



Procurement & Efficiency Conference

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National Housing Federation

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Procurement & Partnering

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WORKSHOP OUTLINE

- Introductions
- Aim: How can partnering contribute to improving efficiency?
- Improving efficiency in the way we procure for goods and services
- How have RSLs responded to the partnering agenda?
- Do's and don'ts
- Discussion

RSLs & Partnering

- **Are we partnering? ... or are we**
 - Serially contracting?
 - Collaboratively working?
 - Developing a Strategic Alliance?
- **Partnering as a *structured* approach to procurement**
- **The Latham (1994) principles of**
 - Shared & agreed objectives
 - Method for resolving disputes
 - Having measurable improvements

The vicious circle

Keen competition

Lower margins to win

Contractor lowers standards

Becomes claims conscious

Mistrust between parties

Increased litigation

Clients tighten contracts

Increases competition

RSLs & Partnering

- **Egan (1998) extended to**
 - **Skills**
 - **Continuity / long term contracts**
 - **Higher client satisfaction**
 - **Higher quality**
 - **Standardisation**
 - **Benchmarking**

Egan Targets

- **Capital costs -10% pa**
- **Construction time -10% pa**
- **Predictability (time & cost) 20% pa**
- **Reduce defects 20% pa**
- **Reduce accidents 20% pa**
- **Increase productivity 10% pa**
- **Increase profit and turnover 10% pa**
- **Increase product development & partner the supply chain**

Improving efficiency

- **Reduce waste (on-cost expenditure?)**
- **Deliver right product first time**
- **Repeat designs**
- **Share resources**
- **Integrate systems**
- **Minimise disputes**
- **Improve processes**
- **Improve communication**

RSLs' response

- **More package deals?**
- **Contractors taking the lead?**
- **Shift from up front costs to life cycle costs?**
- **Egan compliance & the Clients' Charter?**
- **Long term relationships?**
- **Working towards common ends?**
- **Less adversarial procurement?**
- **Joint bidding?**
- **Weed out the negatives**

What is not happening?

- **True 'partnering'**
- **Capping cost, but not**
- **Driving down cost**
- **Value engineering**
- **Customer involvement**
- **Measuring performance**
- **Risk / reward**
- **Benchmarking**

DISCUSSION

- **What issues are you facing?**
- **What are the obstacles to maximising benefits from partnering?**
- **Is OJEU getting in the way?**
- **Do we drift back into old ways of working?**
- **Has the agenda moved forward?**
- **Will the *Operating Cost Index* have any influence on our procurement?**