

# Implementing Performance Metrics –

## Incorporating Performance Metrics into CRO Contracts

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- Continuous Improvement in Vendor Contracting
- Metrics Based Performance Management/ Scorecard approach
- Case Study
- CRO Oversight & Governance
- Questions

# Continuous Improvement in Vendor Contracting

## General need

- Continuous improvement in performance management and contracting to help improve project management & vendor oversight

## Metrics-Based Performance Management

- Opportunities to provide benchmarks/expectations in key areas (e.g. quality) to improve certainty and standardization
- Desired means to drive and measure continuous improvement of Strategic supplier performance, and to periodically evaluate and compare performance across vendors
- Opportunity for improved project management and oversight of vendors
- Need for structure to incentivise vendors

Scorecard approach has been successfully employed to manage vendor performance in other industries & service types

- Supplier compensation linked to performance, including upside and downside
  - Define performance expectations with suppliers up-front
  - Scorecard to evaluate/rank suppliers (e.g., ranking 1st, 2nd, 3rd in quality)
  - Payment linked to evaluation as stated in contract – e.g., base comp at “B” level

## Performance contract – weighted scorecard



Supplier evaluation  
(1-10)

|                    |   |
|--------------------|---|
| Productivity (30%) | → |
| Quality (25%)      | → |
| Service (15%)      | → |
| Inventory (15%)    | → |
| Innovation (15%)   | → |

Supplier scorecard

|                          |
|--------------------------|
| ◆ 8 x 30% = 2.4          |
| ◆ 7 x 25% = 1.75         |
| ◆ 8 x 15% = 1.2          |
| ◆ 6 x 15% = 0.9          |
| ◆ 5 x 15% = 0.75         |
| Total = 7 out of 10      |
| Score 7 to 10 → <b>A</b> |

Contract terms

| Score            | Payment      |
|------------------|--------------|
| <b>A</b> 7 to 10 | = Base + 20% |
| <b>B</b> 4 to 6  | = Base       |
| <b>C</b> 0 to 3  | = Base - 20% |

- Contracting approach intended to facilitate performance management and enhance vendor accountability across four key categories:
  - (1) Quality,
  - (2) Performance & Reliability,
  - (3) Customer Service & Responsiveness
  - (4) Innovation & Business Process Improvement
- Two options available (or a combination)
  - (1) For Functions / Services *without* mature metrics, use Scorecard to drive performance assessment dialogue and commit to adjust fees in good faith, and/or adjust workload awarded during next term
  - (2) Where metrics or key deliverables identifiable/measurable, tie Scorecard to pre-identified financial incentives

- Vendor provides metrics data to Sponsor on pre-agreed frequency (e.g. monthly/quarterly) showing progress towards performance goals.
  - Alternatively, or in addition, Sponsor collects its own metrics data
- Sponsor uses pre-agreed Scorecard to assess Vendor's performance based on the information provided by Vendor and Sponsor's own experiences.
- In addition to specific goals/metrics, the Scorecard could have weightings attached.
- An average score could be calculated and incentive increased/decreased by a set pre-agreed % according to that score.
- Contracts & Outsourcing would be engaged to negotiate front-and/or back-end budget implications (incentives)
- At a minimum, facilitates open dialog with customers & vendors around performance & oversight

- Flexibility in application and accountabilities –  
Teams and Functional Lines can decide:
  - Who will be responsible for managing data collection and assessment
  - Whether Sponsor and/or vendor will take lead in delivering metrics
  - Identification of key metrics/deliverables and setting baselines
  - Weights of various metrics across the key categories
  - Frequency and forum for review

# *Case Study*



## ***Type of Contract:***

- Work Order for a large global trial, full service monitoring and endpoint management with a CRO with whom we have a strategic partnership.

## ***What did we measure?***

- Quality and Compliance metrics primarily extrapolated from our own SOPs.
- Metrics were chosen that were most relevant to the project and to the study team.

## ***Discussions with the CRO:***

- We presented the table of metrics to the CRO gaining agreement on:
  - The Key Metrics
  - Description of the metric, with reference to the appropriate SOP, if applicable
  - Target Compliance
  - Threshold for Action
  - Report/Measurement frequency

- **IIP Rejection Rate** – are IIPs completed as defined in the guidelines (timely, complete)
- **Monitoring Plan Frequency** – Is CRO complying with the Monitoring Plan and making visits within the timelines/guidelines
- **Completion & Submission of Trip Reports** – no missing information, accurate information, submitted with XX days of visit per SOP
- **Trial Master File Completion** – timeliness, completeness, quality according to SOP
- **CRF Data Quality** – are discrepancies being closed within the cycle time guidelines



- **Discussion was very beneficial to the project, the sponsor team, and to the CRO**
  - By taking somewhat of a deep dive into the operations of SOPs the team was able to better plan for the project
  - CRO had worked with us before and were able to bring to light issues and obstacles that the team had not thought about
  - Honest and clearer communication of expectations; CRO was being held to same standards as sponsor employees

| Quality/Compliance (Overall Weight – 45%)                      |   |                                  |             |                            |
|--|---|----------------------------------|-------------|----------------------------|
| Performance Standard   | Metrics Baseline (if applicable)  | Metrics Observed (if applicable) | Score (1-3) | Sub-weighting (total 100%) |
| Consistently meets Regulatory / GCP standards and requirements | Zero major or critical audit observations or Requests for Rework related to GCP |                                  |             | 20%                        |

- Negotiated legal language in the Work Order around what the Performance Metrics Program was and how the CRO would participate:
  - ***Participation in Governance Board***
    - Provides a forum for joint, high-level review of project status to risk manage, steer outcomes and align organizations. Relationship building on a senior level.
    - Meetings are led by Sponsor Clinical Study Operations management. Attendees include Clinical and C&O and CRO Sr Mgt: Global Ops, Project Mgt, BD
    - Performance metrics review provides the majority of the agenda
    - Review of Performance scorecard
    - Meeting frequency quarterly dependant on project/work
- In summary this approach facilitated project management and senior level oversight

- Robert Arreola
- Veronica Scott

