strategic sourcing projects

FAQs:
Optimise Category Procurement

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How are the identified strategic sourcing initiatives managed?

We manage the strategic sourcing initiatives by assigning each project to a consultant within the Procuring team. The consultant will manage this project from start to finish. A project plan for each strategic sourcing initiative will be created and reviewed with you to ensure that the timelines suit your organisational requirements and schedules.

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How are the projects tracked & reported on?

The projects are tracked on individual project plans. In terms of the format and frequency of the project status reporting, we can be fully flexible in meeting your governance requirements for this.

How do we determine who the key stakeholders are for each strategic sourcing initiative?

We would determine that a key stakeholder is an individual who is the budget holder for the category of spend associated with the strategic sourcing initiative. A key stakeholder would also be an individual who is most involved with managing the supplier relationship and is most involved with dealing with the supplier on an operational level on a frequent basis.

What information do you require from us to ensure you understand our business requirements and demand profile for each strategic sourcing initiative?

Our consultants will work closely with stakeholders during this stage of the process to gather as much information as possible to understand, and where appropriate challenge, the business requirements. The consultant will seek to collect information covering a wide range of elements regarding the current and any future business requirements, along with the current operational processes followed in procuring the goods or services. This information will typically focus upon your requirements for the scope of goods or services, along with the account demand and volume. Requirements are also investigated around geographical locations, customer service, performance metrics, service reporting, technology, innovations, and value-added services.

How do you gather this information from us?

We are experienced in gathering this business requirement information through mobilisation workshops with key stakeholders. Further to this, if we identify any gaps of information, we are experienced in communicating with incumbent suppliers to obtain any key contract, price schedule, specification, or MI reports which stakeholders have been unable to provide.

What is the purpose of a project mobilisation workshop?

The purpose of a project mobilisation workshop is for our consultant to gather as much information as possible into the business requirements and current supplier list associated with the supply of good or services related to the strategic sourcing initiative.

What happens during a project mobilisation workshop?

We aim to make the project mobilisation workshops as relaxed as possible for stakeholders to avoid anyone feeling as though the session is an interrogation. The consultant will prepare material for the session and will conduct an interactive discussion to collect the information required. We will share the material with stakeholders before the workshop so that they have time to digest the information and gather any information in readiness for the meeting.

Who needs to attend a project mobilisation workshop?

Key stakeholders associated with the strategic sourcing initiative will be invited to attend a project mobilisation workshop.

How should a stakeholder prepare for a project mobilisation workshop?

We would ask stakeholders attending the workshop to have familiarised themselves with the category of expenditure related to the strategic sourcing initiative before the session. It is particularly useful if stakeholders can gather any key contract, price schedule, specification, or MI reports before the meeting and bring these with them to support the discussion.

What happens if a stakeholder is unable to provide you with the specific information which you would require during a project mobilisation workshop?

It is rare that stakeholders would not be able to provide us with some form of business requirement information relating to the supply of goods or services for the strategic sourcing initiative. Nonetheless, this is not a problem for our consultant. If there are any gaps of information, we are experienced in sensitively communicating with incumbent supplier to extract the information required.

What do you do with the information gathered during a project mobilisation workshop?

The information gathered during a project mobilisation workshop will be analysed by our consultant. This information will be used to inform the extent of research to be conducted in the subsequent business requirement investigation activity.

How is the spend baseline and savings definition for a strategic sourcing initiative agreed?

The spend baseline is taken from the external spend data with those suppliers identified as in-scope for the strategic sourcing initiative. The savings definition is typically based upon the previous prices paid with those in-scope suppliers before commencing the initiative. The spend baseline and savings definitions are discussed and agreed with your finance department.

What happens during this phase?

Our consultant will carry out an in-depth investigation on the goods or services to be sourced as part of the strategic sourcing initiative. This information is used to inform the procurement strategy. The investigation will include an analysis of the business requirement information collected, identifying relevant supply market trends, researching key industry suppliers that should be considered during any approach to the marketplace, and examining the current internal practices for procuring and using the goods and services. The investigation results will inform the subsequent sourcing strategy activity.

Who is involved with developing and signing off the sourcing strategy for a strategic sourcing initiative?

Our consultant will use all the information gathered during the investigation phase of the project to develop the sourcing strategy to be followed for the strategic sourcing initiative. The consultant will present these strategic options to the stakeholder working group and recommend the most suitable procurement strategy which should be followed. The stakeholder working group will be asked to sign off the sourcing strategy at this stage.

What is a tender?

A tender is an invitation from the purchasing organisation to request suppliers in the marketplace to formally quote on an opportunity to supply goods or services.

Are there different types of tender?

There are different types of tender conducted within public and private sectors of industry. We are experienced with conducting both public and private sector procurements.

Public sector procurement projects are governed and conducted in accordance with the Public Contracts Regulations 2015. Full details on these procurements can be found at The Public Contracts Regulations 2015 (legislation.gov.uk)

In terms of the private sector, the two most common types of tender are Request for Proposals ("RFP") and Request for Quotations ("RFQ").   An RFP is utilised as a market approach when the purchasing organisation wishes to collect proposals from suppliers based upon a detailed set of business requirements. An RFQ has similarities with an RFP. However, an RFQ is typically conducted at a faster speed for requirements which do not necessitate an in-depth proposal to support pricing, and instead, a simpler quotation will suffice.

Do we always have to go to tender?

As a private sector procurement, you do not always have to approach the marketplace with a tender. This may not always be the most suitable sourcing strategy for the procurement of a particular good or service. On occasions, it can be more fitting with your organisational requirements to conduct a direct price renegotiation with the incumbent supplier. These strategic options will be explored by our consultant as they develop the sourcing strategy.

Who prepares the tender documentation for the procurement process?

Our consultant will prepare the tender documentation related to the strategic sourcing initiative.

Do we sign off the tender documentation before it is issued to the supply market?

Yes, our consultant will collect your approval before issuing any tender documentation. We will send you final versions of the tender documentation for sign off. We would not issue any tender documentation to the marketplace unless you have approved and signed off this documentation.

Do you conduct a single or multistage procurement process?

Our consultants are experienced in conducting both single and multistage procurement processes. The decision on whether to conduct a single or multistage procurement for the strategic sourcing initiative will be set out in the developed sourcing strategy.

How and when should we notify the incumbent supplier that we will be tendering their current business to the supply market?

How and when this conversation should take place would most likely depend upon the status of the relationship with the incumbent supplier and level of expenditure. This communication can be issued by your stakeholders or by our consultant. We are experienced in having these conversations with suppliers. We would recommend notifying the incumbent supplier about the upcoming tender process once we have collected all the information required to produce the documentation for the procurement process.

Who decides which Bidders will participate in the procurement process?

The consultant will identify key industry suppliers that should be considered A Bidder list will be created and shared with stakeholders for review. Stakeholders will sign off the final Bidder list.

Who contacts the Bidders to advise them of the upcoming procurement process to gauge their interest levels?

We would recommend that our consultant conducts these communications to Bidders. Bidders are likely to have follow up questions about the type of procurement process being completed, timelines, and next steps of the project.

Do we need to collect signed Non Disclosure Agreements from Bidders?

Non-Disclosure Agreements ("NDA") are required to be collected prior to issuing any tender documentation to a Bidder. We are flexible to either use your standard NDA or use our NDA template.

Who issues the tender documentation to Bidders?

Our consultant will issue all tender documentation associated with the procurement to Bidders.

What do we need to do whilst Bidders are working on their stage 1 bids?

Bidders will have the opportunity to submit Request For Clarifications (“RFCs”) whilst they are working on completing their stage 1 bids. Our consultant will collate these RFCs and provide answers where possible. However, our consultant would require your support during this process to check any drafted answers and to provide any answers where necessary.

Who collates the stage 1 bids once received?

All stage 1 bids will be collated by our consultant. These collated bids will then be shared with stakeholders along with a bid summary comparison document if required.

How are stage 1 bids evaluated?

The specific evaluation methodology and criteria followed can vary depending upon the individual project and organisational requirements. These evaluation details will be discussed and agreed with the stakeholder working group prior to issuing the tender to the marketplace. Sufficient time will have been built into the project timeline to allow for a thorough assessment of bids to ensure that the most appropriate Bidder is considered for the required goods or services. The purpose of this evaluation is to compare the commercial, technical and financial terms of the bid. Comparing these quantitative and qualitative elements will allow an assessment of overall value for money.

Who communicates the results of the stage 1 procurement process to Bidders?

The consultant managing the procurement process would communicate the outcome of stage 1 to Bidders. Any individual stage 1 bid feedback would be provided at this point.

If a stage 2 procurement process is being conducted, how do we decide which Bidders to shortlist for this round?

The criteria for shortlisting Bidders can vary project to project. If a multistage procurement process is being conducted, Bidders would be shortlisted for this stage 2 process based upon the predetermined evaluation criteria agreed between the stakeholder working group.

What does a stage 2 procurement process involve?

A stage 2 process will typically involve a further qualitative and quantitative exercise for Bidders to complete. The specifics of these would vary depending upon the sourcing strategy being followed for the procurement of the goods or services. An example of a typical stage 2 process would be Bidder presentations and a further pricing round. This provides Bidders with the opportunity to present their proposal and demonstrate that they have the capabilities, market experience, and understanding of the business requirements to supply the goods or services. Bidders would be provided with target prices at this point and would be invited to submit their stage 2 pricing in consideration of these targets.

What happens during a Bidder presentation?

Presentations enable the stakeholder working group to gain valuable information about the Bidders which would not otherwise be apparent by solely reading a tender response. The Bidder will present their proposed offering to the group, and then a question-and-answer session will follow. Whilst supplier presentations are typically held after the tender response has been received, they may occur at any stage of an evaluation process and are subject to the individual project.

Who should attend a Bidder presentation?

The presentation attendee list should only involve the Bidder and the stakeholder working group related to the supply of the required goods or services.

How are stage 2 bids evaluated?

Similar to how stage 1 bids are evaluated, the specific evaluation methodology and criteria followed for stage 2 evaluations can vary depending upon the individual project. The specific approach followed for assessing the quantitative and qualitative elements of the stage 2 bids would be agreed between the stakeholder working group prior to issuing the tender to the marketplace.

Who decides which Bidder has been successful in submitting the winning bid?

Once stage 2 bids have been evaluated in accordance with the predetermined evaluation methodology and criteria, the results of this process will assist the stakeholder working group in identifying which Bidder has submitted the winning bid. The Bidder who submitted this winning bid is appointed the status of Preferred Bidder.

What happens once a Preferred Bidder has been selected?

Following selection by the stakeholder working group, the Bidder will be notified that they have been appointed as Preferred Bidder. The next stage is to progress with negotiating and awarding a contract for the supply of the required goods or services. The Preferred Bidder will have submitted their response to a range of key commercial principles during the tender process, and these responses will be used as a basis for the contractual negotiations between the parties.

What happens in a BAFO?

BAFO is an abbreviation for Best and Final Offer. The stakeholder working group may decide to conduct a BAFO round prior to identifying a Preferred Bidder. This procurement exercise would solely focus upon the final pricing element of the bid. A BAFO would typically be conducted if the stakeholder working group believed that the competitive tension between shortlisted Bidders could yield improved final pricing offers.

What happens if an incumbent Bidder doesn’t respond or threatens to walk away?

It would be exceedingly rare for an incumbent Bidder to take this course of action and want to lose their current business. We are experienced in communicating with incumbent Bidders to prevent this from happening. Nonetheless, if this were to happen, the procurement process being conducted would ensure that a new supplier with the appropriate capabilities, market experience, and understanding of the business requirement is selected.

Are we bound by the results of the tender?

You would not be bound by the results of the tender in private sector procurements.

What if we change our mind during the procurement process?

The purchasing organisation is within their rights to change their mind during the procurement process. However, this would need to be carefully managed to ensure that relationships with suppliers in the marketplace are not damaged.

How do we know whether to believe a Bidder's proposal?

The stakeholder working group can request numerous case study examples, speak to references, collect testimonials, and arrange for site visits during the tender process. These are ways in which we can collect evidence to validate that a Bidder's proposed service offering is achievable from an operational and service quality perspective. Financial checks can also be conducted on a Bidder which would provide a snapshot on the current financial health of the Bidder based upon the last set of accounts and any corporate action information.

Who manages the contractual negotiations with the Preferred Bidder?

Our consultant would not provide any legal advice during the project. Your legal representative would be expected to provide advice and lead on the legal matters relating to the contract negotiation and award. Our consultant would manage the dialogue between your legal representative and the Preferred Bidder, and be available to provide your legal representative with the background and context to the project and full details of the winning bid.

What happens if contractual discussions with the preferred Bidder break down?

If contractual discussions broke down and both parties were unable to reach a mutual agreement with the initial Preferred Bidder, a new Preferred Bidder would be appointed from the final bids which the stakeholder working group evaluated. Contractual discussions would then commence with the new Preferred Bidder.

What happens once a contract has been executed?

Once the contract with the Preferred Bidder has been executed, our consultant will issue decline letters to the list of unsuccessful Bidders and offer a debriefing call if required. At this stage of the process, the consultant will provide a hand over document to you. This will be shared with the stakeholder responsible for managing the contract and relationship moving forward.

Who is responsible for managing any transition to a new supplier?

Our consultant would not be responsible for implementing and managing the transition to the new supplier. An individual from your organisation should be appointed as the new supplier relationship manager post contract execution. This individual would be responsible for managing the transition activity to a new supplier.

Who is responsible for checking that the supplier is invoicing as per the commercials agreed during the tender?

Our consultant would not be responsible for checking the new invoices. This would be the responsibility of the new supplier relationship manager to arrange. Our consultant would ensure that all these commercial details are included in the hand over document.

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