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SAPICS: AGILITY FOR THE FUTURE

COLLABORTATION AND INTERGRATION

With the existing economic crisis comes the need to be agile for the future but also the need to consider the need for collaboration and intergration of procurement.

Both buyer and supplier must look ahead to plan for and work towards smart procurements and to think in a strategic way going forward. It is imperative to be agile and the theme of this paper – collaboration and integration are essential to smart procurement..

The question is: how to achieve collaboration and intergration and what are the issues to be considered:

When we talk about collaboration and intergration, it is obvious that the tender process has concluded, the contract is signed and the contract is performing to expectations – on both sides.

It requires a positive relationship to exist before considering the intricacies of collaboration and integration.

The title itself is interesting and the paper will look at both issues separately:

Collaboration

This is an interesting area and one in which there can be huge possibilities. However this is also an area that can cause confusion and misunderstandings. A lot of effort and work needs to go into establish what is meant by the term and to define the boundaries. All too often this concept is bandied about without having regard to the practicalities.

Some areas of collaboration are:

1. Research and Development.
2. Storage
3. Office space – shared.
4. Personnel – shared.
5. Business Processes
6. Intellectual Property

These are but six areas but sufficient for this paper's purpose to reflect on what can be achieved. Consideration should also be given to the extent of the collaboration. It would be unwise to commit to an area in its entirety with the consequence of one entity 'losing' itself in the process.

Points 5 and 6 are two areas that need to reflect what is owned by whom and what/how much is shared. This certainly needs to be documented.

In respect to boundaries – the following are some that need to be considered:

1. One off/ongoing – to be effective it would be best for it to be ongoing. This will make it worthwhile for both sides.
2. Management- own/linkage?.
3. Operational – own/linkage?
4. Work output – who/what.
5. Communication/Reporting/Reporting lines – specific requirements needs to be worked out.

These are areas that need to be worked through so there are no unnecessary double ups. It certainly needs to be clear in the area of work outputs. When it comes to financial boundaries, it is essential to get this right and very well documented..

Integration

Is this possible? Yes and no. It can be a matter of: to what extent?. It can work well if defined clearly. It can be messy if it is not.

Making it work is the challenge but if done well the rewards can be there. There is a need to consider your existing strategic contracts and to look at all possible potential strategic contracts. The link needs to be there prior to considering implementation of this type of innovation..

Do you know which of your contracts is strategic? If not, you should. A combination of strategic consideration along with the push for innovation can assist in making decisions relating to collaboration.

It should be a given that ongoing positive performance must be present This is the key to working together positively.

There is a need to review regularly to ensure that all is working to expectations. It is also useful to consider implementation of a rewards system. There are a number of such reward systems and it might be a case of finding one that works for both parties.

What if it does not work? There is a need to recognise this as a factor and a process needs to be defined and added into the contract between the two parties that gives a pathway for disentanglement. There is a need to be honest that it is not in fact working and to put in place a timeframe and a win win process to withdraw.

The Way Forward – there is a need for 'buy in' and also frequent communication both internally and externally. There is a need to recognise that collaboration and integration does not mean the merging of the two businesses – both parties remain independent legal entities.

Generally speaking both collaboration and integration is the next step. We need to realise that contractual relationships are vital and we should move the traditional relationship to a more robust relationship that is mutually beneficial.

For the buyer there is a need still to keep control of the way forward and certainly a need to grow the relationship.

What it will take – in today's contract/business world buyers and suppliers need to be agile and aware of the need to look and move forward. We cannot continue to do what we have always done. We need to look ahead and consider our contractual requirements and relationships.

If we do not become agile then you will be left behind and the opportunities that exist could be lost – for both sides. Being proactive rather than reactive is the key. Buyers have a responsibility to promote the vision both internally and externally.

SUMMARY

Buyers need to promote the need for collaboration and intergraiton. The benefits needs to be clearly identified but it must also be recognised that there is a need to consider possible risks.

It could well be that implementation is undertaken in two stages i.e. Colaboration first with an option to expand by way of intergration. This reduces the risk factor and allows thinking time. This adds to the concept of agility.

Buyers and suppliers cannot stay still, both need each other and the way forward in tough times is to work in a better and more clever way. The cost of not doing so can be high.

The first step of course is to consider whether it is achievable and the second is to make a start to ascertain how it would work. The third step is to communicate – and who knows what can occur from that point – lots of potential win/wins.

The theme 'agility for the future' is a good one, but can I suggest we all need to be agile – and now. We cannot afford to put it in the 'too hard' basket for another day. We need to look at what is about us and to take action that allows our organisation to be innovative, positive looking and to protect our interests and to bring in those who are like minded. This is strategy pure and simple – from a business perspective as well as a procurement/contractual perspective.

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