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**Think Procurement**  
**The Online Procurement Bulletin from Brian Farrington Ltd**

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**June 2010 Issue:**

1. **Supply chain vulnerability**
2. **Training courses – tasters from seasoned experts**
3. **Are you one in 6.25 billion**
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**1. Supply Chain Vulnerability**

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Back in the 1980's there was a Utility sector supplier, based in the South of England, dominating a market for a specific product range. When competition from Europe eroded its market it struggled to meet its debt repayments to the bank. Although the supplier was still profitable and had a good order book it was closed down.

About the same time a small niche provider of GRP (Glass Reinforced Plastic) products based in North Wales suffered a similar fate.

The connection between these two companies was a Bank, who shall remain nameless. A directive from Senior Management at the Bank required the reigning in of loans. Breach the terms of the loan agreement and you are at the mercy of the creditor. So that's who the Bank targeted first. Whether the Bank recovered all of its debt, we don't know but they no doubt had the right under the terms of the loan to call in the funds. Both companies were ultimately bought and continued production. However, their customers were materially affected. Supplies dried up for a period. Some eventually found alternative sources and never went back to their old supplier. Those who opted for a dual supply of critical equipment were inconvenienced but ultimately, managed the situation by increasing volumes with the alternate supplier. Those single sourcing suffered in a) obtaining supplies and b) were forced to pay premium rates.

With insolvencies, right now, running at 0.8% of active companies in England and Wales and 0.5% in Scotland or 1 in 125 and 1 in 200 respectively, the risk of being affected is higher than you might think. Have you considered the risk and impact of the interruption to your supply chain?

You should always be monitoring key suppliers. Operational, performance and behavioural changes within an organisation may provide early warnings of distress. Here are a few of the signs, which if combined, may indicate problems:

- Change of Bankers
- Introduction of Factors to collect debts
- late or incomplete deliveries
- suggesting accessories are bought direct from other suppliers
- excuses for delays
- reduction in quality
- low morale in the workplace
- blaming suppliers for poor delivery or shortages,
- change of suppliers
- recommending that you deal direct with other suppliers for accessories and associated components
- Seeking early payments or offering heavy incentives for early payment
- Non availability of Key staff when you want them
- Non return of phone calls
- Changes in key staff or high turnover of staff

Take some time to identify any key suppliers of goods and services and ask yourself what you would do if they no longer existed. It is called Plan "B". If you need a flexible resource to undertake supplier health checks please call us. We undertake this work quietly and without fuss.

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## 2. Training Courses – tasters from seasoned experts

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We recently circulated our 2010 Training Catalogue which evoked a large amount of interest and queries. We have a 30-year track record of designing and delivering training on procurement and related commercial, contractual and financial matters. Our courses are customised to suit your needs and can be stand alone or part of a wider integrated training programme. Our award winning approach delivers tangible benefits to organisations. Literally 1000s of procurement professionals – in the UK and internationally - have benefitted from our programmes – have you?

The best way to demonstrate this is to show you. We are running a series of half day courses that will be FREE to the participants, at our offices in Rainford Hall. This will be a taster of the full courses we run - on what topic?

Well that will be up to you!

All you need to do is reply to us at [s.ashcroft@brianfarrington.co.uk](mailto:s.ashcroft@brianfarrington.co.uk) – first come first served, by latest 30 June 2010, providing us with the topic you are interested in. Perhaps a review of training catalogue 2010 to inform your thinking? We want to make the taster events interactive and personal to your needs and so places are limited to three participants per tutorial. We are aiming to run the events through July (working around your World Cup dates!) and August.

So what's the catch? Apart from this offer being restricted to one person per company there is none.

Isn't this win-win? We think so - a short, sharp refresher for you on a topic you are grappling with - and we get to present our services to you.

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### 3. Are you one in 6.25 billion?

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The recently announced budget cuts of £6.25bn will affect both the Public and Private Sectors and this is only the beginning of the restrictions. The Times speculated:

“At least 300,000 Whitehall and other public sector workers may lose their jobs as the coalition government sets to work cutting the £156 billion budget deficit.”

However, this is not inevitable. There is still plenty of scope for supply chain efficiencies that will produce savings (without affecting quality). This is an area that should be targeted prior to embarking on job cuts.

For proven approaches to helping you find these savings please give us a call on 01744 20698 or email [r.gambell@brianfarrington.co.uk](mailto:r.gambell@brianfarrington.co.uk) We will open a discussion with you on the possibilities. This is without obligation. There is money to be saved and we can help you. In 30 years of consultancy support we have not been in an organisation yet where we have not delivered financial benefits.

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### 4. **Brian Farrington Ltd**

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[Brian Farrington Ltd](#) is an independent procurement and supply chain consultancy providing services to major public and private sector organisations. It is one of the world's longest established specialist procurement consultancies. The senior management team of seasoned procurement consultants are not ex-big four nor aspiring graduate trainees nor ex-recent purchasing managers.

Public sector clients current and previous include MOD and many central and local government bodies including Home Office, OGC and Scottish Government. Private sector clients include 33 of the current FTSE100 as well as leading defence contractors. Established in 1978, we have proven expertise and experience in cost management, process improvement, strategic sourcing and change management. Our practitioner expertise in EU Procurement Directives is underpinned by academic rigour. Two of our people are the authors of [the CIPS Level 5 coursebook Contracting in the Public Sector](#). This is currently the unique text in the subject and sector. Brian Farrington Ltd is a CIPS strategic partner, one of only four worldwide, to deliver CIPS products including accredited educational and training programmes. Brian Farrington Ltd solutions and services are formed through consultancy, training & development, coaching, interim resource and recruitment.

Brian Farrington Ltd's four core areas of procurement and supply chain capability are:

- strategic review and commercial governance
- performance delivery and transition
- major project support including lead negotiator roles
- learning & development in support of organisational aims.

Until next month,

**Stephen Ashcroft**  
Brian Farrington Ltd

Helping procurement and related professionals manage third party expenditure and mitigate risk.

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