

# Defence Support Group uses AWARD® to drive its Supplier Relationship Management initiative

## Customer profile

The Defence Support Group (DSG) is a wholly owned UK Government Trading Fund established by the MOD to support the Armed Forces and to deliver wider defence objectives in support of the key Defence Industrial Strategy requirements.

It is one of the largest defence engineering service providers in the country, employing approximately 3,500 staff. The range of capabilities cover maintenance, repair, overhaul and upgrades to key air and land equipment, mobile and in-barracks equipment support, fleet management, calibration, electronics, components and logistic support solutions. DSG works closely with major defence industrial contractors in delivering support solutions, with the best interests of the UK defence always paramount.

## SRM initiative overview

The Supplier Relationship Management (SRM) initiative at DSG was formally started in December 2007. It now covers 25 key suppliers across a wide spectrum of goods and services and a wide range of contract timescales. The scope includes some 15 contract managers working in DSG. The objectives and aims of the SRM initiative are to:

- obtain greater value for defence
- work more collaboratively with defined key suppliers on procurement activities by building and improving stronger relationships
- identify and agree on strategic improvement targets
- identify and deliver tangible improvements to existing practices and activities
- reduce joint costs

The key deliverables of the SRM initiative have been defined as:

- creating maintained charters that deliver mutually agreed performance Targets
- agreeing and maintaining action plans with suppliers that cover such topics as the key

activities, the resources required to deliver them, and the timeframes

- quarterly surveys, completed by both the contract manager and the supplier to identify relationship strengths and weaknesses, thereby informing proactive DSG-supplier review Meetings

## SRM initiative challenges

The challenges of this initiative fell into two distinct areas: obtaining buy-in from DSG contract managers and suppliers to the strategy and approach to SRM, and the execution of the initiative itself.

To instigate the initiative, the primary challenges faced by the project team were:

- the definition of the survey, which would allow both the buyer and supplier to provide their input, and the creation of a common understanding of how the questions should be framed
- the replacement of Excel as a survey tool, which had already been introduced and had proved to be problematic
- managing the actual process and storing the data that was generated
- ensuring that all the key suppliers were on board and that there was a consistency of approach
- generating progress management reports as and when required
- enabling easy completion of the survey by a large number of contractors and suppliers
- producing easily understood reports of the survey results



MINISTRY OF DEFENCE

## AWARD® for Supplier Relationship Management

AWARD® software is uniquely positioned to deliver defensible, objective evidence-based supplier relationship assessments. Its reporting capabilities allow multiple viewpoints of customer and supplier to be compared and rolled up into collective views, identifying relationship strengths and weaknesses. Periodic assessments highlight the effectiveness of the remedial activities undertaken to address the weaknesses.



The DSG team used Supply Chain 21's (SC21) SRM template as the starting point to develop a survey of questions to address the relationship behaviours that DSG wished to monitor. The 22 agreed questions each fell into one of four categories:

- communication (e.g. information exchange, problem solving)
- capability management (e.g. strategic alignment, solution development)
- continuous improvement (e.g. change management, obsolescence management)
- commercial (e.g. dispute resolution, risk and opportunity)

DSG was also keen to monitor Environmental Management and Corporate Social Responsibility as well as specific behaviours such as obsolescence management – a key operational requirement. DSG adopted SC21's scoring scheme: Failing, Reactive, Performing, Cooperative and Collaborative. Score definitions were developed which ensured that all parties would be consistent in selecting the appropriate score value to match their observation and opinion.

"Having a well structured survey in place, together with ensuring that all parties had a common understanding of the questions, was key to ensuring that the SRM programme ran effectively," said Roxane Moss, Performance & Data Manager, Procurement Group, DSG.

### Role and value of Commerce Decisions and AWARD®

Commerce Decisions was engaged shortly after the initiative was kicked off. DSG has used a combination of Commerce Decisions' Professional Services and the AWARD® solution to facilitate the SRM programme.

Initially, the team at DSG had based the process on Excel spreadsheets. It was quickly recognised that this was proving to be ineffective and inefficient. Specifically, Excel did not offer a collaborative environment within which multiple responses could be consolidated and reported on. The programme was moved onto AWARD®, which is now the foundation for the SRM programme at DSG.

The centralised management of information enabled DSG to view the progress of users' scores and rationales as well as to produce management reports easily.

Communication of enhancements to instructions or questions was provided automatically in AWARD®, removing the need for email exchanges between parties.

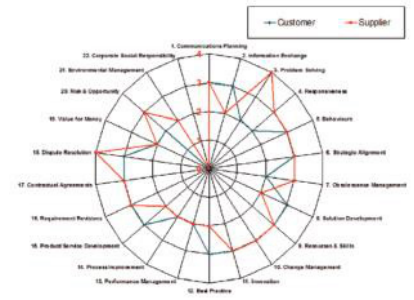
"We were able to get AWARD® up and running very quickly," said Roxane Moss. AWARD® was set up to be delivered to DSG and its suppliers as a secure, hosted solution. This allows suppliers and contract managers to access the same 22 question survey anywhere and at any time, provided they have an internet terminal.

One of the key features that AWARD® has delivered to the SRM programme is its document management capabilities. All the relevant documents relating to the programme are held in the same place, allowing easy access for both the contract managers and the suppliers' representatives. Importantly, they are all version-controlled. Additionally, an issue process has been set up in AWARD® to facilitate a dialogue about any relationship issues arising.

### What is SRM?

SRM is simply a proactive approach to longer-term management and development of business relationships. The focus is on the development of the relationship itself and not necessarily on the harder performance aspects of any underpinning contract. Through the investment in building soft behavioural issues such as continuous improvement and communication, it will lead to an improved understanding of each other's objectives and business processes.

The programme at DSG was based on best practice as defined by Supply Chain 21 (SC21). This is a change programme that aims to accelerate the competitiveness of the UK's defence and aerospace industry by raising the performance of its supply chains. To date, more than 380 companies and regional trade organisations have committed to SC21.



**AWARD® provides instant graphical comparison of perspectives AWARD® enables**

### AWARD® Benefits

AWARD® delivers a transparent audit trail that underpins the bidder debriefing process and manages any challenges to the outcome of the procurement.

AWARD® is highly flexible, enabling full integration of the tender requirements and policies.

AWARD® enables project users to be managed centrally, optimising the time spent on evaluating suppliers.

AWARD® is delivered via a security accredited hosted service. Users can access AWARD® from any workstation with an internet connection and web browser.

Powerful reporting capabilities allow a range of selected reports to be generated quickly and tailored to your project.

Enhanced controls allow better management of tender stages leading to efficiencies and on time project delivery.

AWARD® provides a structured and compliant approach to the execution of a procurement.

The **Defence Support Group** (DSG) was an executive agency and wholly owned trading fund of the Ministry of Defence. It was established on 1 April 2008 by the merger of Defence Aviation Repair Agency and the Army Base Repair Organisation. It was created under **The Defence Support Group Trading Fund Order 2008**. Part of the Defence Support Group (DSG) was sold to Babcock on 31 March 2015 while the remainder became the Defence Electronics and Components Agency (DECA) on 1 April 2015.