

Resource type: Project 13

Project 13 Commercial Handbook – selecting the right suppliers

This section covers how you can use the performance baseline to select the right suppliers and advisors for an enterprise. It also covers the key considerations in the process to identify and select suppliers and advisors with the right skills and behaviours to work collaboratively.

There are different levels of engagement within the enterprise and this is reflected in contractual and management frameworks.

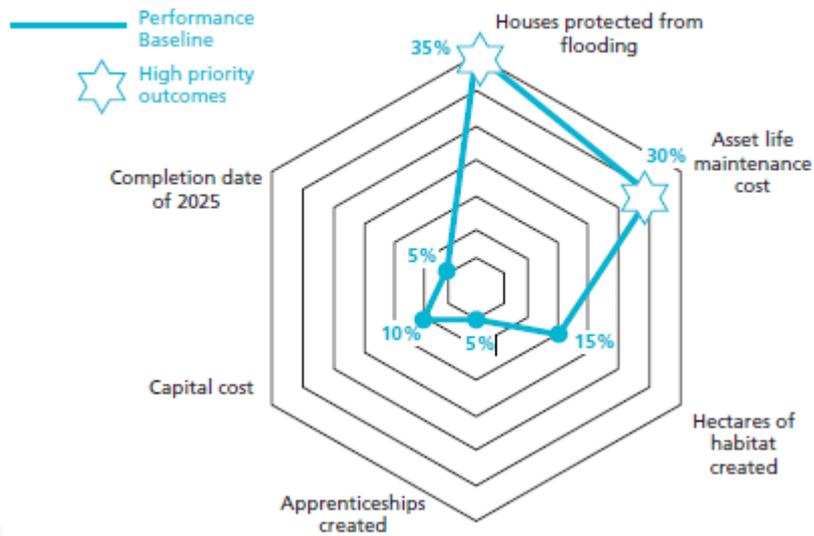
Key suppliers and key advisors - are those who will have most direct influence on the performance and should therefore have a direct relationship with the owner and have a seat around the programme board table. The determination of Key Suppliers and Advisors has no reference to volume or value of work it is entirely based on impact on the outcomes.

Suppliers and advisors – are those who are still essential in delivery of the enterprise outcomes but have a smaller role in the overall direction of the enterprise.

The integrator role is likely to have the most influence on delivery of value because of their programming function and identification of solutions and delivery routes. The main focus should therefore be on getting this role established. The integrator could be formed by bringing together a number of organisations through the adaption of a role for an existing organisation. In any of these options working with the owner and other organisations in an integrated way will be critical to the success of the enterprise. Existing contractual arrangements for design, construction and specialist roles can be amended to work with the integrator and a strategy developed for their renewal or changed to better accommodate and work in an enterprise organisation. There is also no 'one-size fits all' model, with the integrator being formed in numerous different ways as can be seen from the table below.

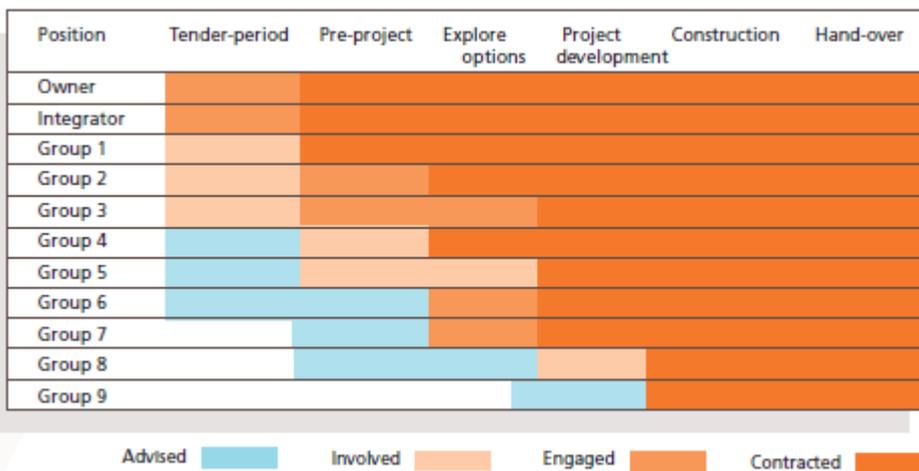
| Organisation | Contractual arrangements and Integrator role |
|---------------------------------|--|
| @One Alliance | Integrator appointed, use existing frameworks for design and construction for asset management. Integrator works with main joint venture partners to bring in advisors/suppliers through their processes. Operate with enterprise arrangements. |
| Yorkshire Water | Strategic planner appointed, integrated with owner planning department. Act as a strategic thinker and innovator, challenging and re-engineering solutions that are then delivered either through Alliance contracting or direct by Tier2/Tier3 or in-house. The 'integrator' role identifies delivery routes, establishing risk and value options with supply chain arrangements set up with owner procurement. |
| London Underground Bank Station | Tier 1 contractor appointed for the design and build of the 5-year project under NEC Option C. The Tier 1 contractor and owner project staff work in an integrated way in a joint project office with joint management and acts as the systems integrator. The Tier 1 contractor manages Tier 2 suppliers in enterprise arrangements with the owner. |
| Environment agency TEAM2100 | The integrated delivery team of lead supplier and owner acts as integrator. The lead supplier has joint venture style arrangements for flood risk asset management work in the Thames Estuary in a ten year NEC Term Services contract. The JV manage Tier 2 contractors with key suppliers starting to be appointed on long term contracts. |
| Connect Plus (M25) | Connect Plus have a 30 year design, build, finance and operate contract with Highways England for the M25 and connector roads. They are in the second phase of procurement with a framework of four contractors jointly incentivised on common performance metrics for a ten-year contract with break clauses. Tier 2 suppliers are beginning to join these arrangements where they are considered key suppliers. Connect Plus Services, a wholly owned subsidiary of Connect Plus providing project management and other operational services, works with Tier 1 contractors as system integrators. |

Using the performance baseline the integrator and the owner can identify the types of organisations who might form key suppliers and key advisors. This should be based on the opportunity to influence the outcomes and may well include smaller specialist suppliers who could offer innovative and high performing solutions. The diagram overleaf follows the previous example with the stars identifying areas where the integrator and owner should look to bring in key suppliers and key advisors with capability and expertise.



The important part of setting up any enterprise is early engagement with suppliers and advisors. The owner will need to change elements of the offer to the market, particularly on ways of working and the commercial deal, before and during the tender process based on feedback. There is no need to engage with all suppliers and advisors immediately as shown in the following diagram.

Stage 2 of Engagement



Having decided on the scope of the integrator, a detailed plan will be required for the activities from the start through to the establishment of the enterprise.