
Think Procurement - The Procurement e-Bulletin from Brian Farrington Ltd

September 2007 Issue:

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Sent to 2610 subscribers on the first Tuesday of every month.

Welcome to this month's new subscribers (and our loyal ones!) we have now changed our issue day to a Tuesday. [Why????](#)

Please forward *Think Procurement* to those in your network interested in:

'How to enhance management of third party expenditure and mitigate risk'

To leave the list or change an e-mail address, scroll to bottom.

Word count for this issue: 1974

Approximate time to read: Just over 4 minutes.

Latest Think Procurement Hot-Links

Get previous issues of Think Procurement on the web:

<http://www.brianfarrington.co.uk/news.htm>

Brian Farrington Ltd Consultants are sharing experience and expertise at the following events

- a) Combating the salesperson's negotiation agenda, and***
- b) The value of Key Performance Indicators to Buyers (and Suppliers!)***

Conference on University Purchasing - Leeds

2 presentations on 6 September

[for details click here](#)

Negotiation can be fun?

CIPS Chiltern branch – Milton Keynes

13 September

[for details click here](#)

Supplier Relationship Management

CIPS Regional Membership Event – Stirling

19 September

[for details click here](#)

IT and software procurement

Hawsmere Seminar - London

19-20 September
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5 Steps to Effective Buying
The Manufacturing Institute - Manchester

25 October
For details click here
[Manufacturing Institute](#)

Competitive Tendering

Hawksmere Seminar – London
30-31 October
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Think Procurement Subscriber benefit:

On behalf of Think Procurement e-Bulletin subscribers, Brian Farrington Ltd has negotiated a special **10% discount** with Hawksmere for all new bookings on any of their seminars. Quote promotional code SPK10 by email: Hawksmere-Farrington or call Hawksmere on 0845 120 9602.

1. NAO Seven Key Aspects of Procurement

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We undertook to comment on two more of the NAO seven key aspects of Procurement in their report HC 361-1 (2004). The first three aspects were detailed in our August 2007 edition. The final two aspects will be addressed in our October edition. The NAO report was aimed at the public sector but the key aspects are applicable to the public and private sectors.

Aspect 4

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The fourth consideration was **'to be more proactive in the management of suppliers.'**

This is a vital consideration for all procurement organisations. The quality of relationship management is a priority. In some of our clients, senior managers outside of procurement are the custodians of the relationship, operating at a strategic level, examining the forward business plans of both organisations. The benefits from proactive behaviour with strategic suppliers should not be underestimated.

A further consideration is the need for first class contract management. This is a great weakness in many organisations. We have recently provided training to an organisation where the contract managers have never been trained in the detail of contract terms and conditions. They have never run contract review meetings and have no experience of applying damages when suppliers are in breach of their obligations.

It is an uncomfortable fact that many suppliers manage the buying organisation; not the other way around. The management of suppliers can embrace any aspect of contract performance. We have recently visited key suppliers to one of our clients in the automotive sector. Our task was to help resolve quality problems for which the suppliers were being held accountable. When the facts were established 90% of the problems were caused by our client who changed specifications but did not adequately document them through a change management process. When we process mapped the situation from end-to-end there were gaps that needed filling. The reaction of suppliers was very positive, some of them saying it was a pleasure to meet someone from the buying organisation. There is an onus on the buyers to establish close relationships. We believe the buyers should own the commercial relationship with suppliers.

We have models of relationship management and of contract management that are available to our clients. We also have a suite of courses that are aimed at enhancing skills in these key areas. Request a copy of the [2007 Brian Farrington Ltd Cutting Edge Training Directory](#)

The fifth key aspect was **'to manage the risk of dependency on too small a number of suppliers by opening up the market place.'**

This is an admirable objective for all procurement departments. There are many potential starting points. One of them is the selection of a supplier through a specification that pre-selects based upon the ownership of intellectual property rights. This is prevalent in the field of ICT purchases, where software and systems mean that alternative suppliers are shut out for long periods. For many public sector buying organisations they have serious attitudes to change in regard to the use of SMEs. Many pre-qualification questionnaires will make it almost impossible for an SME to pre-qualify. The danger presented by aggregation will also militate against SMEs bidding for large contracts. Opening up the market place is a challenge for all buyers. The public sector places a reliance on OJEU advertisements, expecting potential suppliers to respond to advertisements. The obstacles placed in the way of potential suppliers should be scrutinised and changed to facilitate the entry of new suppliers. There are good examples of well managed 'meet the buyer events.' There are far fewer examples of pro-active supply market research to locate potential suppliers.

In one situation for a utility supply organisation we researched the Australian supply market with great success. This action was taken to assist a challenge to a UK monopolistic supply situation. The greatest problem was to persuade the technical and quality departments to change the specifications, making it possible to accept alternative products. Of course, many buyers will recognise the in-house resistance of some technical specialists to open up the market. This resistance will often be for the wrong reasons, such as a fear to change on the basis of 'nothing is wrong so don't change it!'

We have extensive experience of conducting supply market research to open up markets. We have for example researched supply bases in Vietnam, China, South Africa, Russia and most of Europe. A number of these initiatives were occasioned by a need to break monopolistic supply situations and to achieve deep cut cost reduction.

To arrange a brief meeting with one of our team to discuss any of the 7 aspects of procurement identified by NAO please contact [Stephen Ashcroft](#) or call 01744 20698.

2. How You Answer the Phone Says a Great Deal about Your Organisation

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Phone answering skills are critical for organisations. No doubt you have your own experiences of engaging with customers and suppliers – we have had less than positive episodes recently, particularly with some SMEs. The telephone is still most organisations' primary point of contact with customers and suppliers. The way you answer your phone will form the first impression of your organisation. These phone answering pointers will help to ensure that callers know they are dealing with a professional organisation:

- i) Answer all incoming phone calls before the third ring.
- ii) When you answer the phone, be warm and enthusiastic. Your voice at the end of the telephone line is sometimes a caller's only impression of your organisation.
- iii) When answering the phone, welcome callers courteously and identify yourself and your organisation. Say, for instance, "Good morning. Brian Farrington Ltd. Margaret speaking. How may I help you?"
- iv) Train your voice and vocabulary to be positive when phone answering. For example, rather than saying, "I don't know", say, "Let me find out about that for you."

- v) Always ask the caller if it's all right to put them on hold when answering the phone, and don't leave them on hold for long. Offer them choices if possible, such as "That line is still busy. Will you continue to hold?" or take their contact details and offer to call them back. Don't ask them to call back later!
- vi) Ensure everyone answers the phone in the same way. Check on how your organisation's phone is being answered in a professional manner by calling in yourself. If they don't pass the test, go over these 6 points with them.

Please call us on 01744 20698!

3 The Linda McCartney Centre

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On Sunday 6th July 2008 The Linda McCartney Centre will hold its first Field of Women event at Liverpool Cricket Club. Please register at www.fieldofwomen.com and join over 10,000 women and men in support of those affected directly or indirectly by breast cancer. The aim is to raise over a £1 million for breast cancer research, care, equipment and counseling services. The Linda McCartney Centre has supported over 180,000 people since it opened its doors in 2000. Please add your support and register today at www.fieldofwomen.com.

And Finally

Do you know that '30% of office spam' is sent on a Monday, we do not want to appear as spam so future issues will be sent on Tuesdays!

Do you want to know more about how Brian Farrington Limited could help you and your organisation?

You can contact us by:

- Calling Stephen Ashcroft on 01744 20698
- Emailing [Stephen Ashcroft](mailto:Stephen.Ashcroft@brianfarrington.com)
- Clicking the 'contact us' page @ www.brianfarrington.com
- Attending a presentation at our operation at Rainford Hall, St Helens

We are genuinely interested in comments and feedback. Indeed if you have a topic, news, query on our open courses or anecdote for *Think Procurement* please contact us.

Finally, I apologise if you find this email intrusive. If you would like to be removed from our mailing then please return this e-mail with 'no thanks' in the subject box.

Thank you to those who have said they enjoy our eBulletins.

Stephen Ashcroft
Business Consultant

PS Don't forget - if you have a friend or colleague who you think would like to hear from us, please forward their address. They'll get a polite invitation - which they can decline - and we never share our email list.

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

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