



## Systems & Procedures

<b>SYSTEMS AND PROCEDURES</b>	
<b>SUMMARY</b>	<p>The failure to deliver benefits to a business through smarter purchasing often can be attributed to inadequate systems and procedures. The analysis of these and their reengineering is the specific nature of this consultancy activity.</p>
<b>CASE HISTORIES</b>	<p><b>Systems and procedures to control building maintenance expenditure.</b></p> <p>This assignment was undertaken for an off-shore service organisation. At the outset there was no purchasing involvement but there was total devolved accountability to over 50 locations. No policies, systems or corporate procedures existed. A complete review was undertaken which showed that payments were made for buildings that did not exist, highly suspect practices existed with local providers, no effective contractual base existed and the benefits of Corporate expenditure were being missed. With considerable resistance, new systems and procedures were introduced and later subjected to internal audit routines. There is now appropriate control, with an element of devolved authority, and common procedures.</p>
	<p><b>Systems and procedures to control scrap disposal.</b></p> <p>This assignment was stimulated by a situation known to many. Malpractice, no segregation of high value scrap, illicit payments of cash, loss of value added work to the scrap bins, etc. A full review of this organisation's systems and procedures was made. This showed an absence of shop floor control of scrap, inadequate segregation, no knowledge of market prices, reliance on the scrap merchant's weighing information, cash payments and as defined accountability. The latter was moved to purchasing with great impact and financial benefits.</p>
<b>DURATION OF ASSIGNMENT</b>	<p>The review of a site contained purchasing system and associated procedures actually takes 10 days to map. The agreement to, and preparation of, revised systems and procedures can be circa 30 days. The benefits are typically in smarter working, improved data and more high impact controls and decisions.</p>



<b>WRITING COMMERCIAL MANUALS</b>	
<b>SUMMARY</b>	<p>These are not procedural manuals. They are commercial manuals which set out, through checklists and analysis the key points which must be considered by technical and commercial staff in large organisations.</p>
<b>CASE HISTORIES</b>	<p><b>A railway transportation organisation.</b></p> <p>The need for a commercial manual arose after a major safety incident revealed that no uniform approach was in use across a complex organisation. We conducted research in such areas as signalling, safety, environmental, major projects, quality management, contractual risk, financial management and claims. The manual was written to Schedule, signed off by the Board of Directors, and rolled out to over 1000 technical and commercial staff. The use and application of checklists became mandatory throughout this organisation.</p>
	<p><b>An offshore financial institution.</b></p> <p>This financial institution consisted of banks and a building society. A corporate procurement activity was introduced and uniform standards were required across the organisations. In excess of 500 sites were involved. The research was conducted, including detailed discussions with internal audit, legal services, marketing, security, premises management, security printing and corporate banking services. The manual was written and printed. Thereafter a series of briefing sessions were held to brief staff about the structure, content and use of the manual. The manual was very well received.</p>
<b>DURATION OF ASSIGNMENT</b>	<p>We require 25-30 days to research, write and present a typical commercial manual of some 140 pages.</p>



<b>TENDERING AND BID ANALYSIS</b>	
<b>SUMMARY</b>	The preparation of complex invitations to tender (or the more commercial quotation) and subsequent bid analysis can often be a task requiring short term resources beyond that available. We accept these short term notes.
<b>CASE HISTORIES</b>	<p><b>High value engineering project.</b></p> <p>This brief case history concerns the bid analysis of work for design, manufacture, install and commission of equipment. Bids were received from UK, German and USA companies. There was a high degree of technical and contractual non-compliance which required sophisticated risk analysis assessment. A highly focused bid evaluation criteria methodology was developed, using appropriate weightings. An integrated technical/commercial team was used to make the sourcing recommendation, after appropriate negotiation actions.</p> <p><b>A Facilities Management project.</b></p> <p>Our work consisted of advice in the preparation of an invitation to tender for cleaning services associated with a change in procurement strategy. An ITT was prepared with contractual terms and conditions, Statement of Work (SOW), pricing and cost schedules, staffing and supervision requirements, security implications and provision of consumables. The contract value was in excess of £5m and contract duration 5 years (with extension provisions). The model was used in other parts of the business.</p>
<b>DURATION OF ASSIGNMENT</b>	Varies according to the complexity of the task, but typically 5-30 days would be required for a task involving preparation of a bid document and the subsequent analysis.



<b>EVALUATION OF PURCHASING</b>	
<b>SUMMARY</b>	<p>The Board of Directors need to be assured that their Purchasing operation is performing at world class level. Any shortfall will impact on the bottom line and operational effectiveness. To effectively evaluate performance requires an exacting approach which, independently, answers all the relevant questions. We use metrics of excellence which have been developed and honed over many years.</p>
<b>CASE HISTORIES</b>	<p><b>An international aerospace organisation.</b></p> <p>This assignment took place in an aerospace organisation who manufactured safety critical items and who were a major service provider to international airlines. The evaluation involved their businesses in Europe, Canada and the USA. We reviewed all expenditure on raw materials, machined components and Bought Out Finished items. Additionally we examined long term contracts and how contractual risk was being managed. The outputs of this assignment was the development of an international purchasing strategy, dramatic resourcing of major raw materials (aluminium forgings for example) and the launch of a training programme in key knowledge and skills. We reported, in this instance, to the Corporate Board of Directors.</p>
	<p><b>A South African financial institution (banking and insurance).</b></p> <p>Our role here was to assist the newly appointed Group Purchasing Executive in evaluating all major categories of expenditure. These included building services, print, marketing, Information Technology, refurbishment, corporate travel and furniture. The analysis involved over 200 locations, including Cape Town, Durban, Johannesburg and other major cities. This assignment has now been in place for five years where our inputs are now ad-hoc. A Corporate Purchasing Operation is thriving, alongside devolved purchasing authority.</p>
<b>DURATION OF ASSIGNMENT</b>	<p>In a small organisation an assignment can be completed in 10-20 days. The larger organisations will depend on complexity, organisational structure, range of purchases, ability to segment expenditure, etc.</p>



<b>ASSESSMENT OF SUPPLIER CAPABILITIES</b>	
<b>SUMMARY</b>	<p>This activity is often undertaken prior to contract award, but it can also be needed when a contract is in place. There are many instances where a supplier has never been subjected to an effective assessment visit.</p>
<b>CASE HISTORIES</b>	<p><b>A multi-national plastic feedstock supplier.</b></p> <p>This supplier assessment was undertaken for a well known brand leader in the retail sector. Despite many years of trading they had never conducted an in-depth analysis of the supplier's finances, manufacturing capabilities, supply chain, distribution network, research and development activity, quality regimes, etc. Our report helped to strengthen the relationship and stimulated a number of initiatives including supplier involvement in our clients capital investment programme, rationalisation of products being supplied and improvements in the world wide distribution of products.</p>
	<p><b>An aluminium fabricator, sheet and sections.</b></p> <p>This assignment is a sad story! The fabricator had been awarded an increasingly higher value of work and of greater technical complexity. A long term contract was being considered when our assessment was made. The outcome was identification of an underfunded supplier, with manpower shortages, lack of management systems and controls, high inventory, poor communications and poor industrial relations. This was not the basis for long term contracting and appropriate actions ensued. These assignments and their output have great relevance to purchasing and business planning functions.</p>
<b>DURATION OF ASSIGNMENT</b>	<p>For a single site supplier the task can usually be accomplished in four working days. This includes the pre-visit research, visit and report writing.</p>