Outcome-Based Contracting Training Course: Targets, Incentives, Deductions and Review

15 – 19 February 2027
Istanbul

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Programme Summary

Outcome-based contracting is the subject of this one-week training course for contract managers, procurement heads and commissioning leaders, ending in an outcome contract blueprint for one live service or works requirement. Many agreements pay for effort and activity while the buyer actually wants results, so measures drift and payment follows invoices rather than delivery. The programme moves from outcome definition to baselines, targets, payment mechanisms, negotiation, monitoring and review. Mars Training Centre UK delivers this programme on outcome-based contracting to mixed-organisation cohorts.

The Business Case

Facilities providers, transport operators, health suppliers and infrastructure contractors are increasingly paid against results. Where outcomes are vague and measures are chosen late, buyers pay for activity that changes nothing and suppliers dispute every deduction. Leaders who define results, evidence and consequences before signature can steer supplier effort towards what the organisation needs.

- Value Delivered: Rises when payment is tied to agreed results rather than hours or inputs.
- Dispute Volume: Falls when measures, baselines and consequences are written before work starts.
- Supplier Behaviour: Improves when incentives and deductions reward the outcome the buyer values.

Principles and Evidence Base

- Performance-Based Contracting: Defines outcomes, measurable standards and consequences instead of methods, applied in Session 1 to outcome statements.
- Payment for Performance: Links incentive and remedy structures to measured results in service contracts, applied in Session 3 to payment mechanism design.
- NEC Option X20 Key Performance Indicators: Links defined indicators to payment adjustments in a standard contract family, applied in Sessions 2 and 3 to indicator schedules.
- Contract Performance Monitoring: Tracks delivery during operations against the agreed measures, applied in Sessions 4 and 5 to review meetings and renewal decisions.

Intended Participants

- Contract managers who administer agreements where payment depends on measured results.
- Procurement heads who write requirements and award terms for services and works.
- Commissioning leaders who must show that spending has delivered the outcome sought.
- Supplier relationship owners who prepare review meetings and answer for results.

Typical settings include public authorities, utilities, transport operators and health or facilities service providers.

Learning Outcomes

1. Participants will be able to evaluate whether a requirement is better bought as an outcome than as inputs.
2. Participants will be able to construct outcome statements, measures and baselines that a supplier can be held to.
3. Participants will be able to design a payment mechanism with incentives and deductions that balances risk.
4. Participants will be able to prioritise negotiating positions on targets, thresholds and risk transfer.
5. Participants will be able to diagnose weak or gamed performance data in a monitoring report.
6. Participants will be able to justify an outcome contract blueprint, including review and renewal terms, to a sponsor.

Programme Structure

Day 1: Outcome-Based Contracting Foundations and Outcome Definition

When should an organisation buy a result instead of an activity?

- Inputs, Outputs and Outcomes Ladder
- Outcome Suitability Screen
- Outcome Statement Drafting
- Stakeholder Value Map
- Risk Transfer Options Matrix

Day 2: Measures, Baselines and Targets

How is a result measured fairly and from what starting point?

- Key Performance Indicator Schedule
- Baseline Data Review
- Target and Threshold Setting
- Measurement Method Statement
- Data Ownership and Access Clause

Day 3: Payment Mechanisms, Incentives and Deductions

How does money move when results are met, missed or exceeded?

- Payment Mechanism Structure
- Incentive and Bonus Design
- Deduction and Service Credit Table
- Cap and Collar Limits
- Payment Scenario Test

Day 4: Negotiation, Monitoring and Review Meetings

How are targets agreed and results followed through the term?

- Target Negotiation Plan
- Concession Trade Sheet
- Monitoring Report Template
- Review Meeting Agenda
- Corrective Action Log

Day 5: Outcome Contract Blueprint for One Requirement

Do the earlier tools join into a blueprint that a sponsor can approve?

- Applying the Session 1 Outcome Statement
- Testing the Session 2 Indicator Schedule
- Stress Testing the Session 3 Payment Scenarios
- Planning Dispute and Renewal Handling
- Completing the Outcome Contract Blueprint

Methodology

The programme uses case analysis on prepared requirements from a public transport authority and a facilities provider, one set of services and one set of works-related outcomes. Participants write outcomes, set measures, model payments and defend their blueprint to peers acting as a sponsor and a supplier board.

- Suggested activity: Rewriting an input-based specification as three outcome statements with measures.
- Suggested activity: Modelling a month of deductions and incentives under a missed and an exceeded target.
- Suggested activity: Role-playing a target negotiation where the supplier challenges the baseline.

Capstone Output

Each participant completes an outcome contract blueprint for one live requirement. It holds outcome statements, an indicator schedule with baselines and thresholds, a payment mechanism with incentives and deductions, a negotiation plan, a monitoring and review routine and renewal terms. At work it supports tender drafting and the first year of contract management.

Frequently Asked Questions

Is an outcome-based contracting programme suitable for managers who have only run input-based contracts?

Yes. Outcome-based contracting is taught through prepared requirements and templates. The programme assumes responsibility for buying or managing services or works, but no earlier experience of results-linked payment.

Which models does outcome-based contracting rest on in this programme?

Outcome-based contracting rests on performance-based contracting principles, payment for performance structures, the NEC Option X20 Key Performance Indicators approach and contract performance monitoring.

How is the blueprint from outcome-based contracting used at work?

You use the outcome-based contracting blueprint to draft tender requirements, set indicators and payment terms, prepare target negotiations and run monthly review meetings.

How does outcome-based contracting differ from a programme on service level agreements?

Outcome-based contracting concentrates on results, payment mechanisms and risk transfer across the whole agreement, while a service level agreement programme concentrates on writing individual service levels and their reporting.