Supplier contract renewal

Process Definition Document (PDD): template and worked example

Example company (fictional): Zuiderlicht Installatie B.V., a building services contractor in Eindhoven, the Netherlands (310 employees).

Document control

Field	Value
Process name	Supplier contract renewal
Process owner	[Name, role]
Prepared by	[Name]
Reviewed by	[Names of the people who do the work]
Approved by	[Name, date]
Version	1.0 (as-is)
Status	Draft

How to use this template

This is a complete process definition document (PDD) for supplier contract renewal, also called contract renewal management or contract expiry handling. It covers what happens when a contract with a supplier is approaching its end date or its notice deadline: the alert, the review of spend and performance, the decision to renew, renegotiate, retender or exit, the negotiation, the approval and the update of the records. The company is fictional, but the sequence is the one procurement teams of 2 to 6 people run for service, maintenance and supply contracts.

Use it as a starting point. Replace the company details, the alert lead time and the approval limits, then walk through each step with procurement, the budget owners and legal. The date that matters most is not the end date of the contract but the last day to give notice. Most missed renewals are missed because nobody looked at the contract until the notice period had already passed. Selecting a new supplier from scratch and writing a first contract are outside this document.

- Replace the company, the register and the signature tool with yours. A small team can run the register in a spreadsheet, as long as one person owns it and alerts are set on the notice date and not the end date.
- Set your own alert lead time. 180 days suits most contracts, but a contract that needs a retender wants 9 to 12 months.
- Replace the 100,000 euro signing limit with the one in your delegation of authority, and quote the table in step 14, not a number from memory.
- Decide which contracts skip legal review. A rule by value and by whether terms change keeps legal time for the contracts that need it.
- Add a rule for evergreen contracts that have no end date. They need a review date of their own, usually every 2 or 3 years.
- If you work in a regulated sector, add the checks that a contract with a critical supplier needs, such as outsourcing or data-processing terms. Check the requirements with your own legal team.

1. Purpose and scope

This procedure describes how Zuiderlicht Installatie B.V. handles the renewal of existing supplier contracts. It runs from the alert in the contract register, raised before the notice deadline, to the moment the signed outcome is recorded in the register and the purchasing system and the business owner has been briefed. It gives procurement, the business

owner, finance and legal one route, so that no contract renews automatically by accident, every renewal rests on a review of real spend and real performance, and every signature sits with someone who holds the authority under the delegation of authority.

In scope

- Contracts for services, maintenance, subcontracting and recurring supplies with an end date or an automatic renewal clause
- The review of spend, price and performance in the last contract period
- The decision to renew as it is, renegotiate, retender or exit
- Negotiation of price, term and service levels with the current supplier
- Approval under the delegation of authority and signature
- Update of the contract register and the purchasing system, and handover to the business owner

Out of scope

- The full tender process for a new supplier, which starts from a separate sourcing procedure
- Supplier onboarding and checks for a new supplier
- Drafting a first contract, and legal disputes about an existing one
- One-off purchases without a contract
- Payment of supplier invoices

2. Process at a glance

Item	Description
Trigger	The contract register raises an alert 180 days before the last day to give notice.
Starts when	The Contract Administrator opens a renewal case from the alert.
Ends when	The signed outcome is in the register and the purchasing system and the business owner has acknowledged the handover.
Inputs	Contract, amendments and the notice clause, Spend per year and per item from the purchasing system, Delivery, quality and incident records from the business owner, Market prices or competing quotations, Budget for the next period
Outputs	Recorded decision: renew, renegotiate, retender or exit, Notice of renewal, non-renewal or intent, sent in time, Signed contract or amendment, Updated register entry with the new dates and the next alert, Updated prices and terms in the purchasing system
Volume	About 70 contracts a year come up for renewal, of which about 20 are above 50,000 euros a year
Working hours	Monday to Friday, 08:00 to 17:00. The target is to have the decision recorded 90 days before the notice deadline and the signature 14 days before it.

3. Roles and responsibilities

Role	Responsibilities
Contract Administrator	Owns the contract register, opens renewal cases from alerts, collects the spend data, checks the notice clause and updates the register and the purchasing system after signature.
Category Manager	Owns the renewal case, writes the options paper, runs the negotiation, prepares the approval pack and hands the contract over to the business.
Business Owner	Is the manager who uses the contract. Reports on performance and future need, takes part in the decision and manages the supplier day to day.
Finance Controller	Confirms the budget for the new period, checks the commitment against the forecast and signs off on the cost impact.
Legal Counsel	Reviews changes to terms, liability, termination and data clauses, and advises on notice

Role	Responsibilities
	requirements.
Managing Director	Approves and signs contracts above the Category Manager's limit, in line with the delegation of authority.
Supplier (external)	Receives the notice, responds with an offer, negotiates and countersigns the contract or amendment.

4. Systems

- Contract register: dates, values, owners, notice periods and alerts
- Purchasing system: supplier master, price lists, contracts and purchase orders
- SharePoint: signed contracts, amendments and the renewal case folder
- Excel options paper and negotiation tracker
- DocuSign for electronic signature of approved documents
- Email and Teams
- Delegation of authority table, published on the intranet

5. Process map

Process diagram goes here

Draw one lane per role from section 3, the steps from section 6 in order, and a diamond for each decision in section 7.

6. Procedure, step by step

#	Step	Who	What happens	System	Output
1	Receive the register alert	Contract Administrator	Receives the automatic alert 180 days before the last day to give notice, or 270 days for contracts above 50,000 euros a year. The alert shows the supplier, the owner, the value and the notice date. This takes about 5 minutes to check.	Contract register	Alert linked to the contract
2	Open the renewal case	Contract Administrator	Reads the contract and amendments to confirm the notice period, the renewal clause and the price adjustment clause, then creates a case folder and assigns the Category Manager and the Business Owner. If the register date differs from the contract text, the contract wins and the register is corrected. This takes 20 to 30 minutes and finds a wrong date in about 8% of cases.	Contract register, SharePoint	Case folder, confirmed notice date, named owners

#	Step	Who	What happens	System	Output
3	Collect spend and price data	Contract Administrator	Exports spend for the last 24 months by item and by site, compares invoiced prices with contract prices and lists purchase orders raised outside the contract. This takes 30 to 45 minutes. Spend outside the contract is found in about 25% of cases.	Purchasing system, Excel	Spend and price summary
4	Review performance and future need	Business Owner	Fills in the review form on delivery, quality, response time and incidents in the last period, and states whether the volume will grow, stay or fall. The owner is asked to reply within 10 working days, and about 40% need a reminder.	Excel, email	Completed performance and need review
5	Write the options paper	Category Manager	Combines the spend data, the review and a view of the market into a one-page options paper with the cost and the risk of renewing, renegotiating, retendering and exiting. Market view comes from 2 to 3 indicative quotations or a price index. This takes 2 to 3 hours.	Excel, SharePoint	Options paper with a recommendation
6	Decide the route with the Business Owner	Category Manager	Meets the Business Owner, agrees whether to renew as is, renegotiate, retender or exit, and records the decision and the reason in the case. About 30% of contracts renew unchanged, 45% are renegotiated, 15% are retendered and 10% are exited. This takes 30 minutes.	Teams, SharePoint	Recorded decision and reason
7	Send notice to the supplier	Category Manager	Sends the notice that the contract text requires: a notice to renegotiate, or a protective notice of non-renewal if the route is not settled 60 days before the deadline. Notice goes by registered post and email, and the receipt is filed. This takes about 20 minutes. A protective notice is sent in about 12% of cases.	Email, SharePoint	Notice sent and proof of delivery filed
8	Start the retender or exit plan	Category Manager	If the decision is to retender, opens a sourcing project and sets the extension needed to bridge the gap. If it is to exit, writes the exit plan with the end date, the transfer of work and the return of any assets. The case then continues from step 17 once the outcome is known. This applies to about 25% of cases.	SharePoint, purchasing system	Sourcing project or exit plan
9	Negotiate with the supplier	Category Manager	Sets the negotiation targets on price, term, indexation, service levels and exit terms, then meets the supplier. A typical negotiation takes 2 to 3 rounds over 3 to 4 weeks. Targets and concessions are recorded in the tracker.	Teams, Excel	Negotiation tracker with targets and positions
10	Respond with an offer	Supplier	Sends a written offer or a mark-up of the contract. If the supplier does not reply within 10 working days, the Category Manager escalates to the supplier's account director. About 20% of suppliers reply late.	Email	Written offer or amended draft
11	Evaluate the offer	Category Manager	Compares the offer with the targets, the market view and last year's cost, and calculates the saving or increase over the full term. Decides whether to accept, counter or walk away. This takes 1 to 2	Excel	Evaluated offer with saving or increase

#	Step	Who	What happens	System	Output
			hours per round.		
12	Review changed terms	Legal Counsel	Reviews every change to liability, termination, data protection, indemnity and governing law, and flags terms that carry a risk. Reviews are skipped for unchanged renewals under 20,000 euros a year. A review takes 2 to 5 working days and applies to about 55% of cases.	SharePoint, email	Legal comments or clearance
13	Confirm the budget and the commitment	Finance Controller	Checks that the cost over the term fits the budget and the forecast, and notes any increase that needs a budget transfer. Where the budget is missing, the case pauses until the Business Owner finds it. This takes 15 to 20 minutes, and a shortfall appears in about 10% of cases.	Finance system, Excel	Budget confirmation or shortfall note
14	Prepare the approval pack and check the authority	Category Manager	Puts the final contract, the options paper, the saving, the legal clearance and the budget note into one pack, and checks the total contract value over its term against the delegation of authority table. Up to 100,000 euros the Category Manager signs. Above that the Managing Director signs. This takes about 45 minutes.	Delegation of authority table, SharePoint	Approval pack and named signatory
15	Approve and sign	Managing Director	Reviews the pack and signs electronically for contracts above the Category Manager's limit. If the pack is incomplete, returns it with a reason. The target is 3 working days, and about 15% of packs come back for more information.	DocuSign	Signed contract or amendment
16	Countersign	Supplier	Countersigns the contract or amendment. The renewal is only effective once both signatures are on the document. A supplier that has not signed within 5 working days is chased by phone.	DocuSign	Fully signed document
17	Update the contract register	Contract Administrator	Files the signed document in the case folder and updates the register with the new start and end dates, value, notice period, owner and a new alert. For retender and exit cases, enters the new end date or marks the contract as ending. This takes about 15 minutes.	Contract register, SharePoint	Updated register entry with the next alert
18	Update the purchasing system	Contract Administrator	Loads the new prices, the validity dates and the payment terms, closes the old price list and checks that open purchase orders point to the new one. This takes 20 to 30 minutes, and open orders need correcting in about 10% of cases.	Purchasing system	New price list and contract in the purchasing system
19	Hand over to the Business Owner	Category Manager	Briefs the Business Owner on what changed: prices, service levels, reporting duties and the next review date. The owner acknowledges by email, and the case is closed. This takes about 30 minutes.	Teams, SharePoint	Acknowledged handover and closed case

7. Decision points and business rules

- Does the register date match the contract text? No: the contract wins and the register is corrected (step 2). About 8% of cases.
- Has the Business Owner replied within 10 working days? No: the Category Manager reminds and, if needed, escalates (step 4). About 40% of cases.
- Which route: renew, renegotiate, retender or exit? Recorded with the reason (step 6). About 30%, 45%, 15% and 10% of cases.
- Is the route settled 60 days before the deadline? No: the Category Manager sends a protective notice (step 7). About 12% of cases.
- Do the terms change? Yes: Legal Counsel reviews them (step 12). About 55% of cases.
- Is there budget for the new term? No: the case pauses until budget is found (step 13). About 10% of cases.
- Is the contract value over the Category Manager's limit? Yes: the Managing Director signs (step 14). About 20% of cases.

8. Exceptions

- The alert is raised too late, because the contract was registered after signature (about 5%): the case starts at once and the Category Manager asks the supplier for a short extension.
- The supplier is critical and has no alternative (about 6%): the route is renegotiate, and the options paper records the dependency risk and a plan to reduce it.
- The contract renews automatically before a decision (about 3%): the case moves to a renegotiation under the new term and the missed deadline is reported to the Head of Procurement.
- The supplier proposes a price rise above the index (about 20%): the Category Manager asks for the cost basis and tests it against market quotations before accepting.
- The Business Owner leaves during the case (about 4%): the owner's manager names a successor, and the review is repeated if the new owner disagrees with it.

9. Controls

- The contract text, not the register, decides the notice date.
- A protective notice goes out 60 days before the deadline when no route is agreed.
- No contract is signed outside the delegation of authority, and the check is recorded in the pack.
- Legal Counsel reviews every change to liability, termination and data terms.
- Finance confirms the budget before signature.
- The Contract Administrator updates the register and the purchasing system, not the Category Manager who negotiated.
- Signed documents are stored in one folder per contract, with the register as the index.

10. Known issues today

- Alerts reach the Contract Administrator but the Category Manager hears about the case only when the deadline is close.
- Notice dates in the register differ from the contract text after amendments.
- Business owners answer the performance review late or with one line, so the paper rests on spend alone.
- Spend outside the contract is found only at renewal, when it is too late to correct the habit.
- Prices in the purchasing system keep the old list after a renewal, and orders go out at the old price.
- Approval packs are put together by email, and the signatory does not see the savings.

11. RACI matrix

R = responsible (does the work), A = accountable (owns the outcome), C = consulted, I = informed.

Activity	Contract Admin	Category Manager	Business Owner	Finance	Legal	Managing Director
Open the case and confirm the notice date	A/R	I	I		C	
Collect spend and price data	R	A		C		
Review performance and future need		A	R			
Decide the route	I	A/R	C	C		I
Send notice to the supplier	C	A/R	I		C	
Negotiate with the supplier		A/R	C	I	C	
Review terms and confirm budget		A	C	R	R	
Approve and sign	I	R	I	C	C	A
Update register and purchasing system	A/R	C	I			
Hand over to the business	I	A/R	R			

12. KPIs

KPI	Definition	Target
Contracts decided 90 days before the notice deadline	Share of renewal cases with the route recorded at least 90 days before the last day to give notice. Target 85%.	[set]
Missed notice deadlines	Number of contracts that renewed or expired without a decision because the notice date passed. Target zero.	[set]
Saving against the previous contract	Difference between the annual cost under the new contract and the previous one, at the same volume, as a percentage and in euros.	[set]
Spend outside the contract	Share of spend with the supplier in the last period that was not covered by contract prices, found at review.	[set]
Days from decision to signature	Calendar days between the recorded route and the final signature. Shown by route.	[set]
Register accuracy	Share of renewal cases where the register date matched the contract text at step 2. Target 98%.	[set]

13. Revision history

Version	Date	Author	Change
1.0	[date]	[name]	First as-is version

Free template from processfix.ai. You may copy and adapt it. The company in the example is fictional.