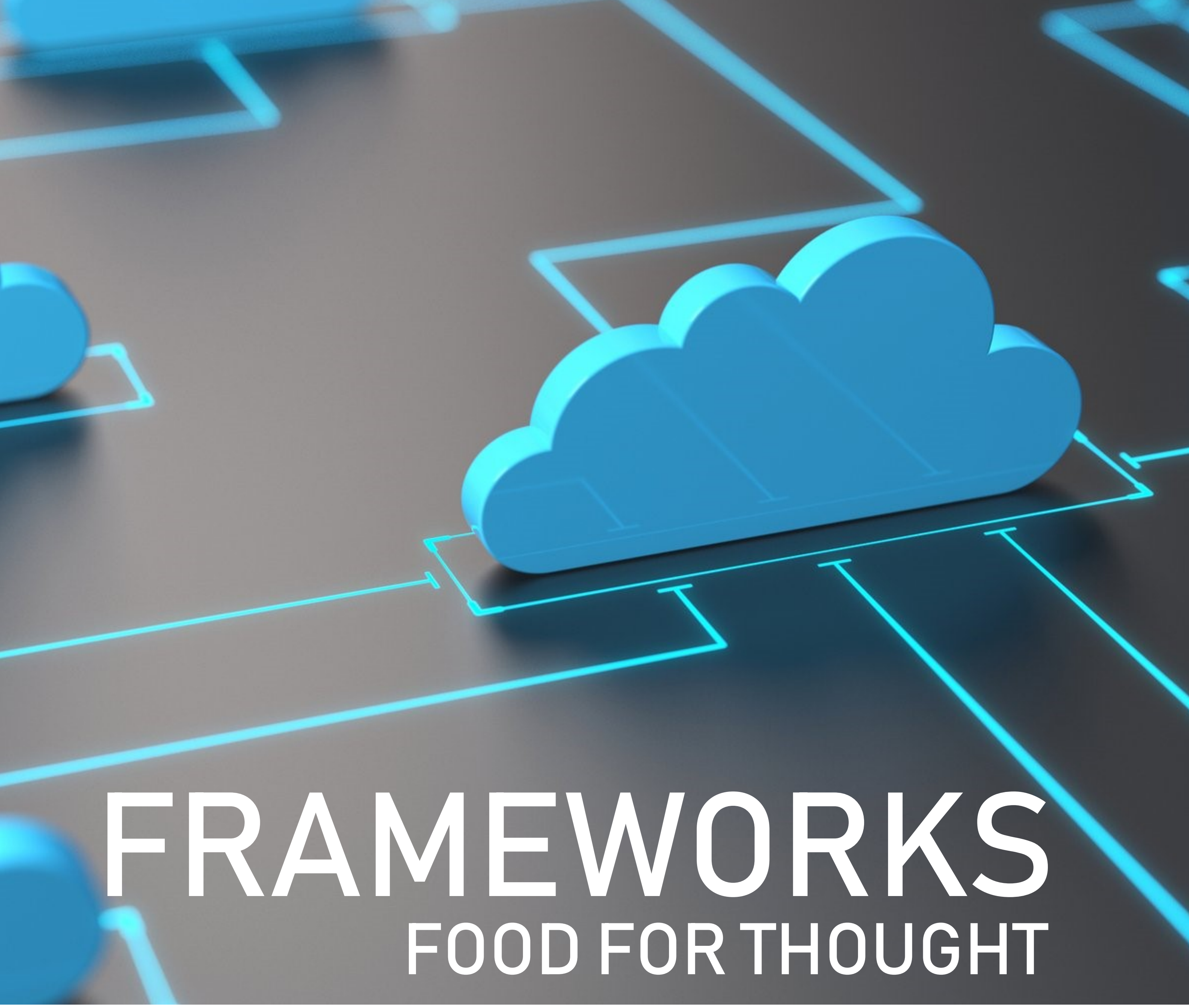

FRAMEWORKS
FOOD FOR THOUGHT

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In recent years there has been a growing adoption and usage of frameworks. One of the main reasons for their increasing popularity has been the ability by the contracting authority to commercialise the frameworks and thus generate revenue. Historically, frameworks were established by regulated procurement entities to meet their supply chain requirements in the most expeditious and commercially astute manner. The concept of creating mega frameworks has grown from the Cabinet Office's work which aims to deliver greater value for the public sector through leveraging spending power. Following the successes of these large frameworks other contracting entities have joined the market to offer similar services.

Creating and managing frameworks has been a long-standing requirement and one that comes with the constant challenge of balancing commercial value, supplier relationships and internal resources. Indeed, finding the correct fit for the organisation has always meant compromise. Ultimately it is the fit with organisational maturity, strategy and effectiveness that determines the framework journey ahead. With the proliferation of third-party multi-entity frameworks that have been established for widespread use (predicated on the inclusion of the relevant named contracting entities) organisations now have a choice as to whether it should create its own specific framework or utilise an established third-party framework.

Creating one's own framework provides the opportunity to deliver a solution that is most appropriate to the business, with suppliers who are most appropriate to the organisation (size, complexity, spend expectation and cost). However, establishing a bespoke framework comes with a time, resourcing and management cost.

Utilising a third-party multi-entity framework is convenient but due to the presence of an intermediary, and the associated management cost, there will always be an element of additional fee (hidden or otherwise). The expediency and regulatory compliance of using a third-party framework has an appeal but one must however, understand that it is a generic 'one

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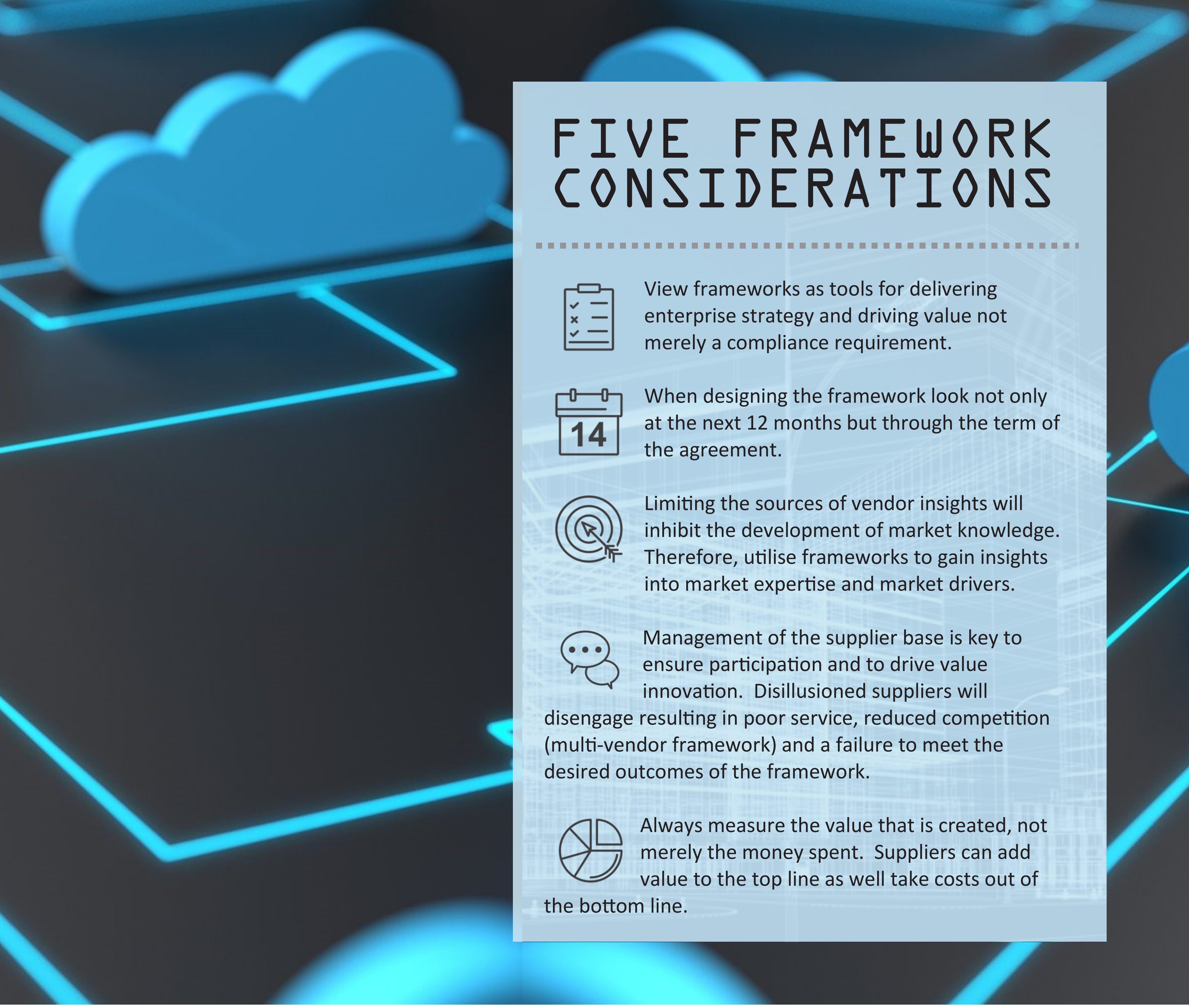

FIVE FRAMEWORK CONSIDERATIONS

View frameworks as tools for delivering enterprise strategy and driving value not merely a compliance requirement.

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When designing the framework look not only at the next 12 months but through the term of the agreement.

Limiting the sources of vendor insights will inhibit the development of market knowledge. Therefore, utilise frameworks to gain insights into market expertise and market drivers.

Management of the supplier base is key to ensure participation and to drive value innovation. Disillusioned suppliers will disengage resulting in poor service, reduced competition (multi-vendor framework) and a failure to meet the desired outcomes of the framework.

Always measure the value that is created, not merely the money spent. Suppliers can add value to the top line as well take costs out of the bottom line.

size fits all' approach where management of suppliers is undertaken by the contracting entity, where the range of suppliers may not be appropriate to the organisation and the regional availability of suppliers should be not ignored.

When developing a framework strategy there are two key considerations that will influence the specific characteristics of the framework:

Ensuring alignment with the enterprise strategy alignment. Linking the stated enterprise strategic goals to ensure the framework delivers these goals. In understanding the strategic intent it helps Identify the requisite capabilities.

Articulating the desired outcomes of the framework. Recognising whether the organisation is merely seeking a route to market and a compliance requirement; or a means for cost competition, or a pathway for driving innovation. The transactional/cost or competitive advantage conundrum is what the organisation must address in order to shape a framework.

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There are instances when operational constraints influence the framework design rather than the design principles focussing on the higher-level considerations. Where colleague resources are limited and an easier route to market is chosen the result can be the creation of a single vendor framework. Equally there are some instances where only one supplier can service an organisations requirement. In this case there is no alternative other than to operate a single-vendor framework. Although such frameworks are easier to utilise and have a lower management overhead, there is no means for further competition once the contract is awarded. The use of a single vendor framework makes the challenge for driving cost out of the enterprise greater; the opportunity for complacency increases and this can only be checked by close vendor

DO'S AND DON'TS

DO

Develop the strategy, specification and approach for the full duration of the framework with stakeholders	Taking a long-term view with stakeholders will help drive strategic cohesion and relevance to the stakeholders through the term.
Fully engage the market before launching the framework competition.	Whilst the framework competition will draw out information being informed about the market opportunities and conditions will shape the right approach to the competition.
Be realistic about how much you will spend during the term and wherever possible map the spend (i.e. high volume of low value events or vice versa).	This will ensure that vendors with a similar view will be interested. It is of paramount importance that the relationship between vendors and contracting entities does not result in incompatible views prevailing.
Be ambitious about driving value through the framework.	If the context will allow multi-vendor frameworks (i.e. the provision of goods/services can be provided by more than one supplier at a time) and the spend support is sufficient to support the interest of multiple vendors then a competitive environment should be encouraged.
Fully scope the resources required to manage the framework.	Different types of frameworks will require different levels of support to ensure the full range of outcomes and compliance are achieved. Running a high complexity multi-vendor framework that can be used by multiple organisations has a far greater resource and infrastructure requirement than both a routine multi-vendor framework and a single vendor framework.

DON'T

Turn the framework competition into a vanity project.	The organisation's desired outcomes should remain paramount through the evolution of the framework.
Have a short-term view of merely 'getting across the finish line'.	Plan and resource the introduction into the business as usual routine.
Cede control of the framework.	Constant management and control of the framework and ensuring stakeholders are fully engaged is key. Stakeholder bias or lack of interest can result in a framework becoming unsuccessful.
Treat the creation of a framework as a purely transactional vehicle.	Alignment to the organisation's strategic outcomes is key.
Be afraid to challenge the framework suppliers.	Use of competition within the framework prevents supplier complacency. With single vendor frameworks actively use benchmarking clauses, or periodically soft market test requirements and actively compete where thresholds permit.

management and the use of benchmarking. Furthermore, should the relationship sour it makes for a difficult remainder of the contract term; hence vendor management is key.

Multi-vendor frameworks provide a good opportunity to onboard a number of competent suppliers, develop a balanced supply chain and engender keen competition thus driving best cost. Additionally, the use of a multi-vendor framework rather than a single vendor framework assists with risk management and the opportunity to reduce tail spend. Engaged strategic suppliers who continuously engage can help inform a range of future costs, consultation in business planning to help formulate forthcoming programmes of work and hone budgets in addition to aiding strategic pathways.

The time, capability and effort required to establish frameworks, their operational processes and the governance structures should not be underestimated. At the supplier selection phase a single vendor framework has a greater time requirement than a multi-vendor framework would. However, the effort

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required at the agreement finalisation stage is far greater for multi-vendor frameworks (as there are multiple agreements to finalise) than single vendors (where there is only one agreement to finalise). It should be noted that the agreements for multi-vendor frameworks are likely to differ, albeit not materially. Once established the use of mini-competitions for multi-vendor frameworks is required. The management of vendors is where the not inconsiderable management overhead lies. For both types of frameworks, the application of service levels for respective call-offs/mini-competitions, for both parties, and robust reporting are key to facilitating and delivering the smooth and effective running of the frameworks.

There is no single rule for the generation of frameworks; rather frameworks are designed on the requirements of the enterprise and the specific context. Understanding how the frameworks will be managed is key to the preparation and execution. Wherever possible competition should be considered; however, there are circumstances under which this cannot be achieved. Each specific situation will drive a different framework design. Whether an organisation with a notable spend wishes to create a framework for others to utilise, enjoying the benefits of the levels of spend, is a consideration that should be assessed in light of the requirement for additional management overhead.