



Brian Farrington Limited Procurement and Business Solutions People

August 2004 Newsletter

Parent Company Guarantees

These are frequently put in place when a subsidiary has only a nominal share capital and would not be able on its own to pay any substantial awards for damages, or indeed would not be able adequately to finance the execution of the actual contract. The parent company standing as a surety for a wholly owned subsidiary over which it has complete operational control, that is to say it can bolster its finances, restructure its management, order it to employ specialist sub-contractors and in other ways require it to fulfil the obligations it has undertaken if necessary at the parent company's expense. The logic is impeccable – but is it? Have you thought what happens if the parent company goes into administration? In other words it is now of no substance! A performance bond could be the answer. If any of our readers have encountered this problem please share your experience.

Our "Alpha" Programme

Your organisation may wish to take advantage of our "Alpha" programme. Under this agreement we provide an agreed number of consultancy days in a fixed period at a competitive fee. The timing and nature of our intervention is your call. The potential is endless and could include, negotiating contract extensions, negotiating proposed price increases, purchasing vehicles and fleet management, purchasing marketing services, managing a complete tender process, providing interim procurement Director duties.

These are all current assignments.

Human Relations (HR) Departments

Did you see the business pages in early July? You may have missed the news that Thornton's have parted company with the HR Director, a person of 25 years presence. The Managing Director, it was reported, did not believe HR was required in its existing form. Could this start a trend? Do you have any suggestions for departments or roles that could be "chopped".

A Contract Database

We have recently undertaken a review of procurement in a national organisation. Once again we have encountered the problem of not being able to find the contracts to support a great deal of the external expenditure. Those that have been found were scattered to the seven winds. No-one had the accountability for the contract database. Why is it that procurement keeps missing the opportunity? Our review has unearthed appalling contracts, some drawn up by our client's lawyers! We urge our readers to consider this facet of professional life – there is an excellent chance to make an impact on contractual risk management. If you would welcome a briefing on our approach to this task please contact us.

Postponement of the date for the return of tenders

A client asked for our views on how to deal with a request to postpone the date by which tenders had

to be returned. Here are some thoughts:

1. Would a revised date involve a consequent delay to the project?
2. Did the enquirer produce any convincing reason why his tender was being delayed?
3. Do you have reason to believe that incompetence or inexperience applies?
4. If it is an SME do they lack the knowledge of tendering?
5. Would postponement imply preferential treatment of one firm over its competitors, who can meet the original date?
6. Would a refusal to grant an extensive result in an insufficient number of truly competitive difficulties which others may have overlooked?
7. Did you set an unrealistic timescale in the first instance?

Training Courses

We are pleased to announce that we have teamed up with Hawksmere to provide a number of courses starting in October 2004. Marketing Literature is being distributed by Hawksmere, alternatively contact, Stephen Ashcroft on 01744 20698 or email him at s.ashcroft@brianfarrington.com

The newsletter will also be posted on our website.