

## **Think Procurement - The Procurement eBulletin from Brian Farrington Ltd**

### **March 2007 Issue:**

- It isn't Procurement versus Commissioning
- Answering three important questions about purchasing competence
- On a lighter note

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Approximate time to read: Just over 4 minutes

### **This Month's Hot-Links**

- Previous *Think Procurement* ebulletins full of hints and tips [www.brianfarrington.com](http://www.brianfarrington.com) and go to 'news'
- A user friendly website as a central resource point about and for Local Government [www.localgov.co.uk](http://www.localgov.co.uk) (Brian Farrington Ltd has no commercial links with the website provider).
- North West Universities Purchasing Consortium and English National Purchasing Consortium appoint Brian Farrington Ltd to design and deliver training programmes: [Universities Procurement Training Programmes](#) Thank you NWUPC! We are delighted to have established a working relationship and look forward to engaging with University personnel from across England.
- CIPS annual dinner 14<sup>th</sup> March 2007. We look forward to seeing you at the Institute's most important social event of the year: [CIPS annual dinner](#)

### **1. It isn't Procurement versus Commissioning**

'Procurement' is not the same as 'commissioning', although it appears to be used, by some interchangeably. Furthermore 'commissioners' have informed us, in our professional role, that they 'don't do procurement'.

Commissioning is the process of specifying, securing and monitoring services to meet end-users needs (and wants) - at a strategic level. An ongoing process, it deals with whole groups of end-users – which distinguishes it, in part, from the process of buying individual services – noting the need for strategic procurement.

Procurement can be defined as being the acquisition of goods and services from third party suppliers under legally binding contractual terms.

Procurement follows a cycle – starting with the identification of need to purchase a service (or goods or works) and ending with the close of a contract. So it has parallels with the cyclical process of commissioning.

Commissioning requires a thorough understanding of what ‘end-users’ want and need, as well as knowledge of the supply market, budgets available to meet those needs and the range of providers and potential providers of services. Patently there are parallels here between the two disciplines.

It isn’t procurement versus commissioning; procurement is an extension of commissioning at both a strategic and tactical level. The bottom line is the procurement operation needs to get closer to commissioners to enhance effectiveness of budgets, specification compliance and the mitigation of risk.

## **2. Answering three important questions about purchasing competence**

Purchasing Competence:

1. Where are you now?
2. Where do you want to be? and
3. What do you need to do to get there?

We have developed and continually enhance our proven methodology to provide organisations with a quantified metrical analysis of their purchasing operation. The analysis is evidence based and examines the practical application of skills, knowledge and expertise in the procurement function. Brian Farrington Ltd has been developed this technique and the intellectual property vests with our business. There are 10 topics in each of 12 key groups of strategic and operational purchasing activity, making 120 metrics in total. The “Metrics of Excellence” © report positions purchasing activity individually and corporately.

We conduct a structured interview with identified members of the purchasing operation which each takes approximately 3 hours. Participants are asked to explain what they know about a certain topic of professional interest, how they apply this knowledge and what tools are utilised. Responses are noted and evaluated on a numeric scale ranging from “Unaware” to “World Class”. Tangible examples are sought as evidence to support any claim that tends towards “World Class”.

Upon completion of the interviews there follows a review of the responses and analysis of the outputs. The detail is included in a report that shows individual profiles in the form of numeric data. The Metrics of Excellence provides an irrefutable measure of purchasing competence and identifies specific ‘gaps’. This methodology has been undertaken in a range of sectors, specialisms and international locations for over 10 years.

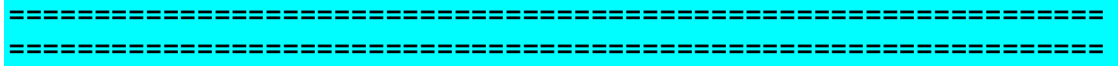
For a briefing paper detailing how the Metrics can help you answer three important questions contact [s.ashcroft@brianfarrington.com](mailto:s.ashcroft@brianfarrington.com)

### 3. On a lighter note

During some research around international negotiations we came across one way to assess the progress being made. It can be analysed using the following criteria:

- Useful.* No progress but we learned where the other side stands.
- Fruitful.* This round was deadlocked but the next could be productive.
- Productive.* Still no agreement but we are proceeding in an atmosphere that is frank and open.
- Frank & Open* Complete and total disagreement but something useful may come of it.
- Meaningful.* Everybody enjoyed a tour of the museum!

I'm here all week, goodnight!



Until next month,

Stephen Ashcroft  
Brian Farrington Ltd

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

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**Subscribers' contributions, comments, queries, questions and input to *Think Procurement* are all very welcome!**

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## Brian Farrington Ltd: A corporate profile

Brian Farrington Ltd is a unique consultancy with an international reputation for design and delivery of solutions to solve the most demanding commercial problems. Our expertise lies in commercial management including purchasing, contract management, project management, contractual risk and supply chain management and training and development in procurement.

Our client base includes many sectors of business including; financial services, funding agencies, insurance, merchant banking, retail, pharmaceuticals, government ministries, aerospace, international airlines, transportation, public utilities, nuclear engineering, information technology, automotive, oil exploration, f.m.c.g., shipbuilding, defence, and weapons manufacture.

The BFL consultants have worked in many parts of the world, including, Europe, Africa, North America, Far East and Scandinavia.

Our clients are typically large, blue chip organisations and leading public sector bodies. As such they have the choice of the world's leading consultancy houses. We are very mindful of this fact when we bid for work. Our strengths lie in the individual knowledge and skills of our consultants. In addition we believe passionately in the provision of a personal service that is not tarnished by varying qualities of our teams.

Assignments have covered a wide range of commercial activity including;

- ⊗ Commercial audit
- ⊗ Interim management
- ⊗ Contract management
- ⊗ Business process re-engineering
- ⊗ IT professional services purchasing
- ⊗ Outsourcing services
- ⊗ FM and estates purchasing and outsourcing
- ⊗ Building and civil works contracts
- ⊗ Market testing
- ⊗ Recruitment of specialist staff
- ⊗ Training and development

BFL has extensive experience of providing services to clients across many sectors. More than a third of the current FTSE 100 index constituent companies have retained our services.

This extensive experience of procurement has given us a rigorous understanding of 'best practice' policy and practice. This experience is allied to our involvement with academic institutions including Lancaster University, Liverpool University, Warwick University, Manchester University and the National School of Government. This business model enables us to marry best practice with the demands of global purchasing to ensure up to the minute solutions with direct relevance to the specific needs of our clients.