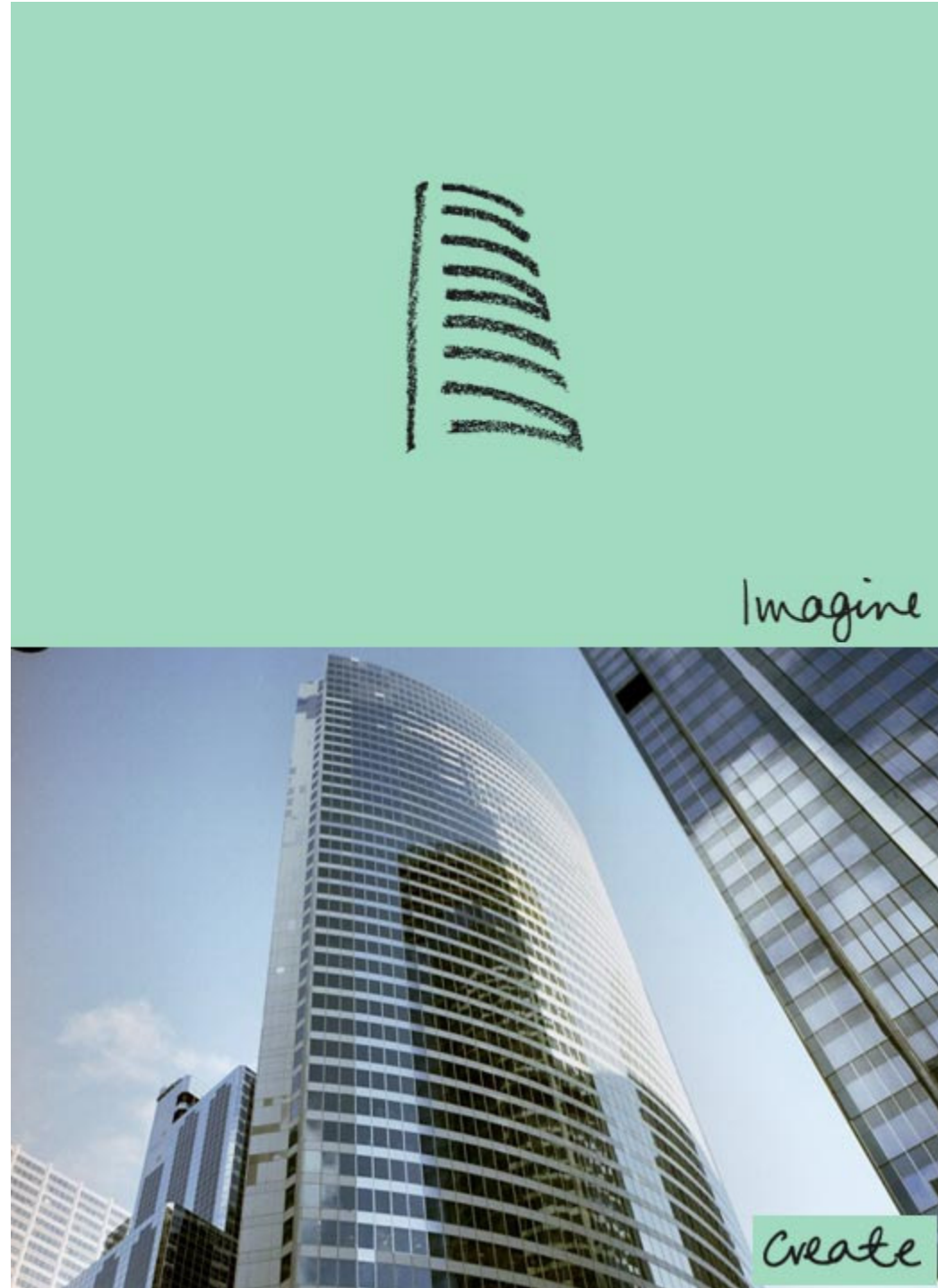




Transforming Supply Chain Performance at Bovis Lend Lease

Nigel McKay

Head of Supply Chain



Imagine
Where were we
Create



TOP 20 Trades

- In 2005 only 2 contractors met our Highest Performance / Highest Spend aspiration
- In our top 4 (spend Trades out of 20) our highest spend contractor was in our bottom quartile performance league tables
- Our avg performance of top 150 companies = 5.9

THIS WAS UNSUSTAINABLE AND HAD TO CHANGE

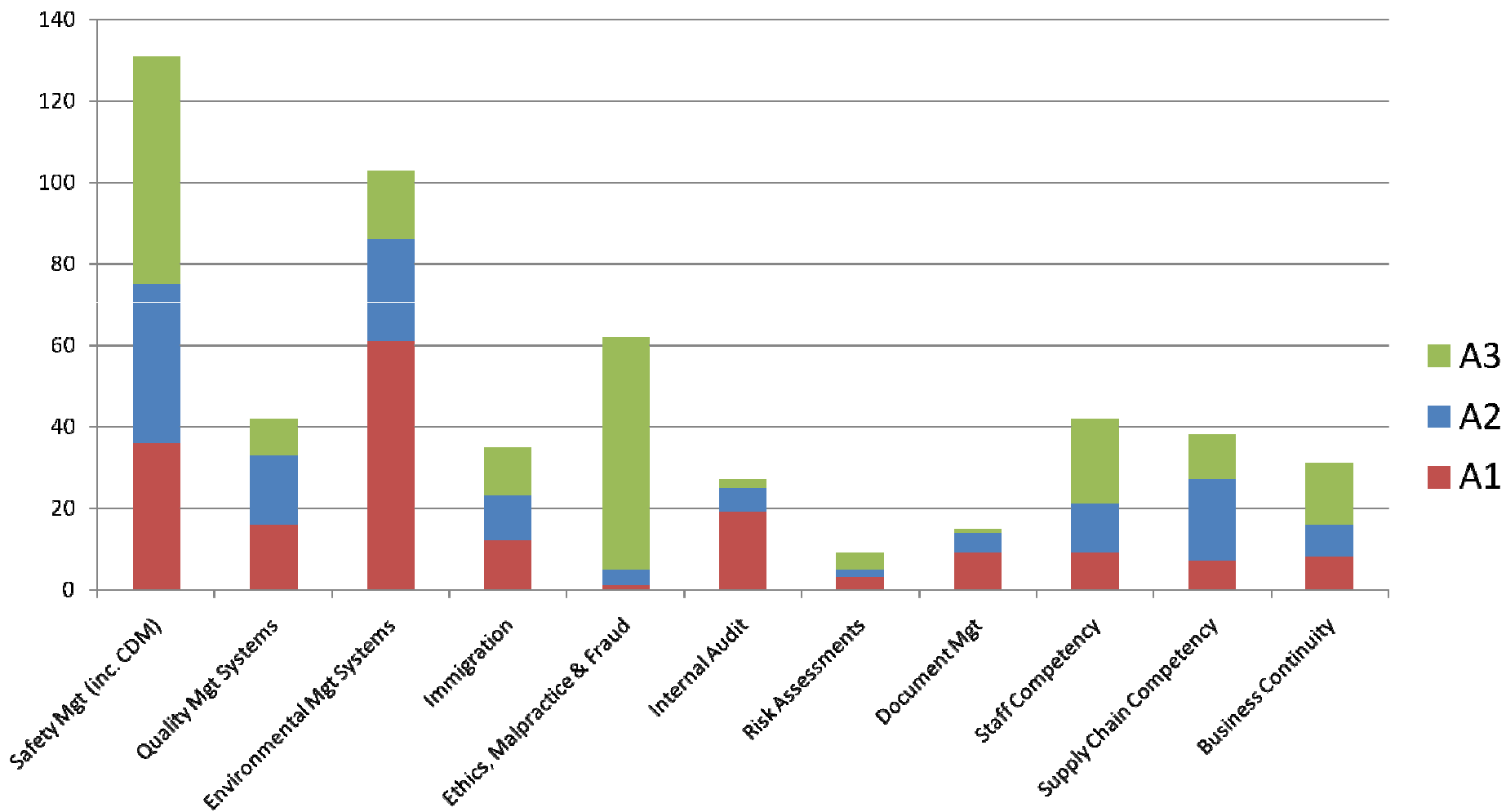
What is Performance Led Procurement



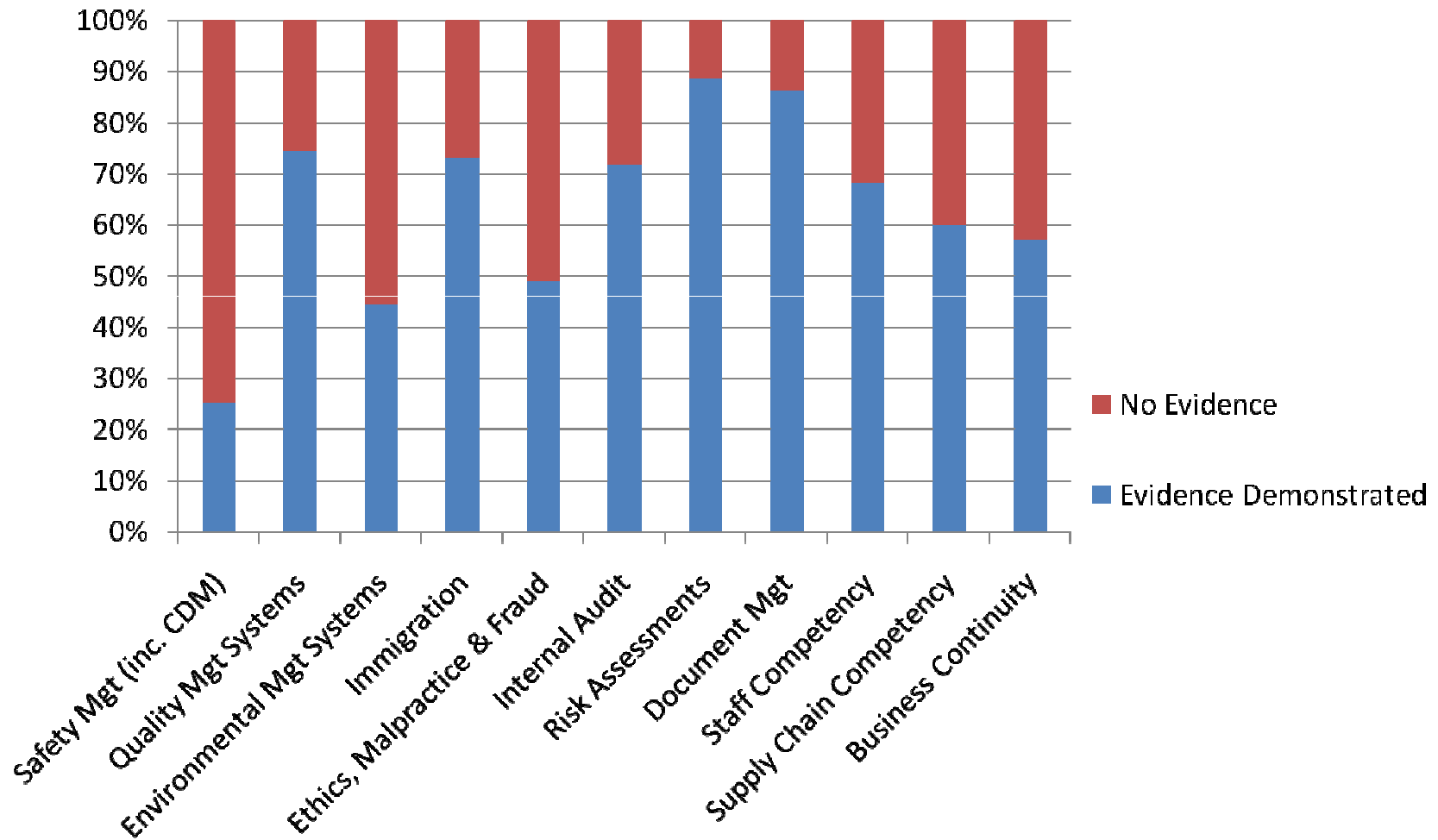
- **The concept is simple!**
- We spend more money with the highest performing contractors, not the Cheapest.

- **The execution is difficult**
- Everybody wants it cheaper and faster
- We operate in a world of Commercial Managers / Cost Planners / Cost Consultants where price is the dominant factor.

Referred contractor analysis



All contractor analysis

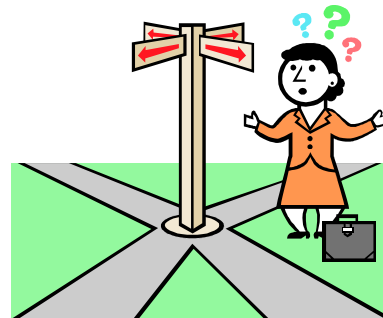


How to Measure

Or more importantly how not to measure

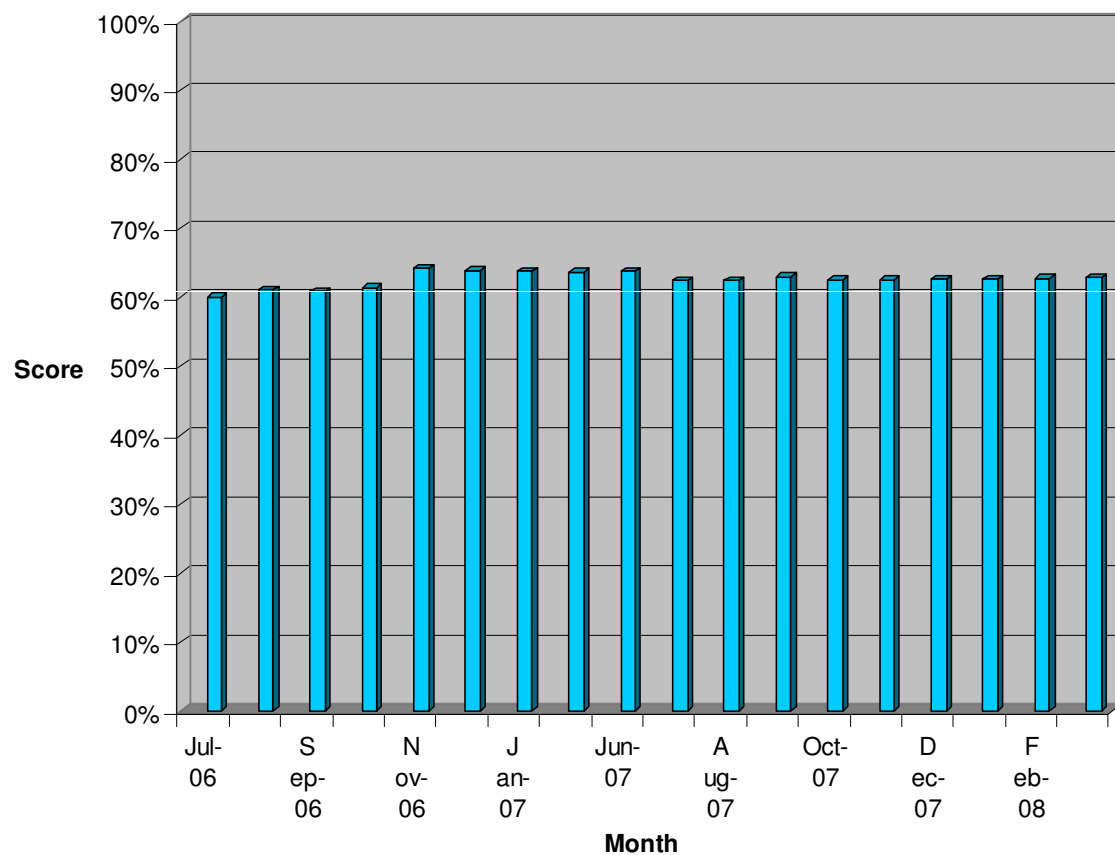
Previous Way

Score 1 – 5 where 1 is Poor and 5 is excellent



Why do something different

Monthly Performance Score



How we Measure



		QMS					
		POOR	MEDIOCRE	ADEQUATE	GOOD	EXCELLENT	Score
		1-2	3-4	5-6	7-8	9-10	
1	Drawings & Documentation	Major delays in issue of documents and drawings. Inaccurate drawings. Continual intervention required.	Delays in issue of documents and drawings. Non-standard drawings. Intervention needed often	Adequate process and minimal intervention required. Only small inaccuracies in drawings	Satisfactory document management. Accurate and clear information and drawings	Excellent document management. 'Right first time' approach.	
2	Use of Systems / Procedures	Major delays as own/clients systems and/or procedures not used.	Systems and procedures in place but not used due to lack of knowledge/understanding	Adequate use of systems. Information provided with minimal intervention.	Satisfactory use. Information clear concise and comprehensive.	Excellent use. Standard and timing of documentation considered as critical to overall success	
3	Awareness of Quality Philosophy	Quality not important, has attitude that it can be resolved after completion	Quality only becomes important if BLL is 'watching'.	Quality is monitored with minimum intervention	Quality monitored and a good standard of work is achieved	Quality monitored and an excellent standard of work is achieved	
						Average Score	

Procurement Tools

Supply Chain Database – Company Performance



WILLIAM HARE LTD

Company Header **Contract History** Company Performance BLL Ratings Peer Reviews

Company Details

Company ID	Company Name	PCG(SAP) Tier	PCG(SAP) Tier History
6841	WILLIAM HARE LTD	7	(Tier - 7 on Oct 8 2007 10:57AM) Tier - 1 on May 24 2006

Detailed reports

Contract History
Perform Review

Contract Name	Work Package	Sub Contract No.	QMS	P&P	Q	C&C	M	S	SCM	CIP	IIF	Avg	LOI Org	LOI Tot	SC Org	SC Tot
ST DAVIDS 2,..	Steel Frame G..	S-80289-00050	5	6	7	5	6	8	6	4	7	6	£ 9,517,065	£ 9,517,065	£ 9,517,065	£ 9,517,065
PEEL BARTON ..	Steel Frame G..	S-80436-00010	9	9	9	9	9	9	8	9	7	9	£ 0	£ 0	£ 6,467,158	£ 6,850,00
NO HARDMAN S..	Steel Frame G..	S-80457-00015	8	8	7	6	8	7	6	8	7	7	£ 0	£ 0	£ 11,991,549	£ 11,991,5
UNILEVER HOU..	Structural St..	S-3834-00045	6	3	6	6	6	6	5	5	5	5	£ 0	£ 0	£ 5,675,000	£ 5,675,00
201 BISHOPSG..	Steelwork & D..	S-3724-00023	5	4	5	5	4	6	6	5	6	5	£ 0	£ 0	£ 26,969,474	£ 26,969,4
MEC CHEAPSID..	Steelwork	S-80221-00005	3	3	4	4	4	6	4	4	6	4	£ 0	£ 0	£ 4,749,932	£ 4,749,93
MANCHESTER S..	Post Contract..	S-8065-00059	7	4	6	5	6	7	5	6	6	6	£ 0	£ 0	£ 25,912	£ 25,912
MANCHESTER S..	Structural St..	S-8065-00019	8	4	8	4	4	6	N	N	N	6	£ 0	£ 0	£ 5,639,850	£ 5,773,10
UNILEVER HOU..	Main Steel	S-3834-00031	N	N	N	N	N	N	N	N	N	N	£ 0	£ 0	£ 4,850,449	£ 4,850,44
UNILEVER HOU..	Steelwork to ..	S-3834-00017	4	6	6	6	6	6	N	N	N	6	£ 0	£ 0	£ 721,319	£ 721,319
CHAPELFIELD,..	Steel superst..	S-8053-00025	8	8	6	8	8	8	N	N	N	8	£ 0	£ 0	£ 8,117,535	£ 8,117,53

1 2 3 4 5 6 7

[Click here to set/update Reviews by BLL Staff](#)

Procurement Tools

Supply Chain Database – Peer Review



Peer Review



SEVERFIELD REEVE STRUCTURES LTD

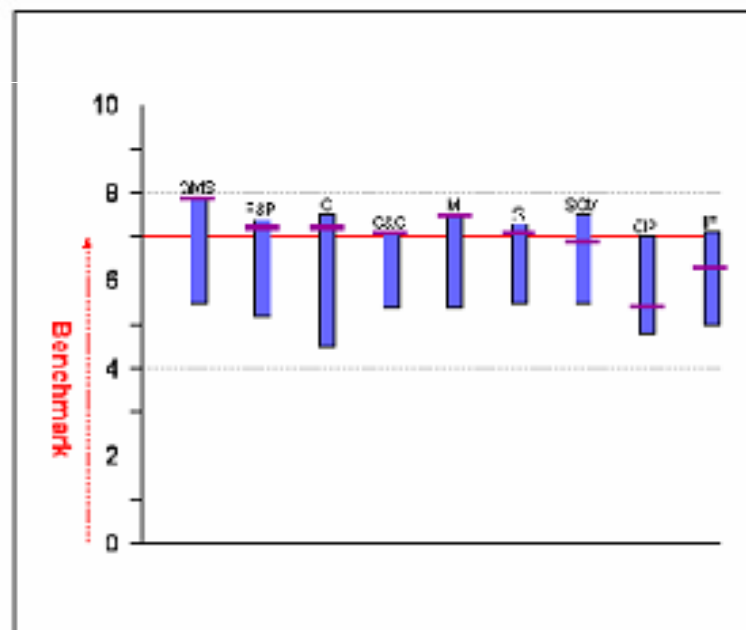
Company ID	Company Name	PCG[SAP] Tier	PCG[SAP] Tier History	Company Type
223539	SEVERFIELD REEVE STRUCTURES LTD	4	(Tier - 4 on May 24 2006 8:49AM) Tier - 6 on Apr 26 2006 7:00AM	Contractor

Peer Review - Summary from Level 4 Reports

Avg	No of Reports	QMS	P&P	Q	C&C	M	S	SCM	CIP	IIF Reports	IIF
6.9	4	7.9	7.2	7.2	7.1	7.5	7.1	6.9	5.4	2	6.3

Category: Steelwork

Company	QMS	P&P	Q	C&C	M	S	SCM	CIP	IIF	AVG
BILLINGTON STRUCTURES LTD	7.0	7.4	6.7	7.0	7.3	7.2	6.4	6.8	7.1	7.0
SEVERFIELD REEVE STRUCTURES LTD	7.9	7.2	7.2	7.1	7.5	7.1	6.9	5.4	6.3	6.9
WATSON STEEL STRUCTURES LTD	7.0	5.3	5.9	5.4	7.2	7.3	6.5	6.9	6.7	6.5
FISHER ENGINEERING LTD	6.3	6.3	7.5	7.1	6.9	6.5	6.6	4.8	6.9	6.5
WILLIAM HARE LTD	6.5	6.0	6.5	6.1	6.5	7.1	6.1	6.0	6.3	6.3
JAMES KILLEEA & CO LTD	5.5	5.2	4.5	6.5	5.8	6.3	7.5	7.0	6.8	6.1
BOURNE STEEL LTD	5.6	5.6	5.8	5.6	5.4	5.5	5.5	5.1	5.0	5.5



CEO Quote



- At the UK EMT the subject of behaviours and safety standards was discussed, with note made that we are still not always asking our best performing suppliers to tender for work with us.
- In these more difficult economic times I hope you agree it is critically important that we look after those who look after us.
- Please would you therefore reinforce to every one of your teams that our top suppliers in any category must be automatically invited to bid on every occasion - and that subsequently any one taking a decision not to appoint them must require extraordinarily clear and substantial evidence of the reasoning.
- It is exactly that sort of decision making that I shall expect us all to see evidenced at the project reviews or in subsequent audits.
- trade with our best and most consistent suppliers by default and
- help push our standards and performance up whilst
- helping our best industry colleagues through the lean patch ahead.

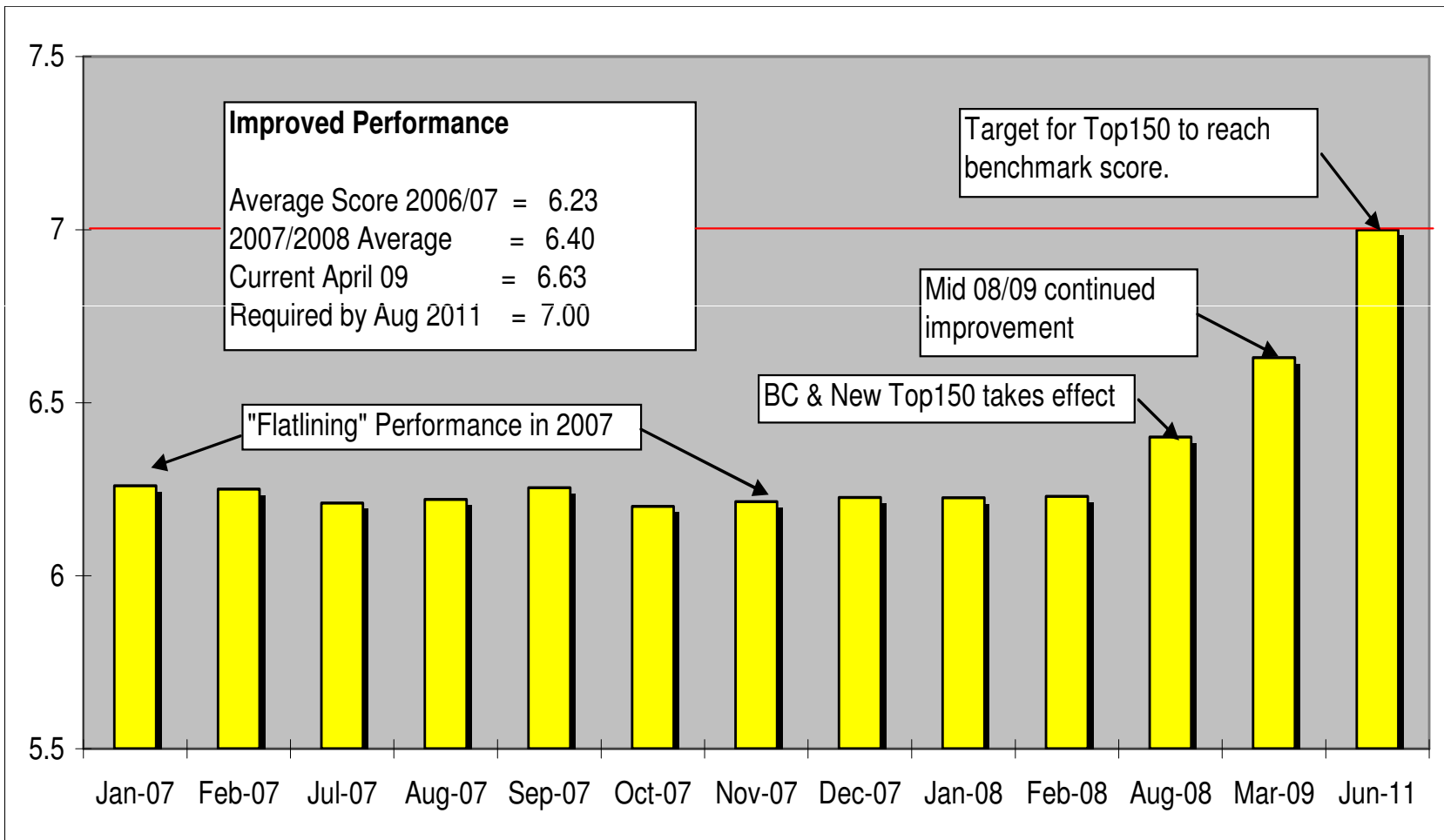
Incentivise the Supply Chain



TOP 20 Trades

- In 2005 only 2 contractors met our Highest Performance / Highest Spend aspiration
- In our top 4 (spend Trades) our highest spend contractor was in our bottom quartile performance league tables
- In 2008 6 Trades meet our Highest Performance / Highest Spend
- In our top 20 trades 11 trades now have highest performer meeting our benchmark

Current Trend

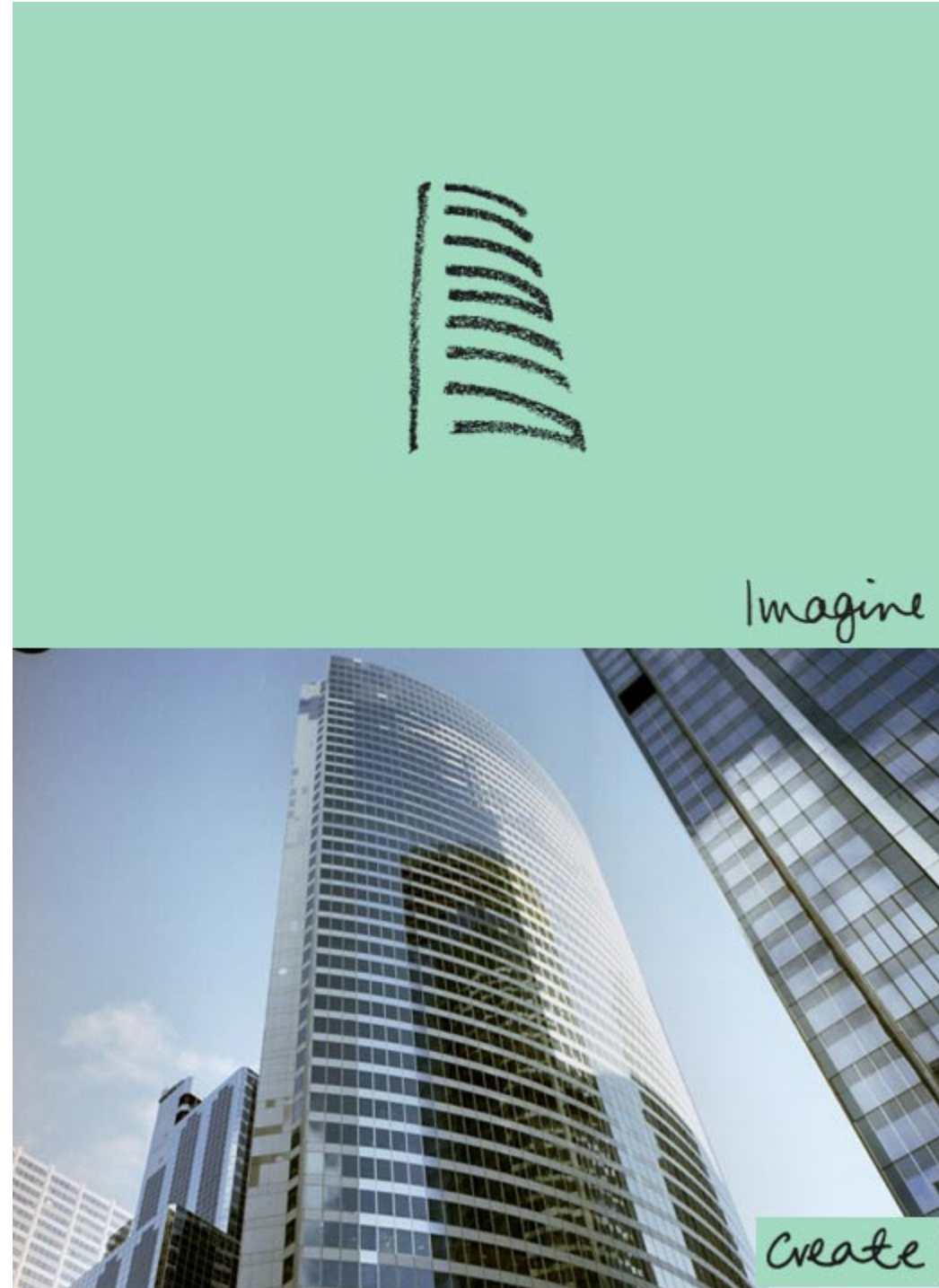




The Impact of the Supply Chain Performance

Jeremy Hutchinson

Head of Procurement & Supply Chain UK North



Imagine
Create
It Enables BLL to Demonstrate Internally and upstream:



Performance & Track Record testing benchmarked against specific measurement criteria:

Demonstrate how BLL:

“maximise added value, whilst reducing total cost across the entire trading process, through exercising control from a strategic position”

Promotes the value of Performance Led Procurement



- Performance Led Procurement

A fundamental process adopted to ensure the “Added Value” in Supply Chain Management is achieved.

- Tools to Support Performance Led Procurement

The Information Flow & Systems – Provide Upstream Expertise



- To assist project procurement decision making
 - Fact based
- To have a view of our key supply chain activity across the whole business.
 - Actual & Potential Pipeline BLL
 - Secured & Unsecured Pipeline external to BLL
- To understand our financial exposure to any member of the supply chain
- To be able to identify performance of the supply chain across the whole business
- To have business information held in one place
- To prevent us asking the supply chain for the same information from each project

How do these benefit: -

- Transparency of performance and levels of achieved
- Provide the support & justification to demonstrate informed decision making
- Enables high performers to be targeted – resulting in supply chain investment – in the areas of strength – maximising added value

Using IT Systems to make informed decisions



- The use of the Performance Led Procurement and the associated tools/systems allows:

The Supply Chain to be Higher Influencing & Higher Impacting

Buy Smarter

Deliver the Right Product – On Time – 1st Time

- Ultimately benefit the entire Supply Chain delivery – (up& down stream)



Bovis Lend Lease

Thank you & Questions

