
Think Procurement
The Online Procurement Bulletin from Brian Farrington Ltd

April 2008 Issue:

1. [Developing Trust and Understanding](#)
2. [Your New Financial Year](#)

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Word count for this issue: 933 Approximate time to read: Just over 4 minutes

This Month's Hot-Links

The links below are addressing events addressing supplier-buyer relationships:

Managing Your Client for Better Results

17 April, St Helens

[St Helens Chamber](#)

Marketing to the Public Sector

6 May, St Helens

[St Helens Chamber](#)

Commercial Awareness

6 June, St Helens

[St Helens Chamber](#)

1. Developing Trust and Understanding

Would it be a surprise to realise that the farewell address to the American Nation at the Oval Office on 11 January 1989 by [Ronald Reagan](#) might have some value for buyers working with suppliers?

Amongst the 3000+ words of his address he stated:

'Trust but verify'

Trust may be a defining characteristic of the relationship between a buying organisation and a supplier(s). It is intangible and cannot be written into a contract.

Trust means having the confidence that there are key elements embedded in the relationship, including:

1. There is a mutual objective to deliver the contract, as negotiated.
2. Neither party will take unjust advantage of the other.

3. Business dealings will be based upon complete integrity.
4. Early warning will be given of new issues and potential problems.
5. Positive problem solving skills will be developed.
6. Standards of probity will be adhered to.
7. Business confidentialities will be respected.
8. Open behaviour will take place with no 'hidden briefings' against people.
9. Mutual dependencies will be identified, dealt with and respected.
10. Profit motives are acknowledged.

In such a relationship it is essential that all levels in both organisations behave consistently. There must be a 'buy-in' to the relationship as it must be recognised that, early in the contract, special efforts will have to be made to develop appropriate trust. It is central to the success of contractual performance.

What about the 'verify' of Reagan's quotation?

Trust is necessary to a buyer-supplier relationship and the underpinning is the verification. Acting on the clause titled 'Right of Audit' is vital to the success of a trusting relationship. The Buyer may wish to review a contract to assure themselves that value for money has been achieved. A key element in such a review would be to undertake a visit to the contractor's premises. An audit, for example of timesheets may be appropriate. This clause, assuming it is in place is a prime motivator for Contract Management not being desk-bound.

Simplistically, Saddam Hussain, it appears, wasn't lying when he said that he didn't have weapons of mass destruction. The West didn't trust him, in part, because he wouldn't allow inspectors in to verify that he had none.

Buyers need to engender trust in relationships with suppliers by acting in the manner detailed in the above table – and more. Suppliers need to consent to verification by the Buyer through audit and review. Indeed successful suppliers welcome audit as an opportunity to showcase their contractual performance.

Please share your experiences of trust and verification with *Think Procurement* subscribers by emailing [Stephen Ashcroft](mailto:Stephen.Ashcroft@thinkprocurement.com).

2. Your New Financial Year

If you can say that you are content with your level of performance, you do not want us.

If you believe that you can improve in this new financial year, you should be talking to us.

Initial discussions with one of our senior team of consultants are free and without obligation.

To arrange a 40-minute appointment, at your offices, please contact [Margaret Bate](mailto:Margaret.Bate@thinkprocurement.com) who has access to our April 2008 diary dates or telephone 01744 20698.

Until next month,

Stephen Ashcroft

Brian Farrington Ltd

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