



EMEA 2008

MAKING SENSE OF OPPORTUNITY AND RISK:
THE JOURNEY TO CONTRACTING EXCELLENCE

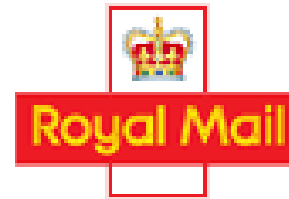
SEPTEMBER 22-24, 2008 • ROYAL GARDEN HOTEL • LONDON, UK

Segmenting relationships to drive contract value:

» Alan Day



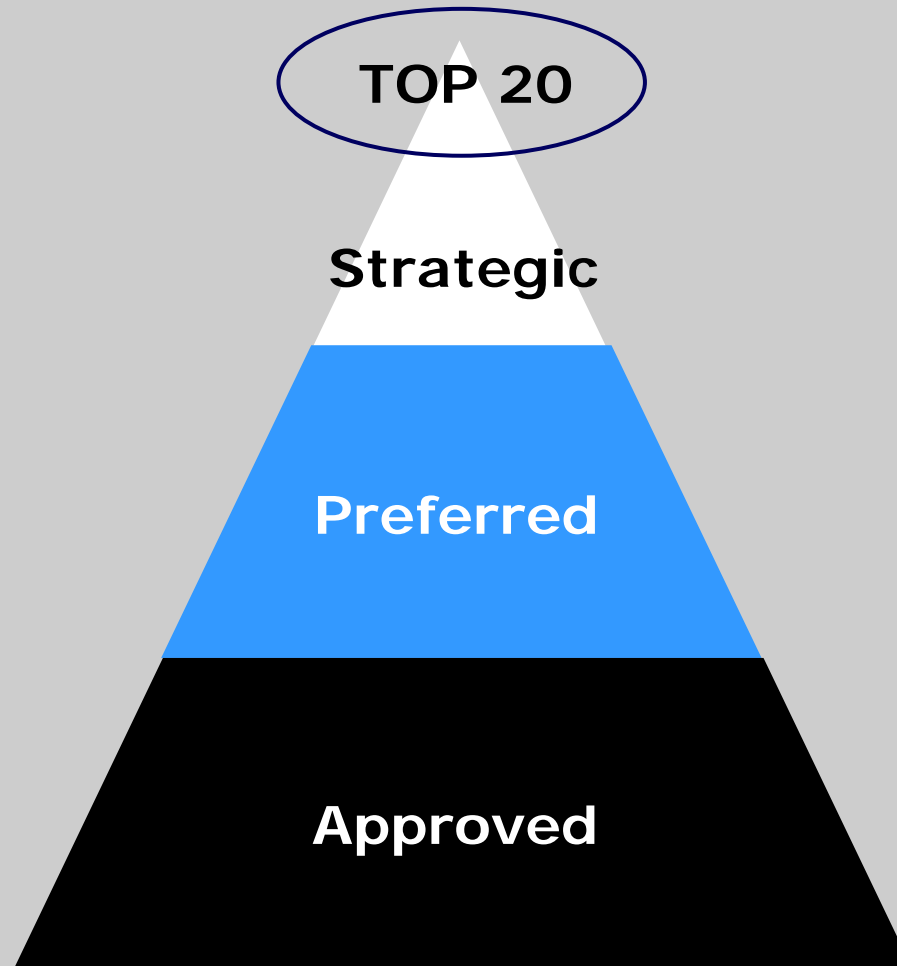
» Jay Doyle



Agenda

- » Different ways to segment supplier and customer base.
- » Techniques and pitfalls driving differing behaviour with segmentation.
- » Segmenting the individual relationships within a customer or buyer.
- » Royal Mail case study with the Supplier Management System (SRM portal).
- » Emerging technology - 'predictive markets'.

Segmentation – What are you trying to achieve?



Exercise

- » Please stand up
- » Please sit down if you don't segment relationships
- » Please sit down if you don't segment relationships by spend
- » Please sit down if you don't segment relationships by risk
- » Please sit down if you only have one standard contract

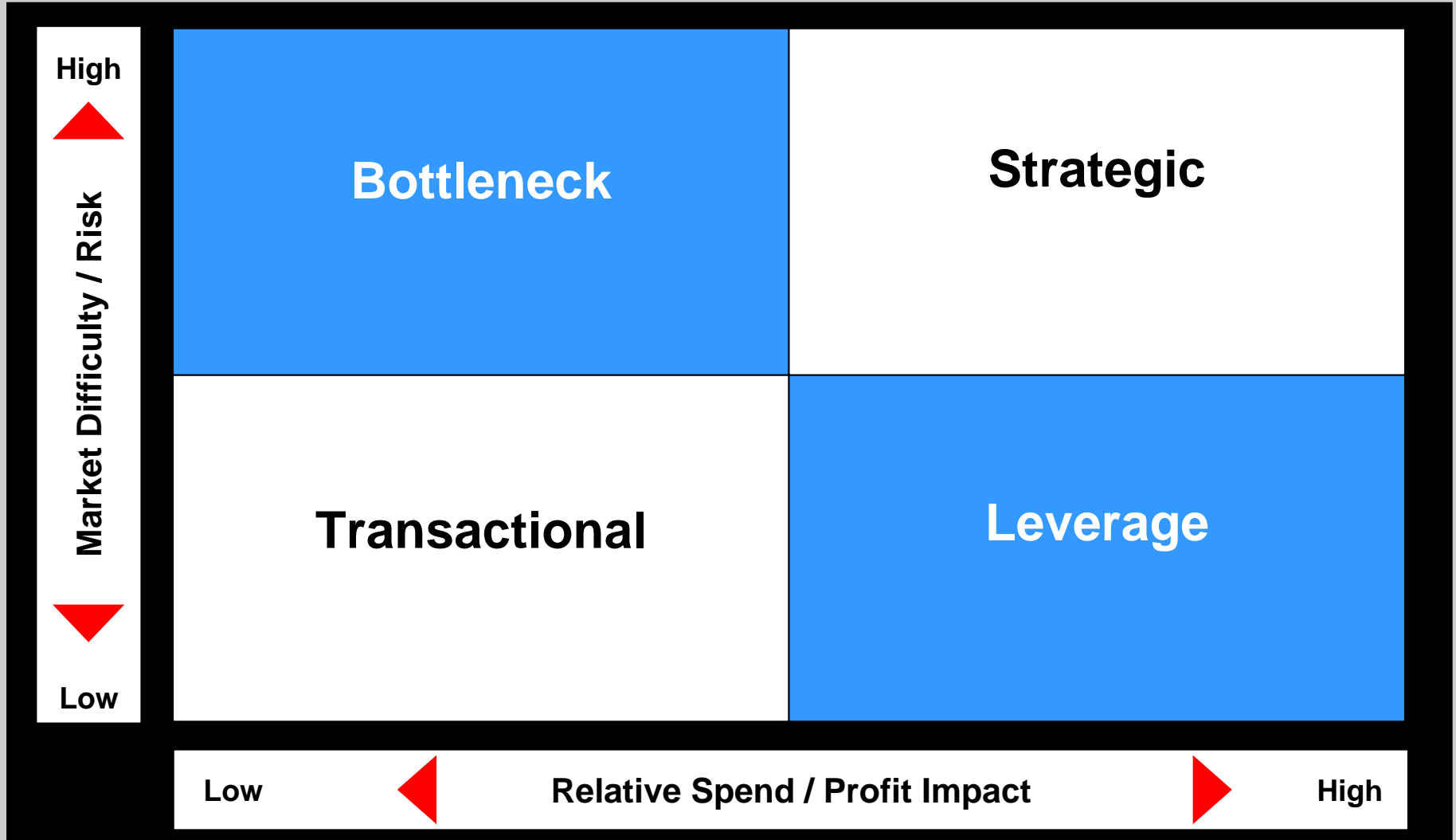
Ways of segmenting (suppliers)

- » Spend
- » Risk - Business continuity issue if supply interrupted
- » Low / restricted competitive market environment
- » Revenue contribution
- » Considered to have a long term future
- » Product / service supply considered "critical"
- » Key IP / strategic assets reside with the third party

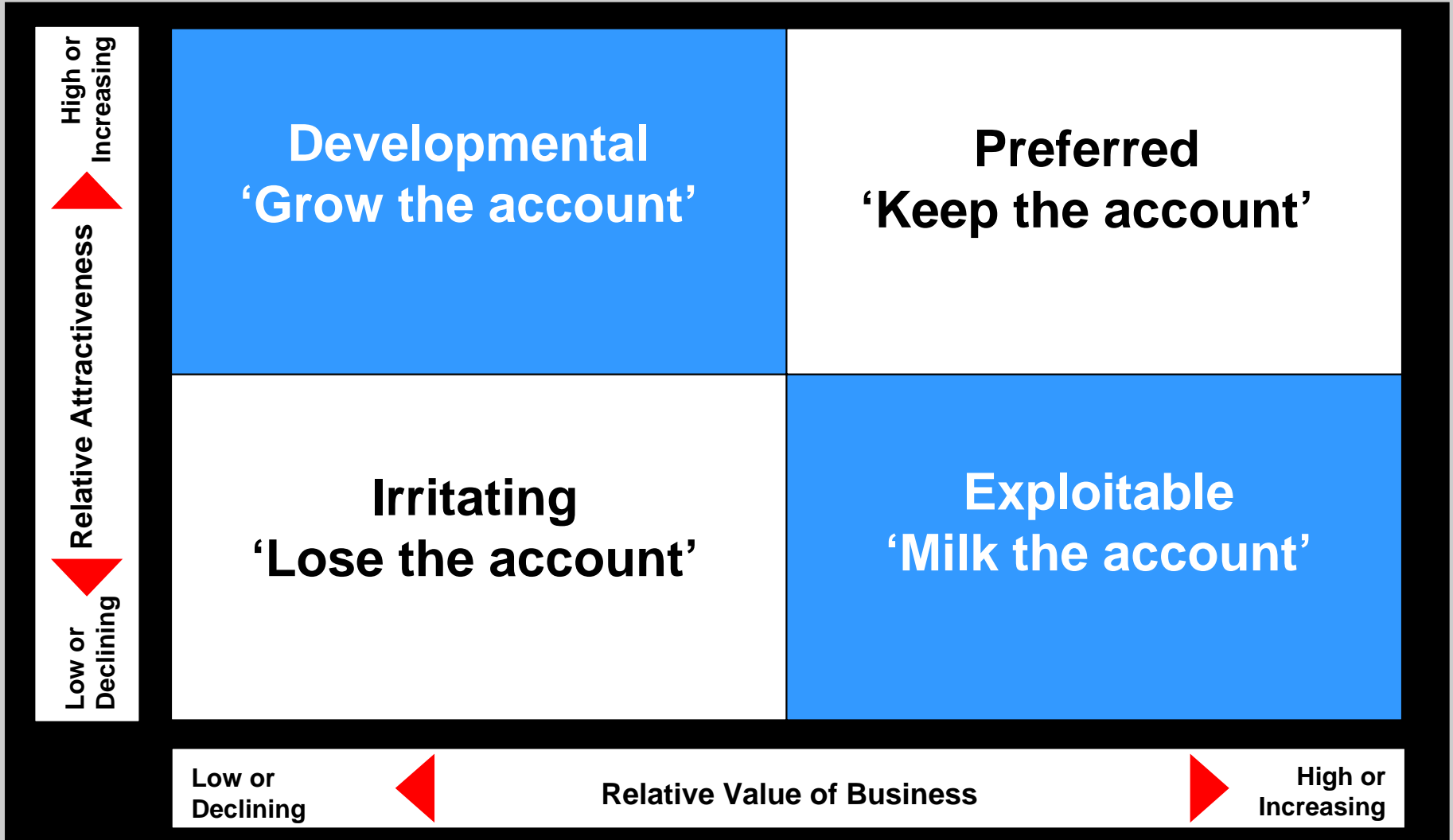
Ways of segmenting (suppliers)

- » Board / Executive level interest
- » Ease of substituting the product / services
- » Contribution now / future to strategy
- » Strategic importance to the third party
- » Financial importance to the third party
- » Appetite to work strategically
- » Switching is difficult / costly / undesirable

Suppliers



Customers



Segmenting individual relationships

Types of ownership

- » Budgetary
- » Technical
- » Strategic
- » Financial
- » Operational
- » Legal
- » Sales
- » Quality
- » Governance

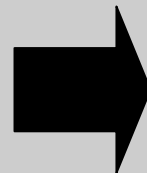
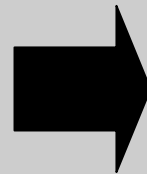
Segmentation – What are you trying to achieve?

TOP 20

Strategic

Preferred

Approved



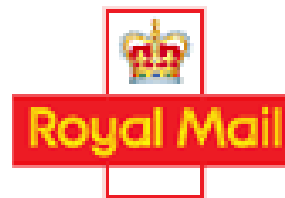
- » Develop and invest in the relationships
- » Actively manage
- » Harness the knowledge/wisdom of the crowd
- » Management by exception

Supplier management system

- » A SRM portal to collaborate internally amongst stakeholders and with key suppliers
- » Developed over 4 years with clients such as: C&W, Network Rail and Royal mail
- » Ensures contract lifetime value is realised
- » Improved supplier performance against KPI's
- » Privileged access to the best of the supplier
- » Leverage the supplier's capabilities
- » Increased supply chain efficiency
- » Mitigation of reputational and operational risks

The Royal Mail story

- » Group Procurement goal of 'Top 3 in 3'
- » Traditional VM (SRM) often procurement led, involving largely one way communication
- » Recognise critical role of business personnel to drive continuous improvement
- » Set up an Account Management team for each vendor with clear and agreed Account Plan
- » Using the SMS system to drive change



Supplier management system demo

Hi Jon.beattie, welcome back. [Logout](#)
ROYAL MAIL GROUP
VENDOR MANAGEMENT SYSTEM

[MY HOMEPAGE](#) [VENDORS ▾](#) [FEEDBACK](#) [SYSTEM SETTINGS](#)

Demo Vendor (J. Doyle) Visit Website

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Vendor at a glance VENDOR SEGMENT: Strategic

Relationship Status Green

ss Generally, the relationship with ABC continues to be strong. However, ongoing performance issues with delivery of project Trojan mean that the status is currently flagged as Amber. We are awaiting ABC's proposal as to how they intend to address the Trojan issues.

Noticeboard Add New

Procurement Procedures Restructured: Due to the recent economical recession, the board of directors made an executive decision that a more structures procurement procedure will need to be in place. 01-Sep-2008

New ABC Account Manager: Tom Reiser is leaving the employment of ABC and ABC have appointed a new account lead, Jackie Murray. Jackie will formally begin her new role on Aug 15th.. 25-Aug-2008

Executive Relationship Review:: Annual executive review meeting is coming up on 12th September. Please ensure all updates to relationship information are complete 14-Aug-2008

Latest News More News

2 WORKERS INJURED WHEN ROOF BEAM COLLAPSES AT UNCW - STARNEWSONLINE.COM 19/09/2008

2 workers injured when roof beam collapses at UNCW StarNewsOnline.com, NC - 1 hour ago
By Veronica Gonzalez Two construction workers received minor injuries after a wind gust knocked over a wooden beam they were placing to complete the roof of ...

BURDWAN RAJBARI ROOF CAVES IN - THE STATESMAN 19/09/2008

Predictive markets

Harness in the power of the crowd, use customers, suppliers or employees to:
















- » Generate accurate forecasts
- » Understand the probability of achieving goals or milestones?

Oct 24, 2006 - Sep 11, 2008



“crowd-sourcing” – developing innovation and cost-out techniques

- » Employees submit ideas
- » Other users comment and refine ideas
- » Users volunteer for tasks
- » Contributors can be recognised / rewarded

	Ideas ▲	Popularity	Last Modified	
	Ad overlays on the video for the first 10 seconds or so		3	2007-08-23
	Ad overlays somewhere around the video, not on the video itself		11	2007-08-23
	Annual subscription - all you can view in one year		1	2007-08-23
	Banner ads		1	2007-08-23
	Company sponsorship (page, category, channel or community)		7	2007-08-23
	Daily subscription - all you can view in one day		1	2007-08-23
	Long "post-roll" ad after a video		2	2007-08-23

Questions

