

The Value Leakage Checklist

Twenty-four checks on where negotiated value escapes between signature and the P&L. Work it once a quarter against your largest contracts. Most teams find something in the first hour.

PRICE AND RATES

- ☐ Negotiated prices are loaded into the ERP or purchasing system, and the load date is recorded.
- ☐ Invoices are matched to contracted rates, not just to purchase orders.
- ☐ Price increases in the last twelve months were contractually permitted, and were capped where the contract caps them.
- ☐ Indexation has been applied in the right direction. Indices fall as well as rise.
- ☐ Volume tier thresholds have been checked against actual volume and the correct tier is being billed.
- ☐ One-time discounts and introductory rates have not quietly expired.

CONTRACT AND COMPLIANCE

- ☐ Spend is going through the contracted supplier, not around it.
- ☐ Off-contract and maverick spend in this category has been quantified, not just discussed.
- ☐ Auto-renewal dates are diarized with enough notice to act, 90 days minimum.
- ☐ Rebates and growth incentives earned have been claimed and received.
- ☐ Service credits owed for missed SLAs have been claimed rather than written off.
- ☐ Scope has not expanded without a corresponding price agreement.

DEMAND AND SPECIFICATION

- ☐ Users are buying the contracted specification, not a premium upgrade.
- ☐ Rush and expedite orders are measured, and the premium paid is visible.
- ☐ Consumption has been reviewed against need, not just against last year.
- ☐ Substitutions approved during shortages have been reverted or repriced.
- ☐ Inventory on hand is used before new stock is ordered.

PROCESS AND PAYMENT

- ☐ Payment terms in practice match the terms negotiated.
- ☐ Early payment discounts available are being taken.
- ☐ Duplicate payments and credits owed have been swept in the last twelve months.
- ☐ Freight, fuel and surcharge lines have been checked against contract.
- ☐ Invoices are being validated against receipts, not paid on trust.



GOVERNANCE

- ☐ A named owner in the business is accountable for this contract's performance.
- ☐ Supplier performance is reviewed on a set rhythm, with the contract open on the table.
- ☐ The savings claimed on this contract have been evidenced in invoices in the last two quarters.

WHAT TO DO WITH THE BOXES YOU COULD NOT TICK

Rank them by annual contract value and fix the largest three first. Leakage is rarely dramatic. It is small percentages on large numbers, which is why it survives so long.

The checks that fail most often in our work are **price loading**, **unclaimed rebates** and **auto-renewals that passed unnoticed**. All three are recoverable, and the first two are usually recoverable retroactively.