



ACADEMY for
JUSTICE COMMISSIONING

Gateway to better Justice Services

Evening Seminar

Getting More from Commissioning Budgets

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Pause for thought.....

£178,000,000,000





CBI – Raising the Bars (*July 2009*)

“Reducing the 65% re-offending rate by *just 10%* would save over £1 billion”

“DOMs are in a position to *shape commissioning strategy*, set priorities and develop synergies in their region between other services and their agencies”





Knowing your position





Knowledge is of two kinds: we know a subject ourselves, or we know where we can find information upon it.”

Samuel Johnson



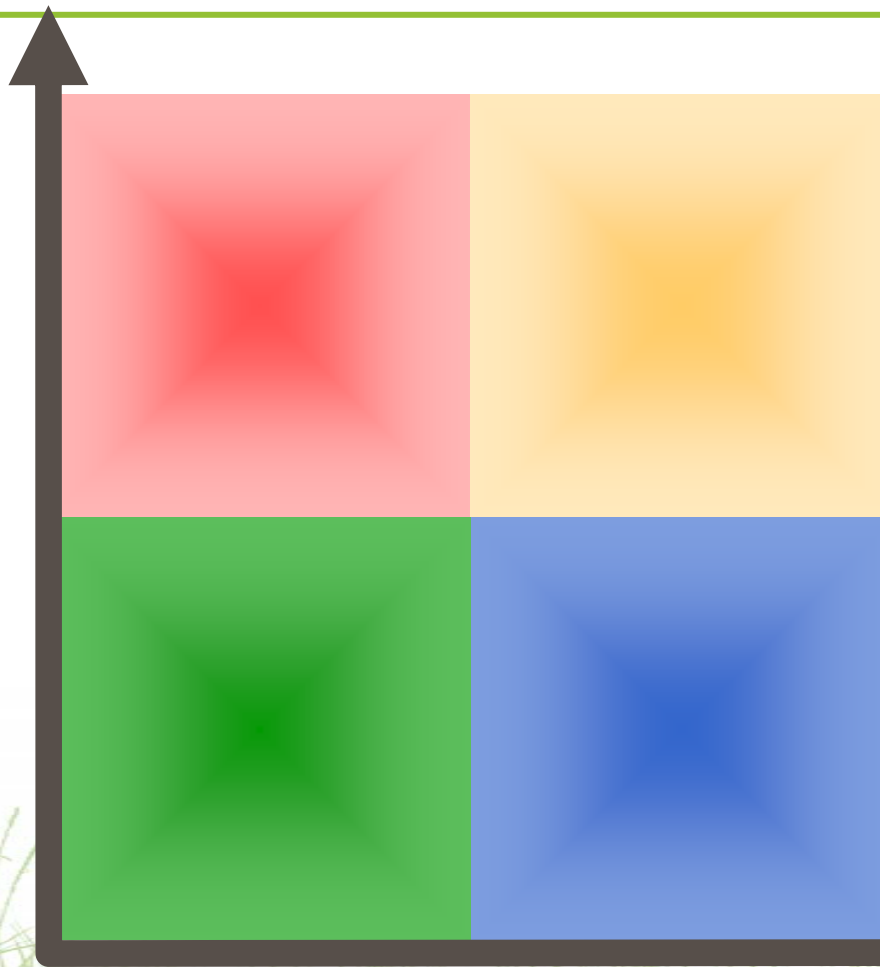


Supply Positioning Technique

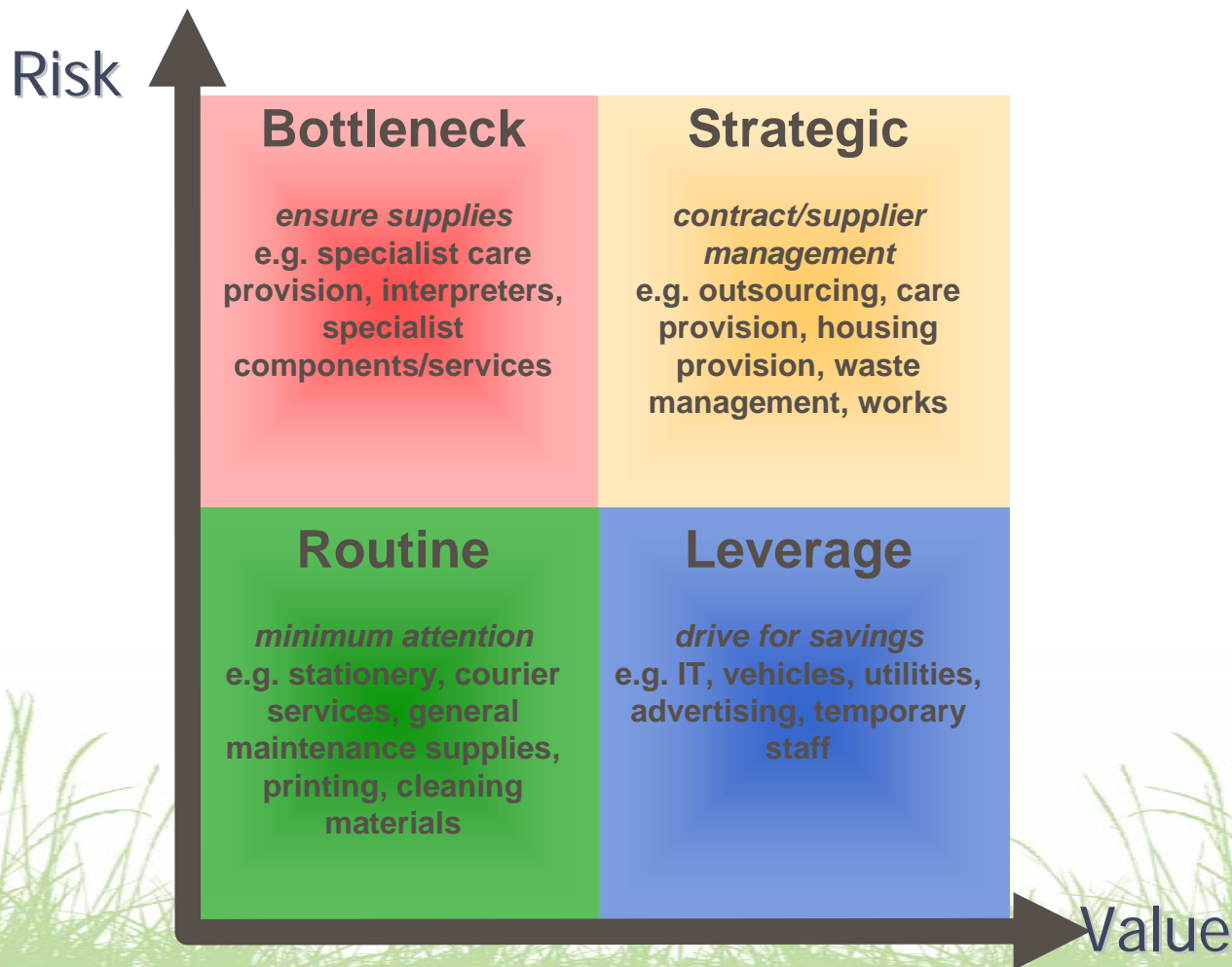




Risk



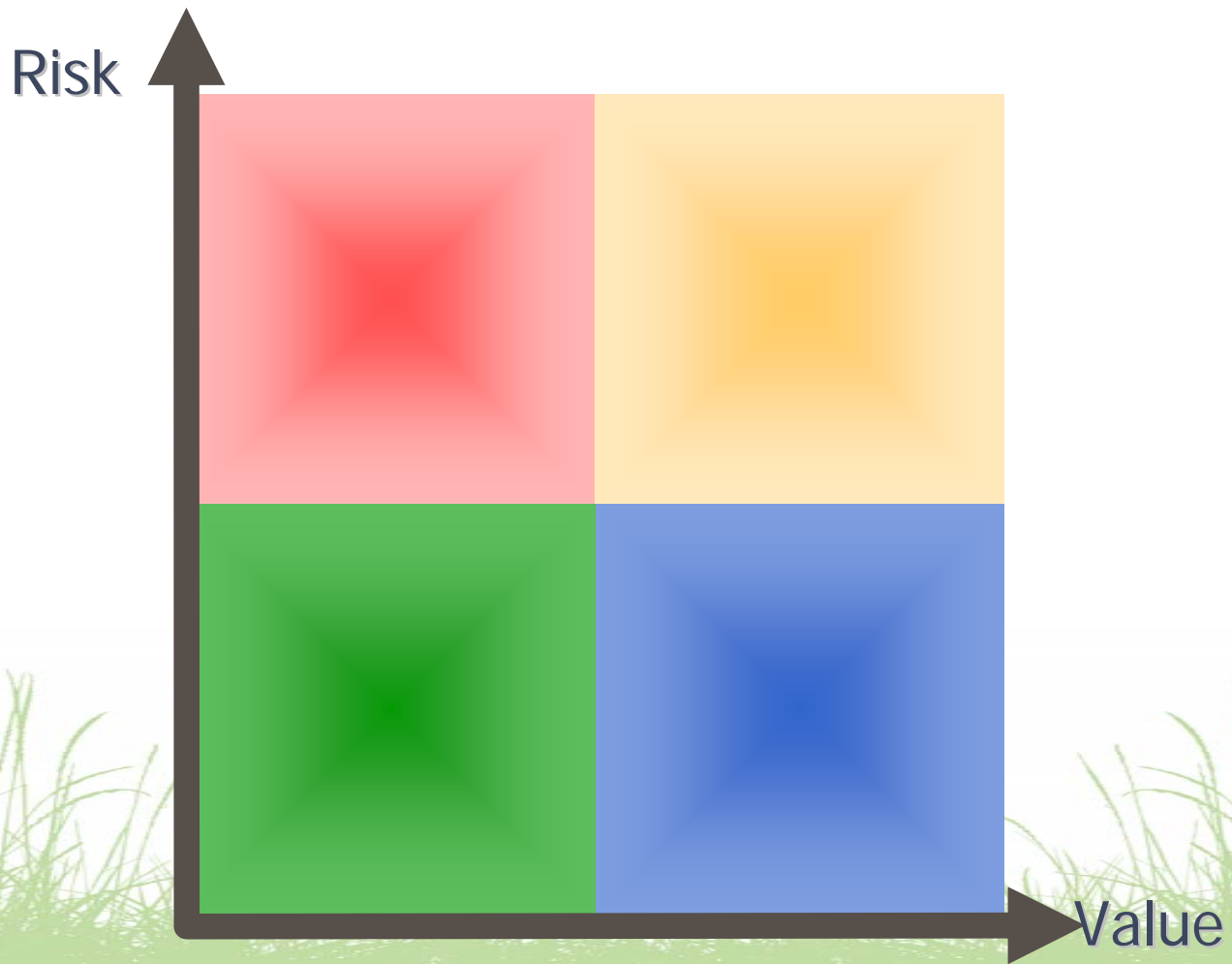
Value

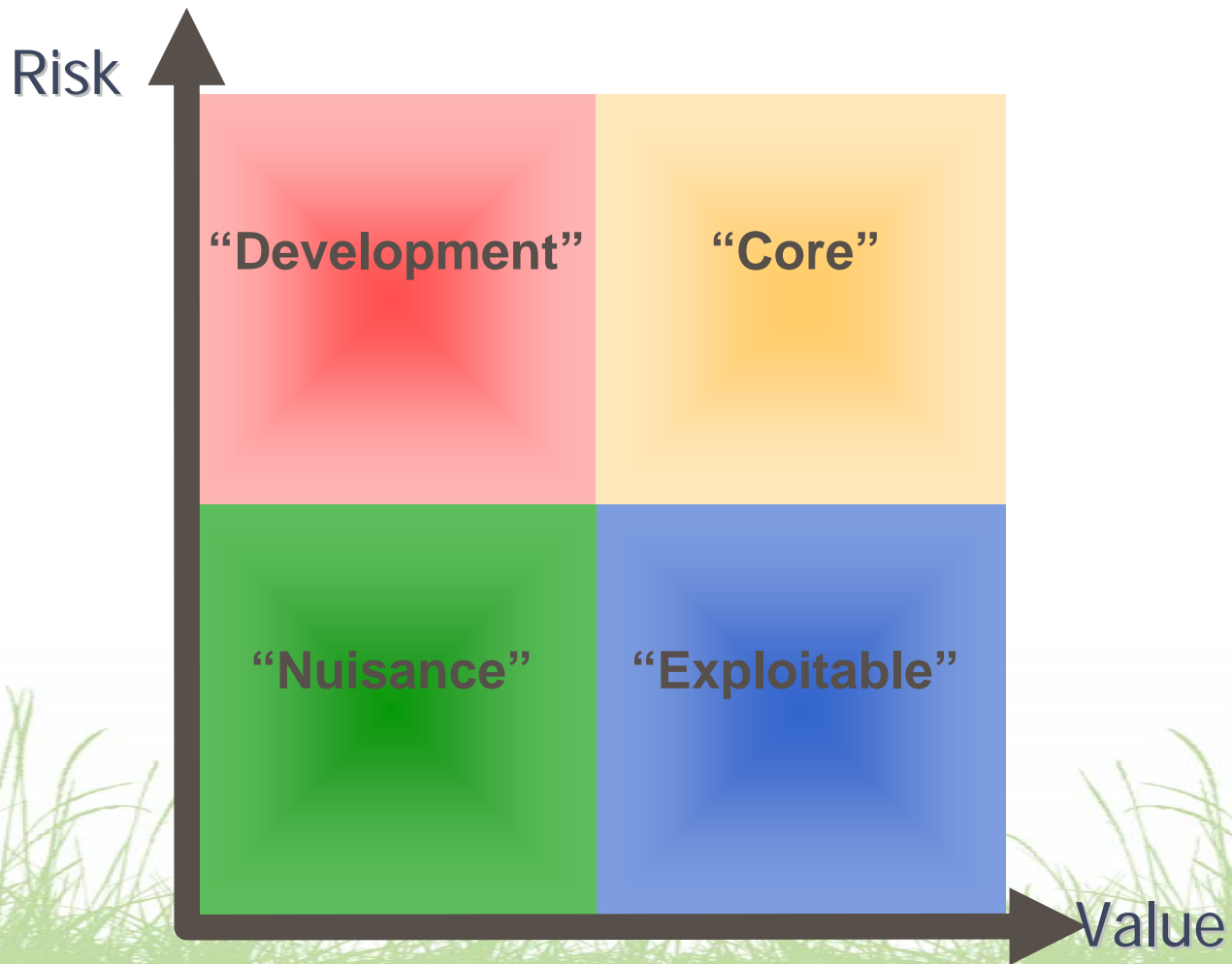




Supply Preferencing Technique









Check List

- Who are your key providers and who else is using them?
- What is their part in your desired outcome?
- How is the relationship managed and who manages it?
- Where can I make a difference to the outcome?



Supplier Relationship Development





What is SRD?

- Supplier Relationship Development is the process of improving *existing* contracts for the mutual benefit of both suppliers and customers.





It is not the following....

- Contracts Management by another name
- A subtle attempt to renegotiate contracts / rates
- Something you do with every supplier / provider
- A way of getting suppliers / providers to improve their performance
- Something you do on your own
- A new fad from the private sector

What you need to have in place – the foundations

SPS

- Accurate knowledge and information about your provider base and your influence in relation to it
- Sign up from service department heads and possibly politicians
- Other public sector partners
- Access to expertise and....
- Acceptance that you might fail



Why do it?





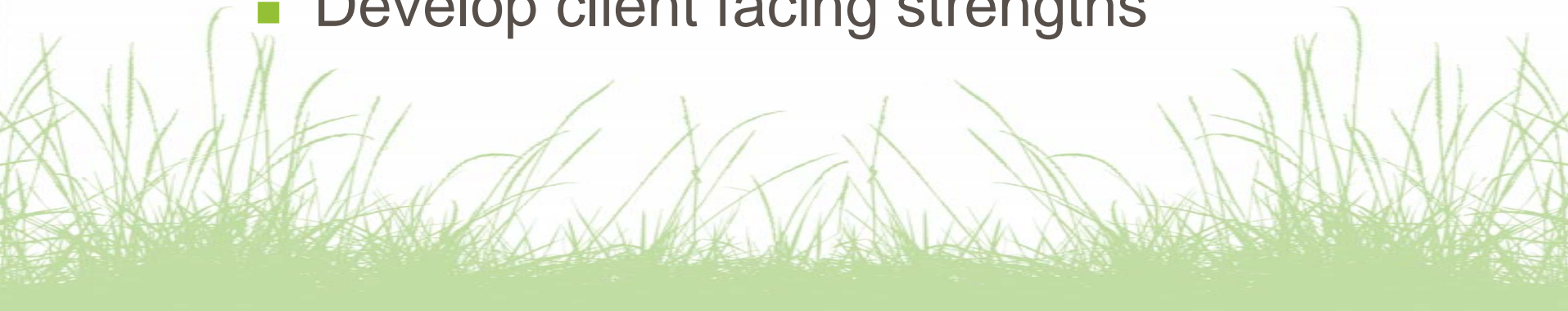
Why would you do it?

- Service & Performance Improvements
- Protect your interests in supply chain (e.g. credit crunch impact)
- Industry-shaping
- Efficiency Gains
- Cost Avoidance for All Parties
- Knowledge and Information Sharing
- Risk Management
- Develop Strategic Commercial Approach



What's in it for providers?

- Reduced cost bases
- Develop commercial fitness
- Strengthen existing relationships
- New dialogue with commissioners
- Improve infrastructure and process
- Deliver best value services
- Develop client facing strengths





Understanding your providers (or, knowledge is power)





What are we looking *for*?



The big four

- Ownership
- Corporate strategy
- Recent financial performance
 - financial stability and viability
 - growth and margin (profit)
- Customers & competitors

The really interesting stuff...

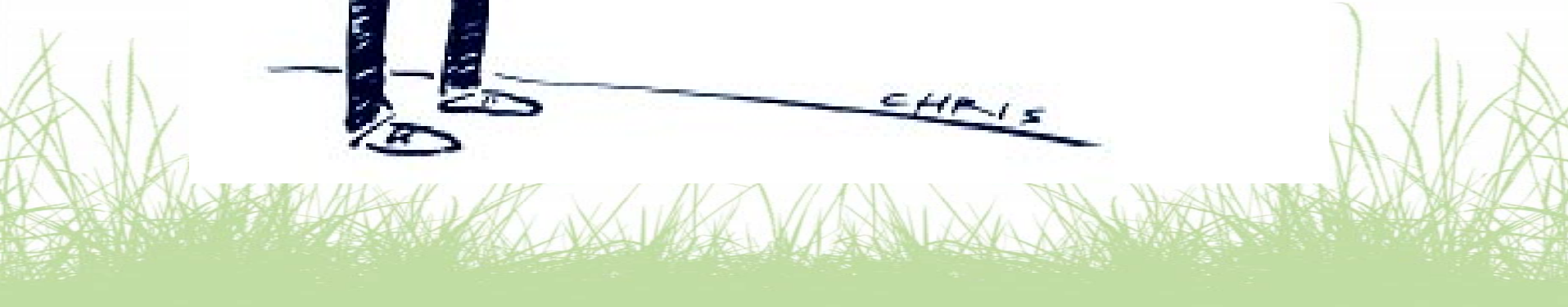
- **Information arbitrage (IA)**
 - “exploiting differences in what companies say *to their different stakeholder audiences*, in order to gain leverage in negotiation”

“The goldmine under the mattress?”



- Veolia (waste management); Care UK and Southern Cross (social care)
- Crucial supplier information uncovered: about reliance on LA customers, UK margins, ambitious corporate efficiency savings targets, financial difficulties and strategic challenges
- Spend analysis + supplier intelligence = power back in the hands of local authority customers
- London authorities now working together to improve contracts and relationships

'Information sharing' - you tell me everything about yourself and I'll tell you when to stop.





Getting Started





Key Checklist

- Choose a provider
- Business Case
- Senior Level Support
- Project Management Support
- Legal
- Risks





“The contour of the land is an aid to an army; sizing up opponents to determine victory, assessing dangers and distances, is the proper course of action for military leaders. Those who do battle knowing these will win, those who do battle without knowing these will lose.”

The Art of War, Sun-Tzu



Thank You for Listening

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