

Forging Successful Procurement Relationships: *The Critical First 100 Days*

By Bridget Fleetwood of Pinsent Masons
and David Archer of Socia

Most large procurements have a transition element, whether it involves the start of service provision by a new supplier or the implementation of a new IT system. This period is absolutely critical to the success of partnering relationships and deserves special treatment, both in terms of the procurement process itself and the contract.

The first 100 days of a procurement is a stage in which relationship issues are under particular stress, due to tight timescales, lots of interdependencies between customer and supplier and often high levels of risk if things go wrong. For this reason, developing procurement and contractual approaches that help both the customer and supplier build and maintain a strong relationship through the initial phase and beyond are vitally important. While of great importance to the success of any procurement, agreeing a contract is not enough to see a newfound partnership through a successful transition. Equally critical for success is the development of strong, interpersonal relationships between the team members directly involved on both sides.

We have been working to pull together best practice and knowledge from government and its suppliers to understand the foundations of a successful transition and the key activities that all parties need to invest in to keep projects on track during those crucial first 100 days.

How the procurement process and contract can help...

How well do the customer and supplier know one

another when they embark on transition? Believe it or not, a common experience is that once the contract is signed, and key members of the bid teams have walked away, the delivery teams from both sides are left wondering what it is that's been agreed and how it is to be achieved!

To guard against meltdown during the transitional phase, many government customers are now focusing on evaluating relationship issues before selecting their supplier. Whilst this can be a challenge within the constraints of the procurement rules (with contracts being signed very quickly after preferred bidders are selected), evaluating behaviours before the preferred bidder is selected can help a customer understand whether a supplier will work co-operatively and constructively in a pressured environment.

...or hinder

Whilst the contract needs to be clear about transition responsibilities and contain robust measures to protect against risks during transition, punitive contract terms can be unhelpful. In reality, the focus of both customer and supplier is – or should be – on achieving a successful outcome to the transition and ironing out the inevitable teething problems that may block successful delivery under a partnering agreement.

Forging successful relationships through the 100 days of transition

Beyond procurement and contractual best practice, customers in Whitehall and their suppliers have recognised that transition is critical for setting the foundations of the personal and organisational relationships that will underpin project success and their individual reputations for years to come.

This is reflected in the investment made in 'relationship building' in the early days of partnering relationships. However, in our experience this time is often spent participating in activities which end up doing more harm than good – particularly where there isn't a common understanding of the nature of the relationship needed to make the contract work.

We have found it useful to track the progress of relationships along a spectrum ranging from purely transactional, customer/supplier relationships at one end, to symbiotic, permanent team relationships at the other.

The greater the points of interdependence between parties and the more collaboration required in a situation, the further the relationship moves towards the symbiotic end of the spectrum. For a complex partnering arrangement, the parties' relationship may need to be at different place within the spectrum for particular aspects of the deal or at particular times.

The transition period requires an exceptional amount of open and co-operative working. Although behaviours can be evaluated before the contract is signed, you can't realistically ask people to be open with each other before a trusting

relationship has been established. So, the place to start is with reliable transactions. In a transition context, this could be fostered by ensuring that the contract provides clear allocation of responsibilities and a forum for each side to prove their capability and keep their promises. Once you have built a foundation of trust, and this may take more than 100 days, you can start to move towards a closer relationship in areas where that add real value over the remainder of the contract term.

100 DAY PLAN - SIGNPOSTS OF PROGRESS

On track

- One shared transition timetable and resource plan
- Early opportunities to observe capabilities and culture of all parties on real life tasks
- Meetings focus on short term joint problem solving and risk management
- Partnership measures include a mix of relationship factors as well as delivery measures

Off track

- Leaders talk cynically about their partners from day 1
- Stakeholders complain they don't know who to contact to get things done
- People haven't met their opposite numbers outside of formal meetings
- The teams that put the deal together have left taking most of their knowledge with them

Pinsent Masons

www.pinsentmasons.com

SOCIA
partnerships applied

www.socia.co.uk

© Pinsent Masons LLP & Socia 2008