

ESSEX COUNTY COUNCIL PROCUREMENT SERVICES RELATIONSHIP MANAGEMENT

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About Essex

- Budget £1.1bn
- Employees 39,000
- Population 1.3m
- Procurement Budget £650m
- No of SME's 40,000

- 2002/3 Best Value Review
- January 2003 Cabinet Approved
10 Objectives

OBJECTIVE 2

- To develop a framework for relationship management for all contractors, with particular emphasis initially on the strategically critical areas of procurement, to deliver continuous improvement via effective performance management of our supply base.

PROCUREMENTS TARGETS – YEAR 1 – RELATIONSHIP MANAGEMENT

- 20 key contracts managed via a performance management framework
- 8 of the 20 key contracts are meeting or bettering agreed performance levels
- With Service Units, develop and manage joint annual business plans with the Authority's strategic critical suppliers.

Step 1

- Identify with Service Units, where appropriate 20 Key Contracts and Suppliers using the Supplier Positioning Tools (key questions)

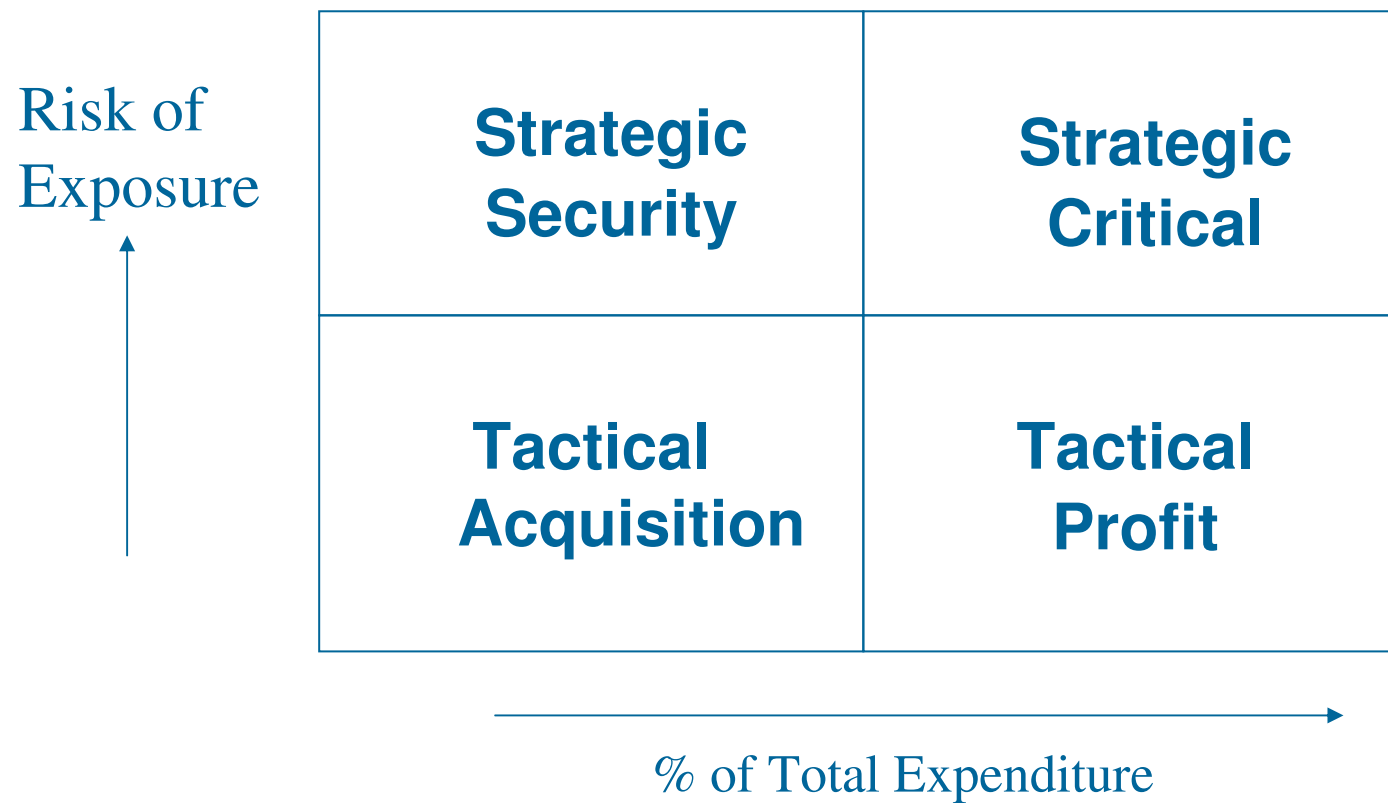
Step 1 continued

Example Questions:

- Are there many suppliers in the market?
- Is the supply public facing?
- How serious will a failure in supply affect your service and the public?
- Is there a significant political sensitivity concerning your requirement?

Step 1 continued ...

SUPPLIER POSITIONING MATRIX



Step 2

- Using the Supplier Preferencing Matrix tools (checklist of key questions) to enable us to understand our relative importance to key contractors and risks associated with service failure.

Step 2 continued

Example questions:

- What is the value of the contract(s) in relation to the suppliers turnover? - the greater the % the greater the value they will place on the contract account.
- Does the customer pay invoices on time?
- Is interfacing with the customer difficult and bureaucratic?
- Is the contract aligned to the suppliers core business?

Step 2 continued ...

SUPPLIER PREFERENCING MATRIX



Step 3

Key Areas of Relationship Management

- Self Examination
 - Are there supplier incentives
 - What are the potential or existing areas of conflict e.g. late payments, unrealistic deadlines, changing specifications

Step 3 continued

Key Areas of Relationship Management

- Joint Business Planning
 - Transparency of activity
 - Collective responsibility
 - Team approach
 - Joint goals

Step 3 continued

Key Areas of Relationship Management

- Performance Reviews
 - Agreeing Key Objectives
 - Reviews of the relationship
 - Addressing short-term issues
 - Contact with the right people on both sides of the organisation
 - Business Development and future service delivery
 - Customer\end user feedback
 - Long term business planning

Step 3 continued

Key Areas of Relationship Management

- Performance Measures
 - Identify what, if any performance measures are in place
 - How is performance currently measured, recorded and reviewed – and managed
 - What actions do we need to take to achieve the measures and how will we review
 - Develop performance measures where necessary

If you don't know where you're going,
any path will take you there.

ALICE IN WONDERLAND

Step 4

Skills (Link to Objective 8)

- Project planning
- Technical expertise
- Communication skills
- Diplomacy – when to be assertive and when to be accommodating
- Ability to take an objective/ rational approach
- Ability to think “outside of the box”
- A “can do” approach

Step 5

Improving Performance

- How can we improve our performance?
 - Use of tool kit, training, bench marking our performance, wider partnership working and networking
- How can we, where appropriate, improve our relative importance to the contractor?
 - Use of tool kit, move our position relative to the market place, training, interpersonal skills and communication

Step 5 continued

Improving Performance

- How can we improve the contractors performance?
 - Regular review meetings, KPI/ payment mechanisms, joint business planning, improved communication and common goals

TARGETS – YEAR 2

- 70% of key contracts managed via a performance management framework
- 70% of the key contracts managed via a performance management framework are meeting or exceeding agreed performance levels

CONCLUSION MANAGE RELATIONSHIPS

DON'T "LET AND FORGET"

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