



Brian Farrington Limited Procurement and Business Solutions People

February 2004 Newsletter

The need for supplier appraisal!

Your suppliers? Are they really good enough? How will you know?

Every organisation has them, even if we just talk about the provider of stationery or your office cleaners, they are all suppliers. For many of us, we spend a lot of money with them. But it is not just a question of money, we share with them the future of our organisation or the risk of your own job. That might be a very hard pill to swallow, but what if.....?

"Your company manufactures packaging for beverages, and your supplier of pallets, unwittingly, provides product infected with a 'bug', because they haven't followed your specification. As a result, they infect your customer's product, and many consumers fall ill with the bug. The customer sues your company for millions! Your supplier does not have either the cash or insurance to compensate you. Shouldn't you have known that they were not following the specification and their position on insurance?"

This is an alarming example, but this situation actually happened. The company in question as a result brought in a rigorous form of supplier appraisal and audit to ensure that this kind of situation never happened again. But it was too late for this; the cost was measured in millions.

Unjust Enrichment!

We have long pointed out the common law right of "unjust enrichment" to our clients. There is an excellent "commentary" to be found in the judgement in the High Court of Justice Chancery Division, Vedatech Corporation and Crystal Decisions (UK) Ltd and Crystal Decisions (Japan)Ltd [2002] EWHC 818 (Ch). Mr Justice Jacob stated that "the concept of unjust enrichment (which is a better term than the Latin tag quantum meruit) is wider and more flexible than that. It depends upon all the circumstances. The principal of unjust enrichment is in large part founded on conscience. Can the recoverer of a benefit in all conscience hang on to it without paying? If he cannot, then he is unjustly enriched. In the right circumstances the buyer may use it in negotiations with suppliers who have received inappropriate payments for completed or partly completed contracts. The above judgment can be accessed through the Court Service (if you need any help with this please contact us).

Excellence in Procurement.

Our next open courses are coming up! Due to the success of the last course we are delivering "Excellence in Procurement" at two venues. On the **24th March 2004** we will be at the Novotel in **Preston**, followed on the **21st April 2004** at **Birmingham Airport**. We look forward to

an informative and stimulating event and we hope to see you there.

This course is also available as an in-house event. Interested? Please contact Stephen Ashcroft on 01744 20698 for details.

New Appointment

We are pleased to announce that the BFL team has been strengthened by the appointment of Ken Morris into the business as Senior Consultant.

Ken is a senior procurement professional with extensive experience and expertise in Procurement Management, Team (Re)-building, Relationship Management and Supplier Development in national and international supply markets. He has worked for leading international organisations in the manufacturing sector, dealing with a wide range of customers and projects, achieving significant experience in delivering quality solutions.

Ken is already working on a number of projects including competitive tendering advice with a public sector client and is preparing to undertake a skills-gap analysis programme for a U.S. client during February.

Contact:

If you would like to receive the newsletter by email please contact

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The newsletter will also be posted on our website www.brianfarrington.com on the first Monday of every month.

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