

FIR in Procurement and Supply Chain Management

Marshall's Design Space, Birmingham
Wednesday 26th February 2020

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HS2



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By the end of today's session, you will:

1. Understand why FIR / EDI is included in procurement and supply chain management
2. Have techniques to do so
3. Be better equipped to respond to questions in invitation to tender on how FIR / EDI will be passed through your company's supply chains

The CPD Standards Office

CPD PROVIDER: 60053

2016 - 2018

www.cpdstandards.com





Approach to buying

Buying from different types of suppliers (e.g. SMEs, 'local') – 'inclusive procurement'



Supplier Diversity:

Unlocking Innovation,
Driving Competitiveness
and Enhancing Reputation



RFQs / Tenders

Asking EDI questions in procurement processes – scoring responses and including them in balanced scorecard approach to contract award



Contract management

Including EDI performance in contract management

Agenda – subjects we'll cover

Time	Discussion
9.30	Welcome & housekeeping
	Learning objectives & agenda
9.40	Introductions & group discussion
10.00	Why does it matter?
10.20	Group discussion
11.10	Comfort break
11.25	How to do it?
11.45	Group discussion
12.15	Action planning
	Close



**What key
learning/action
would you like to get
out of today?**

- Your name
- Your employer
- Your role

FIR IN PROCUREMENT & SUPPLY CHAIN MANAGEMENT

Why does it matter?

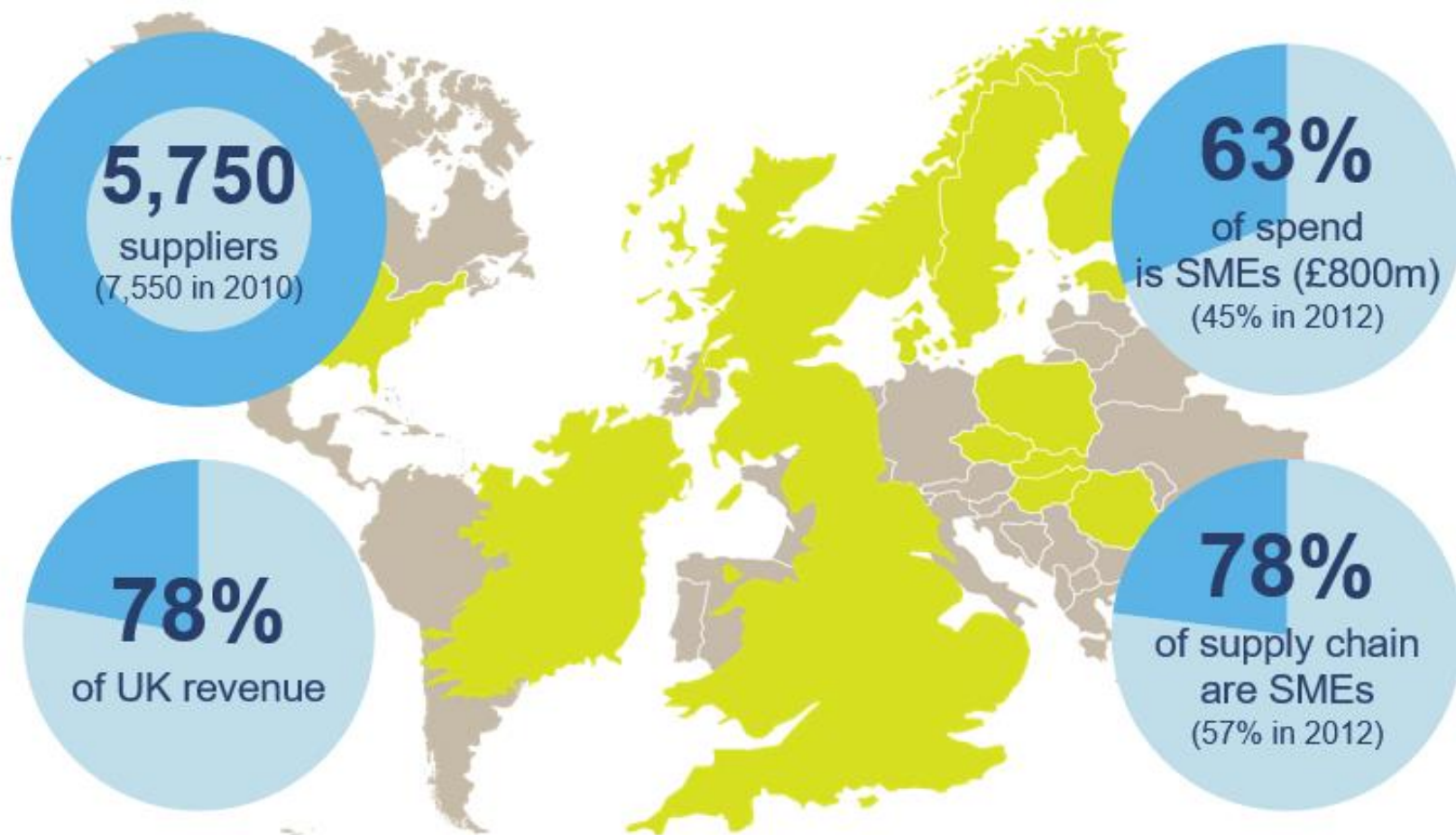
Skanska UK

Building resilience through inclusive procurement

Dale Turner, Director of Procurement
and Supply Chain, Skanska UK

SKANSKA

Skanska UK supply chain



Why?

- 1 Stakeholder requirements
- 2 Supports our values and goals
- 3 Business priority

Why?

Our licence to operate

To win work

To manage risk

To attract stakeholders



How?

- 1 Set the standard
- 2 Align supply chain
- 3 Innovate

SKANSKA

Supply chain 2019 – 2020

Price maker

- Value vs. risk
- Leverage scale and relationships
- Segmentation and CM
- Best value country sourcing



Supply chain choose Skanska

- Easy to do business with
- Supplier development
- Supplier relationship (B2B)
- Early involvement
- Fair payment



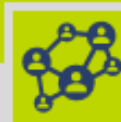
Sustainable procurement

- Right, People, Policy, Practice
- Lean processes
- Diversity and ethics
- Safe and responsible
- Collaboration



Preferred supply chain

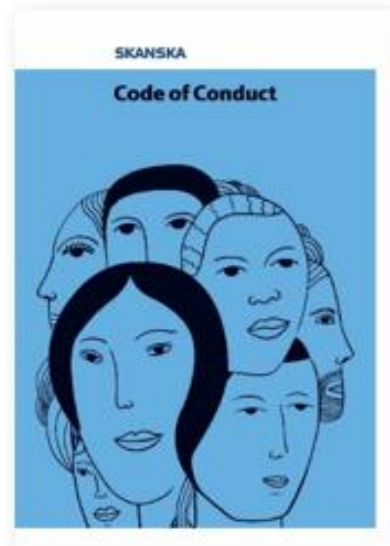
- High performers
- Work winning support
- BIM capability
- Innovation and industrialisation
- Value engineering and collaboration



SKANSKA

Set the standard

Leadership



Select and award

Use of an appropriate balanced score card



Manage supply chain performance

Delivery performance is measured for continual improvement and future selection

Supplier performance score card									
Skanska project: JIMP Gramplan		Supplier Name/Company Number: AJ Clark		Phase/Package reference: SP221		Performance period: October to December 2012		Completed by: B Sweeney	
								Date completed: 10.12.2012	
								Date shared with supplier:	
								Date uploaded to iPORT:	
Performance Area	Standard required	score	Standard required	score	Standard required	score	Standard required	score	Total
Health & Safety	Culture - Contractors representatives attend the local FE forum. Near misses are received from the workforce and closed out by the contractor.	3	Competency - 100% SMSTS / SSSTS & <75% or equivalent Supervisor competence. Supervising FE Training is in place	3	Communication - Workers undertake daily pre task briefings & the contractors management participate in TBT delivery	3	Controls - The contractor has a rigorous internal audit program which they share with Skanska	2	13
Environment	Leadership - Understand the Skanska Colour Palette, communicate to employees and identify opportunities to 'green' their product and/or process.	2	Competency - Proactively deliver appropriate training and awareness programmes. Provide comprehensive environmental notices and works instructions.	2	Management - Conducts and communicates own site inspections. Reports incidents and takes measures to prevent recurrence. Carries out corrective actions within agreed timeframe.	2	Controls - Effective controls are in place to manage environmental risks and compliance with legislation e.g. discharges, emissions and waste.	3	12
Time, Cost & Quality	Programme - Proactive, professional planning, accommodates changes and suggests improvement / alternatives, delivers on time with no intervention needed.	3	Forecasting and reporting - Progress measurement tools in full use, provides early warning of problems and assesses the effects of possible corrective actions.	3	Commercial management - Acceptance of terms and conditions. Applications, variations, invoice account predictions accurate and on time, with full back up information provided. Open, honest, fair and realistic expectations on final account.	2	Cost management and transparency - Tender submission has full scope and cost breakdown information provided to level requested by Skanska. Cost reductions proposed and adopted.	3	14
Operational Efficiency	Culture - Organisational focus and leadership on improving efficiency and reducing costs. Self-sustaining continual improvement culture - always looking to do it better tomorrow than we are doing it today.	3	Innovation - Invests in new products / equipment and methods to improve performance and cut costs (eg. BM, Industrialisation and Offsite manufacture). Shares benefit of cost-saving alternatives.	3	Value Engineering - Challenges scope and proposes more efficient ways of completing work with reduced waste and improved planning and logistics. Excellent performance in eliminating non-value adding features and suggesting value enhancing features.	3	Improvement Tools and techniques - Proactive use of Lean construction tools to reduce cost / programme and improve quality, safety and sustainability (e.g. Collaborative Planning, Visual management, SS, benefits tracking, process improvement, problem solving, knowledge sharing etc).	3	15
Collaboration	Culture - Fully aligned with project, Skanska and customer goals & performance indicators. Clear high-level leadership and commitment to a collaborative approach throughout the organisation.	3	Communication - Excellent, clear, accurate and prompt response to all enquiries and clarifications. Proactive and open in identifying and resolving issues. Communicates with other stakeholders to mitigate interface issues before they arise.	3	Engagement - An integral part of Skanska's team, bringing expertise and experience from partner organisation to mutual benefit of the wider team. Works to agree and achieve mutual objectives. Happy to challenge and be challenged when appropriate.	3	Continuous Improvement - Promotes a culture of continuous improvement. Actively uses quality management and business/process improvement tools to bring benefits to the wider team.	2	14
Overall performance									68

Real time
feedback

Inform future
selection

Increased focus on supplier relationship management



Risk management

- Better compliance with stronger processes and procedures

Data management

- Better performance information and increased analytical capability
- More efficient data capture, processes and systems
- Better asset and performance data for customers, to improve decision making

Procurement

- Use our combined size and relationships to get the best deal
- Become our supply chain's contractor of choice
- Be a leader in sustainable procurement
- Spend 80 per cent with our preferred supply chain by 2020

Work smarter

Establish an index to measure and improve:

- design management
- collaborative working using BIM
- supply chain integration
- lean construction techniques
- industrialisation
- how we innovate

Quality of scrutiny

- Improve our processes and performance throughout the project life cycle

Relationship Characteristics	Five Levels of Collaboration and Their Characteristics				
	Networking 1	Cooperation 2	Coordination 3	Coalition 4	Collaboration 5

Supplier Relationship Plan – "Supplier" and Skanska

Date: September 2016

1. Relationship ladder

Responsible for	Supplier	Skanska

2. Current performance

	Proj 1	Proj 2	Proj 3	Proj 4
Performance area 1				
Performance area 2				
Performance area 3				
Performance area 4				
Performance area 5				
Performance area 6				
Performance area 7				

3. Trading position

Category spend by supplier

Revenue by customer

4. Relationship viewpoint

Skanska view

Supplier view

5. Relationship barometer

Skanska view

Supplier view

6. Relationship action plan

	When	Owner	Status
1			
2			
3			
4			
5			
6			

7. Meeting schedule

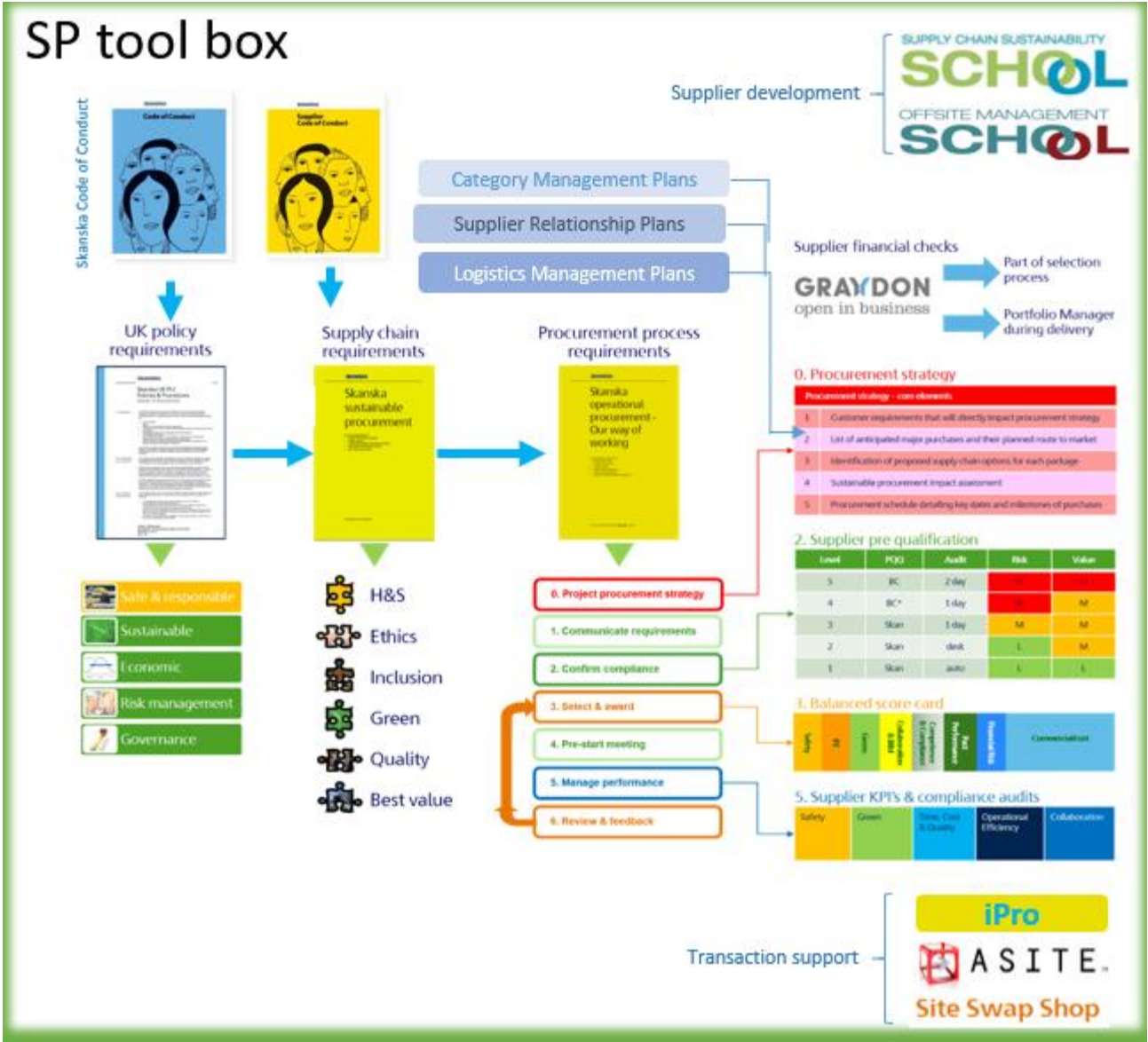
Project	When	Who	Status
1			
2			
3			
4			
5			
6			

8. Future opportunities

Project	When	Action
1		
2		
3		
4		
5		
6		
7		

9. Notes

Bringing it all together - Skanska UK's Sustainable Toolbox



HOW? STRATEGIC APPROACH

A14 delivery -
Buying great
behaviours

The big picture – considerations going into procurement



Support each other



Innovation and continual improvement



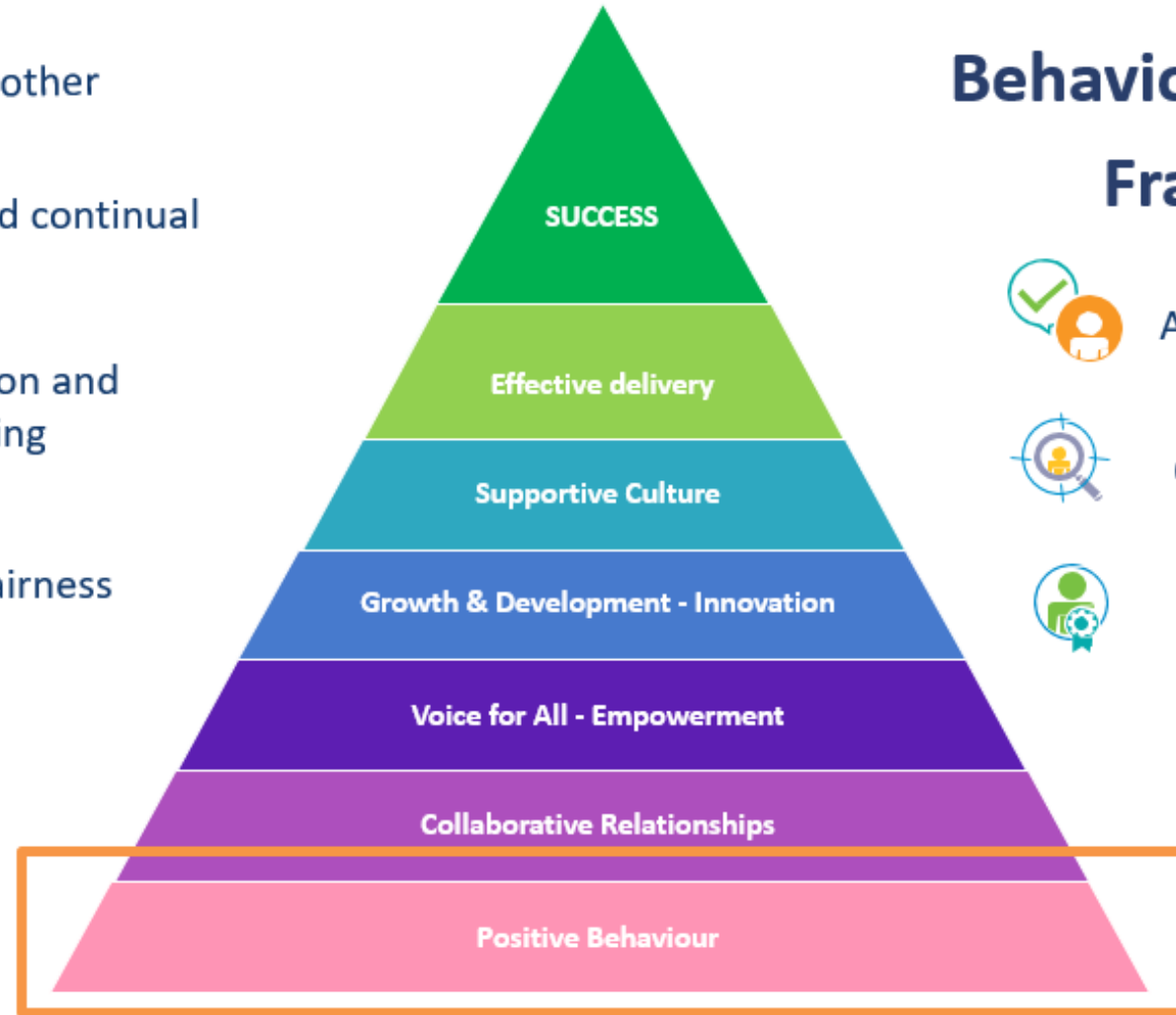
Issue resolution and decision making



Resourcing Fairness



Engagement



Behavioural Maturity Framework



Accountability



Challenge



Trust and respect



Behavioural Procurement: Buying Great Behaviours

£250m has been procured based on behavioural alignment and collaboration

- Safety
- Customer
- Delivery

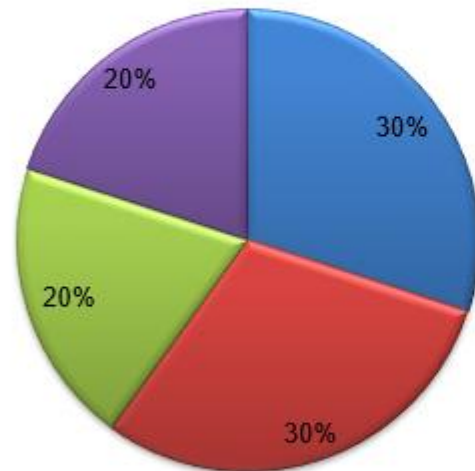


A14 Integrated
Delivery Team

Working on behalf of  highways
england

The Commercial bit comes later

Balanced Scorecard Approach



■ Commercial ■ PQQ ■ Validation Audit ■ Behavioural Assessment



Unconscious Bias.

- Blind Scored PQQ
- Validation audit of the top 10
- Commercial adjudication third step
- Behavioural Assessments of the final six

Validation audits... Commercial still later



- 20% tender weighting
- Over 900 miles travelled
- Nine audits in six days
- Full validation audits looking at the following areas:

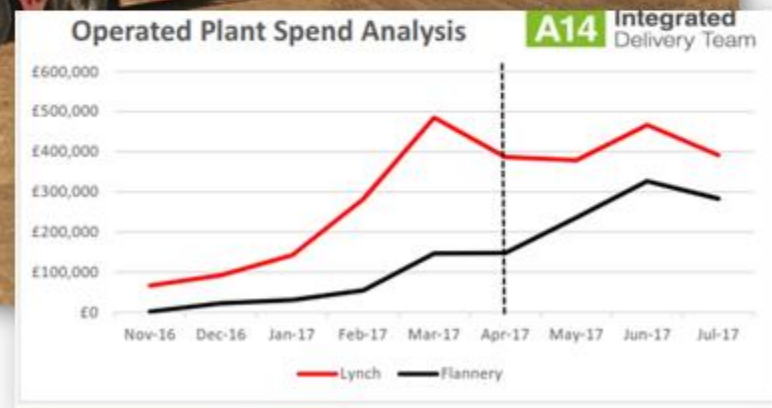
1. H&S and Wellbeing
 - A. Visible Leadership
 - B. Fatigue Management
 - C. D&A
 - D. Occupational Health
2. Vetting Process
3. Training and Development
4. PAYE payments
5. Right to work
6. Fairness Inclusion and Respect
7. Modern Slavery
8. Ethics



Innovative Collaborative Frameworks



A14 Integrated
Delivery Team



Equalised
Rates

Joint SLA &
KPI's

Legacy
Commitments

No Cross-Hire
Commitments

Shared
Logistics &
Resource

Reduced
Transport Costs

Performance
Driven Decision
Making

Right for Project
Approach

Behavioural Maturity Workshops: Be Better-Together



- Operatives given a voice
- Reporting culture improvements
- Driver Incentivisation changes
- More engaged and motivated workforce

Behavioural Champion Training

“We don’t listen, we over react and blame one another.”



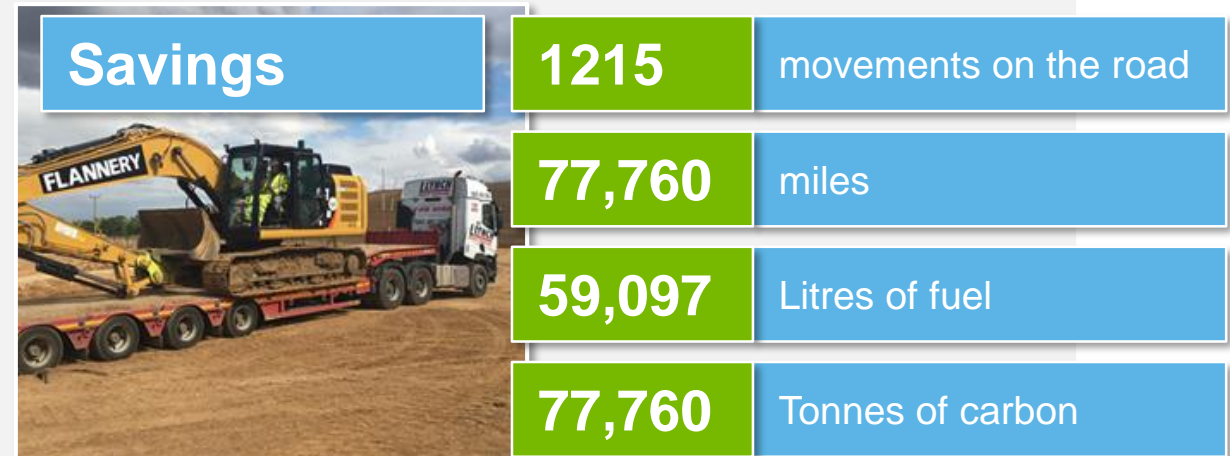
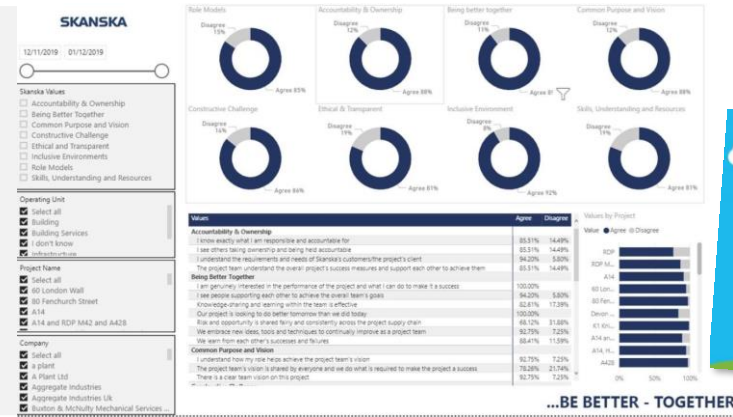
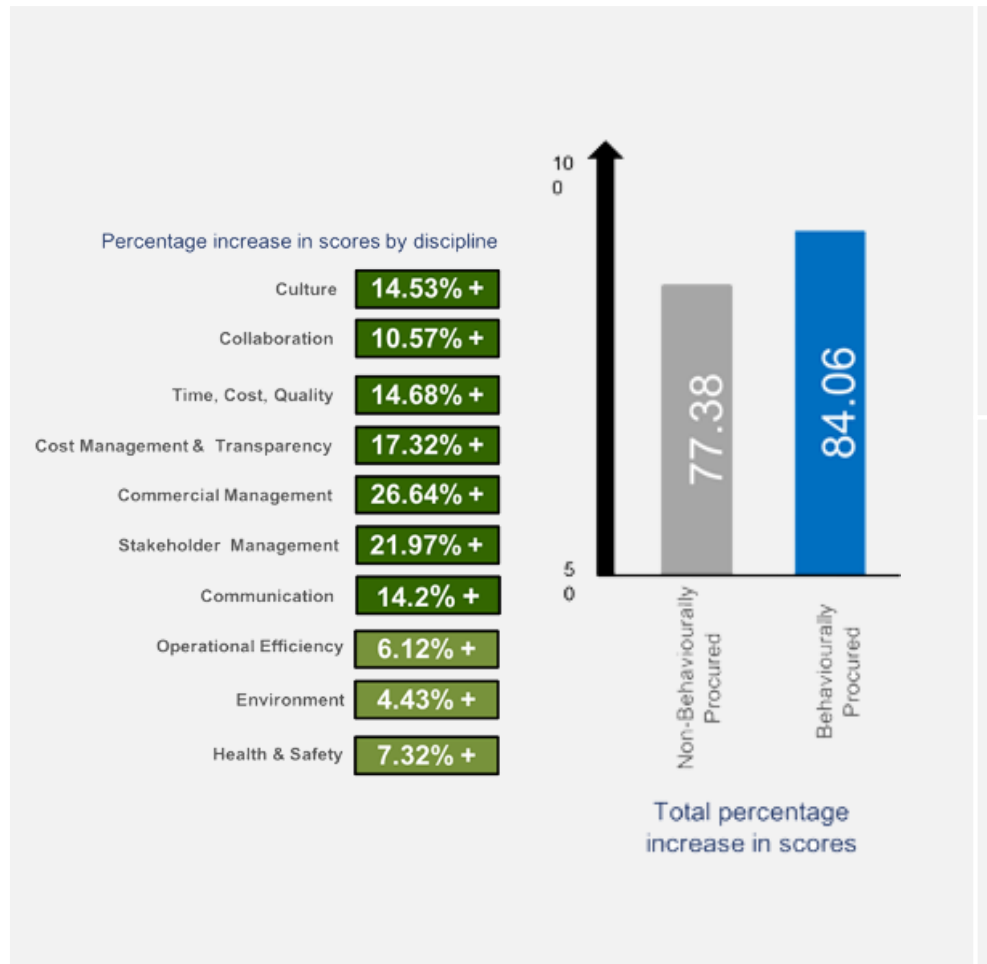
“Definitely a time to reflect and I’ve had a number of light bulb moments”



“This is one hell of a big journey your trying to go on mate...”

“I am all for it, it’s so relevant and the industry needs it, but you can’t do it on your own.”





Summary - Our UK procurement strategy



Sustainable procurement



Digital Procurement Roadmap

Procurement value

Sustainable Procurement

SC Management & Collaboration

Leading change



£1.1m CITB funding secured to develop resources in procurement and SCM for our Supply Chain

Driving engagement



How would you embed FIR into your project contract?

- Discuss in groups
- Use notes sheet provided to record key points

Break



How?

Tactical approaches to
including EDI in
procurement and supply
chain management

HS2

Embedding EDI into Procurement process

Osita Madu, Interim Head Equality,
Diversity and Inclusion, HS2

“Equality, diversity and inclusion
is critical to our success.”

“We need to **attract new people** to the industry to ensure we have access to the **widest possible talent pool**. To do that we need to draw **skills from all parts of society**.”

“It is important that **HS2** as a company **represents the many and varied communities** that it will impact.”

Mark Thurston, HS2 Ltd CEO





Diversity matters

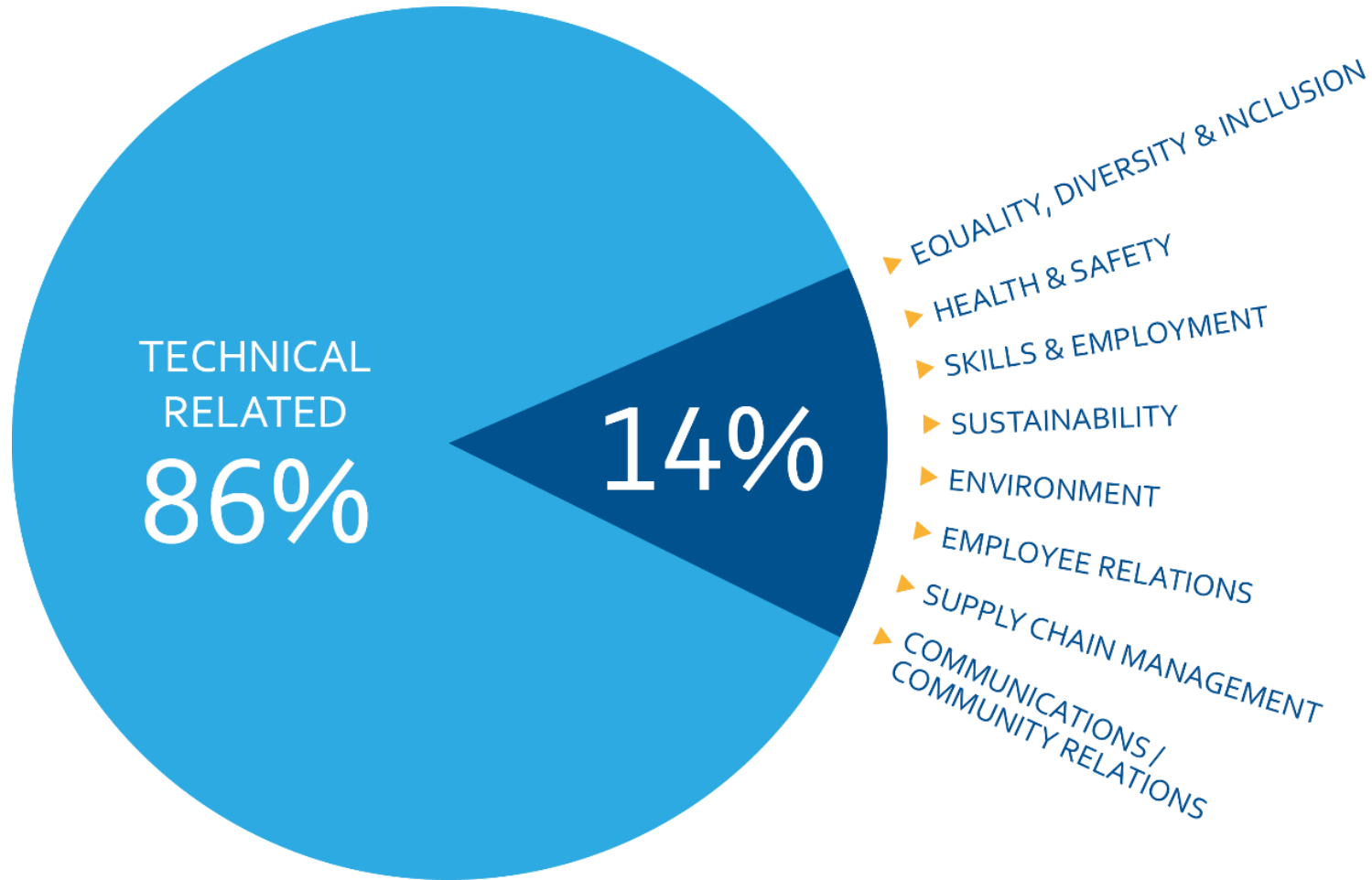
- Tool to identify and mitigate risks
- More innovative
- Part of solution to infrastructure skills and talent gap

**HS2's suppliers will
award thousands of
contracts to **small
businesses...****

**...and hire
thousands of
people**



Make it count



The difference between winning a contract and coming second place can be as little as

4%

Evidence and impact over inputs...



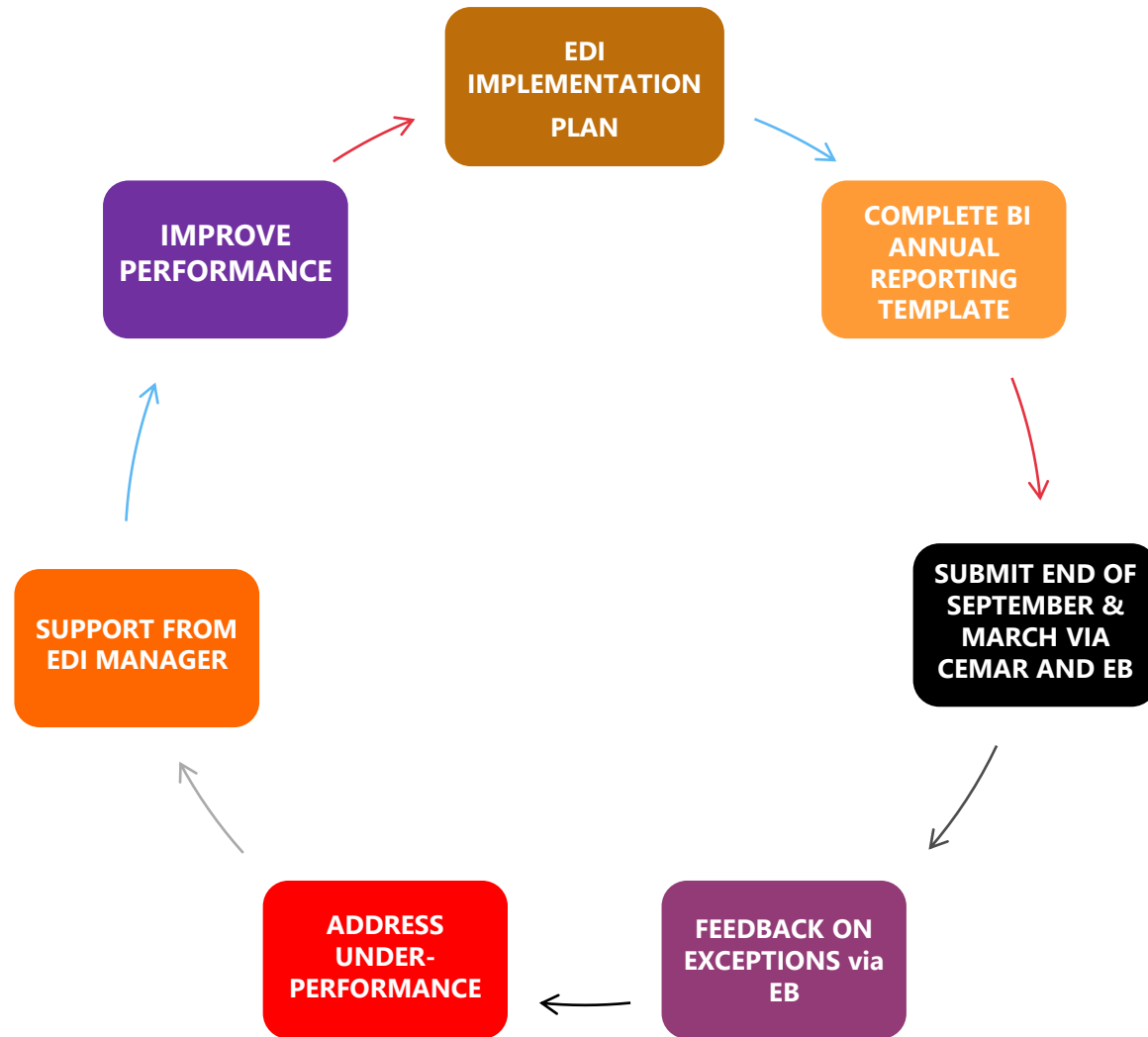
EDI Requirement



Major HS2
contracts are
beating industry
benchmarks for
**diversity and
representation in
most areas**



Reporting cycle



On your tables, consider:

- Potential barriers
- Solutions to overcoming each barrier



Share. Write them down. Feedback
to the room

Barriers

1



2



3



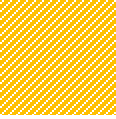
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Solutions

ACTION PLANNING

What are you
going to do after
today's session?



	Next week	Next month	Next quarter
What are you going to do?			
Who is responsible?			
What resources do I need?			
What does success look like?			

By the end of today's session, we said you would:

1. Understand why FIR / EDI is included in procurement and supply chain management
2. Have techniques to do so
3. Be better equipped to respond to questions in invitation to tender about FIR / EDI

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sara@supplychainschool.co.uk after

this session to request your
CPD certificate

Thank you



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