

Provider Re-Engagement

“If You Don’t Ask.... ...You Don’t Get”

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Introduction

- The challenge and back-drop
- The tool box of tricks
- The Specification
- Staffordshire Procurement real savings
- The headline saving
- Questions

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Up Against It?

- We have less money to spend
- We need to start saving NOW
- Historic culture was never to re-engage
- Internal client reticence
- EU Regulations and risk

...so do we start shooting from the hip?...

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Staffordshire Procurement commenced Provider re-engagement in Sept 2010

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 Staffordshire
County Council

The Backdrop

“Survey of 131 Authorities showed that 61% were renegotiating or changing contracts”

Source ‘Supply Management’, May 2011

however, NOT our experience

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Doing Better, Not Just Buying Better

- Procurement / Commercial lead
- Do it *with* the clients, not *to* them
- Do it *with* the providers, not *to* them
- Contract extensions
- Framework termination lever
- Cash flow
- It isn't about a standard letter to providers
- *It's about face-to-face negotiation*

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Doing Better, Not Just Buying Better

- Ensure new prices do not compromise 2nd place on Frameworks
- The THREE golden tests of re-engagement (PRESSETEXT): -
 - Could anyone else have bid for it?
 - Lower the scope, not increase it
 - Ok if economic benefit is to the Authority only
- Talk to the market – “ESI”
- Importantly...***challenge the specification...***

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Over-Specification?



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What down to this?



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Just Right!



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Groceries & Provisions

- Incumbent provider supply-chain negotiations (Top 10)
- Premier Foods and Unilever lowered prices
- Biscuits: McVities → Hills
- Cocoa: Cadburys → Freshers

£20.4K

Fresh Meat

- Consolidated invoicing 3→1 weekly

£28.3K

Stationery

- Core list consolidation and provider self-manufacture

£333K

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Childcare Vouchers

- Negotiation over administrative rate (6.5% to 2%)
- Lever - extension

£32K

Water Hygiene Services

- 89% of all rates decreased
- Consolidation of 4 weekly invoices to 1
- Use the Providers form system
- Extensions based on performance

£28.3K

Electricity

- Change from green energy to CHP

£4.3K

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Insurance

- Market observation, source appropriate to market hardening
- EU Negotiated procedure
- ESI – from single-source to 9 lot / 5 providers

£1.4M

Passenger Transport

- Amend / amalgamate the routes

£189K

Traffic Signals

- Reductions in the maintenance rates
- No uplifts (maintenance & assets)
- Civil engineering rates

£84.5K

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Property Maintenance

- SAMC: focus on the price review clause (5.47%)
- NAMC: (5.98%)
- Focus on day rates, plant & materials

£363K

Highways Condition Surveys

- Negotiate out the 5% RPIX
- Highways: Man → Machine
- Footways: Provider → In-house

£18K

Road Salt

- Convince an oligopoly provider to contract direct

£10.2K

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Summary

- Procurement lead
- Positive outcome despite the odds
- Have a re-engagement plan – our “VIP”
- Use Category Management
- Procurement - more influence going forward
- Re-engagement - it's now the Day Job

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QUESTIONS



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