • Sometimes necessary to make sure data available for other metrics	• Explicitly linked to the purpose of the program • Can capture whether program has lasting impact
<i>Weaknesses</i>	• Alone, rarely offer insight into efficacy/ opportunities for improvement • May be misleading because never perfectly predict results	• Often time delayed • May require matching data to other systems
<i>Examples</i>	• Proportion of people who graduate job training • Percentage of prisoner assessment data entered into system • Time from child referral to when services begin	• Wages 1 year after training completion • Recidivism 3 years post release from prison • Child removals after stabilization services

Prioritizing topics for in-depth attention:

Developing a performance improv. roadmap

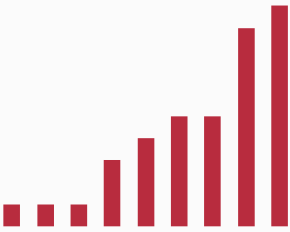
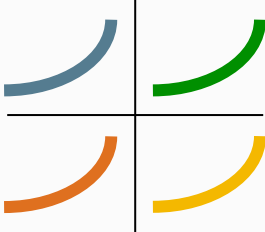
Performance improvement roadmaps usually focus on practices that are critical to success and include questions to guide in-depth analysis about these practices.

Toolbox: Guiding questions to develop a performance improvement roadmap

- ☐ What practices are most critical to the success of the project? How can we identify best practices/areas for improvement?
- ☐ Are providers capturing the whole target population? Are there new ways to identify/recruit needy individuals that may not be on the City's or providers' radar?
- ☐ To what extent are providers focusing resources on priority sub-populations?
- ☐ At key case transition points (e.g., referral, opening, closure, etc.), are the right decisions being made about who needs what services? How can we know?
- ☐ How effective are hand-offs between the department and providers, or between different providers? How can we minimize losing individuals during hand-offs?
- ☐ What proportion of referred clients enroll in services? How quickly are clients enrolled after referral? How can we improve the speed/proportion of enrollments?
- ☐ What proportion of referred/enrolled clients are completing services? How can we increase the completion rate? If relevant, how are case closure decisions made?
- ☐ Where do we consistently see patterns of strong or weak long-term results? Are there common demographic/provider characteristics associated with strong results? Can we apply lessons of strength to areas of weakness?

Revealing performance patterns: Three simple data techniques

Toolbox: Data techniques to reveal patterns

Visualize the data		• Charts • Maps
Disaggregate the data		• Providers • Geography • Client characteristics
Create ratios	10 : 1	• Unit costs • Caseloads • Throughput

Building trust: Strategies to foster a collaborative ACM practice

- ❑ **Build a collaborative vision of success:** By articulating goals and metrics, you define what success looks like. Use early meetings to establish a shared vision of what you and delegates are working toward.
- ❑ **Set the table deliberately:** ACM requires the right people to drive from data → analysis → insights → action. Expect that partners may need to adjust initial attendees to cover this array of competencies.
- ❑ **Be solutions-oriented, not punitive:** Focus on identifying and sharing best practices, rather than singling out low performers.
- ❑ **Acknowledge differences:** It can be useful to acknowledge if some delegates assist harder-to-serve populations while reminding everyone that we're all still trying to achieve the same vision of success.
- ❑ **Avoid surprises:** Share analysis with delegates in advance of meetings so they can correct data errors and prepare for productive conversations.
- ❑ **Remember learning is a two-way street:** Build trust by addressing department or division opportunities for improvement.
- ❑ **Be adaptable:** Don't let great be the enemy of the good. It's okay to refine your dashboard metrics and deep dive plans over time. We want to be learning and adjusting.

Elements of effective active contract management: A checklist

1. Analytically valid data

- ✓ Providers enter data in a reliable manner
- ✓ Program staff can request and view the data they need to manage performance
- ✓ Data analysis is held to a high standard of analytical rigor
- ✓ Trends and implications are explained in a meaningful way for providers and agency staff
- ✓ Reviews of individual cases are periodically produced to help explain trends observed in data

2. Operationally purposeful insights

- ✓ Data analysis is driven by operational questions – things providers and staff may be able to influence
- ✓ Data is produced and reviewed in a timely manner to enable real-time troubleshooting
- ✓ Data is presented to uncover operational and outcome differences between providers to facilitate peer learning
- ✓ Providers are encouraged to think about outliers – why do some cases do better (or worse) than others?

3. Action-oriented meetings

- ✓ Differences in provider performance are discussed in depth, with the goal of discovering potential process and practice improvements to spread
- ✓ Providers and agency staff drive discussion together and collaboratively generate and prioritize performance solutions
- ✓ Strategy meetings with executives end with clear, practice-related action steps
- ✓ Staff-level working group meetings are used to check on the status of implementation

Find ACM case studies, policy briefs, and video from an provider meeting on the GPL website

<https://govlab.hks.harvard.edu/active-contract-management>



HOME PROJECTS PROJECTS BY NAME

Los Angeles Homeless Services Authority Performance Improvement



THE CHALLENGE

Between 2011 and 2017, homelessness in Los Angeles increased 75%, to an estimated 55,000 individuals. The Los Angeles Homeless Services Authority is the entity primarily responsible for contracting for homeless services in the Los Angeles region, managing millions of dollars of services such as diversion/prevention, interim



THE PROJECT

The Harvard Kennedy School Government Performance Lab spent thirteen months working with the Los Angeles Homeless Services Authority to implement Active Contract Management across 88 service providers and 400+ contracts. ACM allowed LAHSA to engage in high-frequency reviews of performance and outcomes data with providers



THE INNOVATION

LAHSA is the first organization to restructure an entire department in order to standardize ACM as a formal practice and represents the GPL's largest ACM project to date. LAHSA created a new department for performance management including dedicated staff for implementing ACM. Dashboards, reports, data analysis, regular



Active Contract Management: How Governments Can Collaborate More Effectively with Social Service Providers to Achieve Better Results

I. Introduction

Many critical functions of government social service agencies involve contracting with private service providers. Increasing the effectiveness of procurements is therefore essential to improving governments' ability to deliver social services. Often government agencies assume that their role is complete once a contract is signed and shift to a narrow focus on processing invoices and enforcing compliance. However, some of the most important work for government comes during the course of the contract, when real-time improvements to service delivery can drive better outcomes for the people being served. Agencies should use procurement and contracting to establish the foundation for an ongoing collaboration with contracted service providers to strategically improve performance.

Active contract management (ACM) is a set of strategies developed by the Harvard Kennedy School Government Performance Lab (GPL) in partnership with government clients that apply high-frequency use of data and purposeful management of agency-service provider interactions to improve outcomes from contracted services. We have seen these strategies adopted by agencies responsible for child welfare, workforce development, prisoner re-entry, developmental disabilities, and addiction treatment.

Like PerformanceStat, ACM consists of high-frequency, data-informed meetings designed to produce action that improves performance. Where PerformanceStat is often implemented in order to improve core government functions, ACM focuses on collaborations between government agencies and social service providers to improve contracted services. ACM empowers leaders to detect and rapidly respond to problems, make consistent improvements to performance, and identify opportunities for reengineering service delivery systems.

This policy brief describes the problems that ACM aims to solve, discusses the benefits of using these strategies, and outlines elements of effective ACM systems. Examples in this brief draw primarily on the GPL's engagements piloting ACM strategies with state and local governments across the country.

While this brief is focused on how ACM can drive social outcomes, we have seen these same strategies improve results of other government contracts, including for waste collection and road construction.

Piloting Active Contract Management

The GPL has helped more than a dozen government agencies implement ACM strategies as part of its technical assistance, including:

- In New York, the GPL assisted the state in a Pay for Success (PFS) project that provided job training and reentry support services for ex-offenders leaving state prison with the goal of reducing recidivism.
- In Seattle, the GPL collaborated with the city's Human Services Department (HSD) to reorient homelessness service contracts to focus on helping clients achieve stable housing.
- In Rhode Island, the GPL helped the Department of Children, Youth, and Families (DCYF) reprocure and better manage services offered to children and families as part of an agency-wide turnaround effort.
- In Illinois, the GPL worked with the state's Department of Children and Family Services (DCFS), the Department of Juvenile Justice (IDJJ), and local probation departments to expand wraparound services for justice-involved foster youth.

II. How typical government contract management practices fall short

Typical contract management practices fall short in three ways: 1) government agencies do not purposefully attempt to improve service provision, 2) agencies fail to collect and use data to improve the delivery of contracted services, and 3) agencies fail to collaborate effectively with providers to improve outcomes.

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Resources

For more information on active contract management, see the resources below:

[Active Contract Management: How Governments Can Collaborate More Effectively with Social Service Providers to Achieve Better Results](#)

[Video case study: Using Active Contract Management to Support Real Jobs Rhode Island](#)

The Government Performance Lab is grateful for support from Bloomberg Philanthropies, the Corporation for National and Community Service Social Innovation Fund, the Dunham Fund, the Laura and John Arnold Foundation, the Pritzker Children's Initiative, and the Rockefeller Foundation. © Copyright 2019 Harvard Kennedy School Government Performance Lab