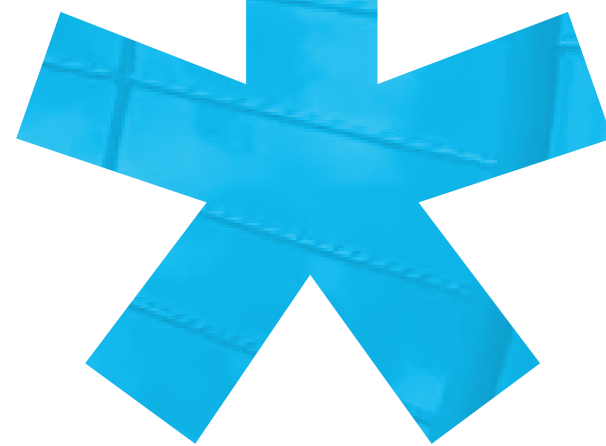


strategic sourcing projects

FAQs:

Capture & Sustain Value



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Should we appoint an individual to manage the relationship with the supplier following the tender?

We would recommend that you appoint an individual to be responsible for managing the new contract post award stage. This will ultimately ensure that any value achieved through the recent procurement activity is not eroded over time. The scope of these activities covers the formal management of the contract. This contract management helps to ensure that the service is delivered in accordance with the agreed specification, performance, and quality levels. This also assists in developing and maintaining an open and constructive supply relationship with the supplier.



What type of training and experience does a contract manager require?

It is important that the appointed contract manager has received a sufficient amount of training prior to taking on this responsibility, with typically 2-3 years of contract related experience. Our team of industry experts are experienced in supplying individuals with effective and comprehensive training on the topic of contract management. Our specialist training course is designed to cover all of the activities related to the contract management cycle. This training would provide a contract manager with the skills and tools required to successfully manage contracts.



How are the cost savings associated with the new contract with the supplier monitored and reported?

Any cost savings associated with the new contract are linked to the savings definition which the consultant will have agreed with your finance team at the commencement of the strategic sourcing initiative. These cost savings will be monitored and reported on each month. Cost savings are typically defined as the difference between a new price and the old historic price invoiced prior to the tender. A sales report is collected each month from the supplier which identifies the quantity of goods or services purchased at the new price. This quantity information is then used to calculate the actual cost saving associated with the purchase.



How regularly should we meet with the new supplier to ensure that they are delivering on the service standards which they were awarded the contract upon?

This would ultimately depend upon the value and significance of the contract. The new contract will most likely stipulate the frequency and format of review meetings which the new supplier will be required to satisfy. It is common for a performance review meeting to be scheduled each month with an account manager to review any of the specific service levels which the supplier committed to contractually. Further to this, more strategic review meetings can be conducted quarterly or annually with account director level individuals to discuss the wider contract and the supplier's overall performance under this contract.



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