

# **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)

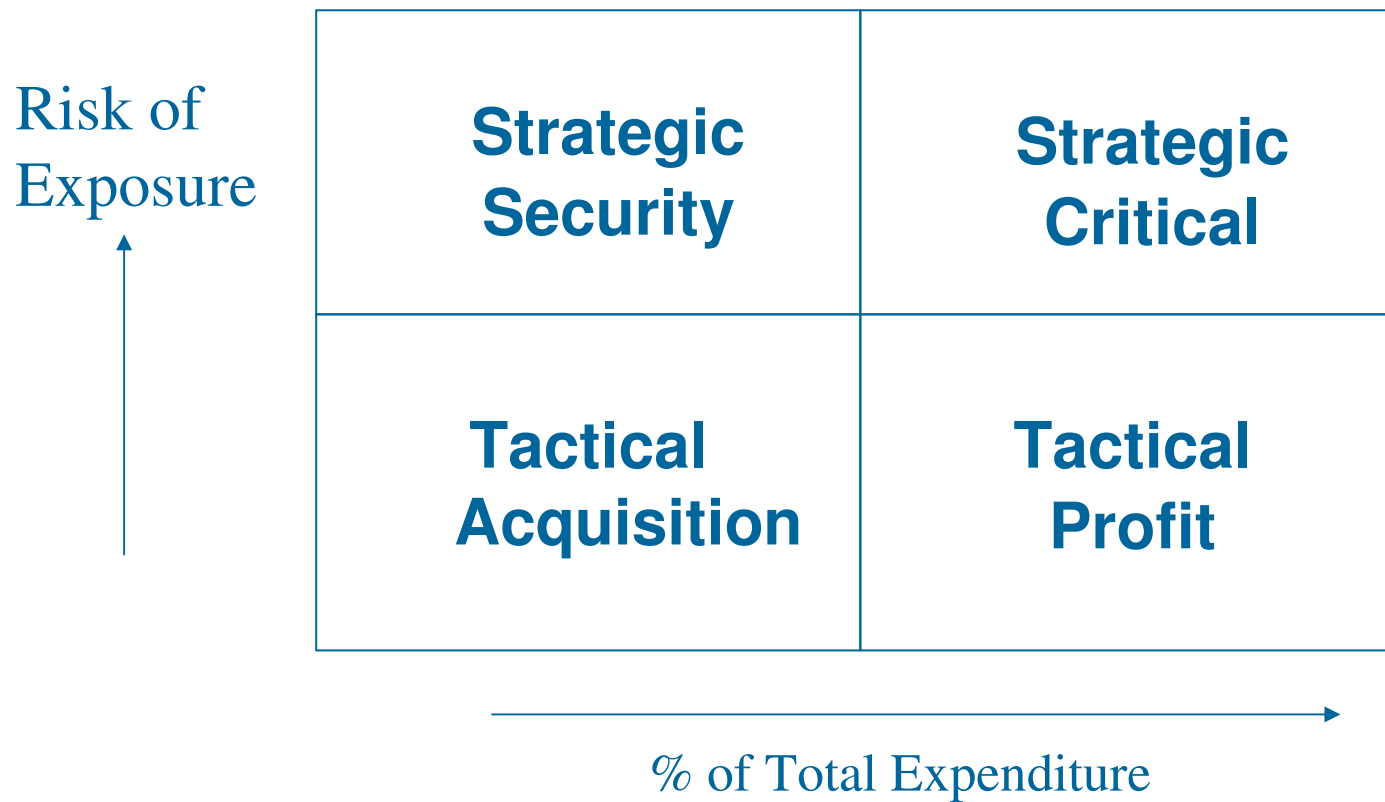
## Step 1 continued ....

### 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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