



**CONSTRUCTING
EXCELLENCE**
South West

FAITHFUL+GOULD

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Annual Review and Luncheon

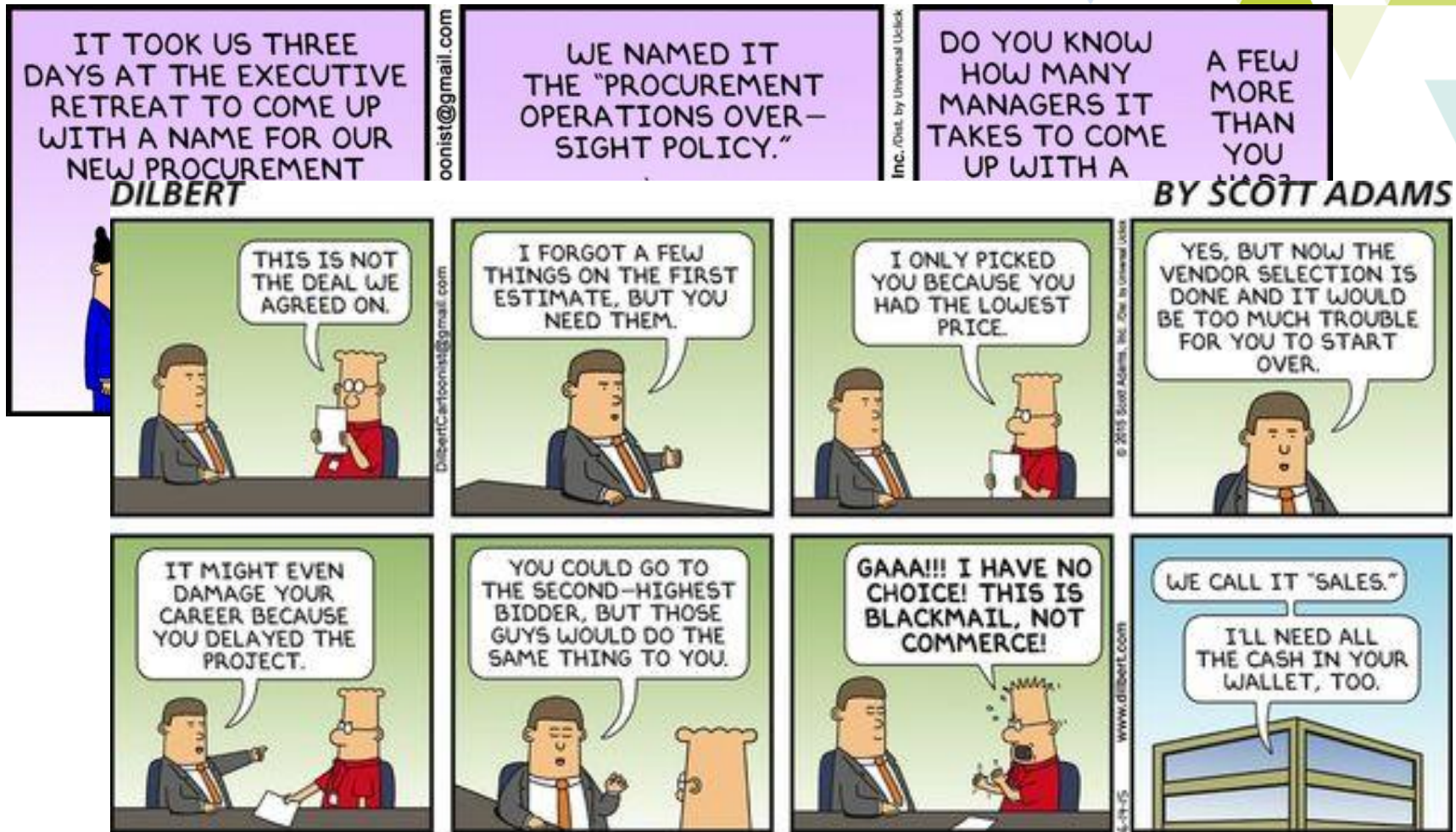
Best Value Procurement, Collaboration & Innovation

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A light hearted introduction ...



What is Best Value Procurement?



“The over-riding procurement policy requirement is that all public procurement must be based on value for money, defined as “the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought”

Crown Commercial Services

“A procurement process where price and other key factors can be considered in the evaluation and selection process to minimize impacts and enhance the long-term performance and value of construction”

Minnesota Department of Transport

“Best value for money is defined as the most advantageous combination of cost, quality and sustainability to meet customer requirements”

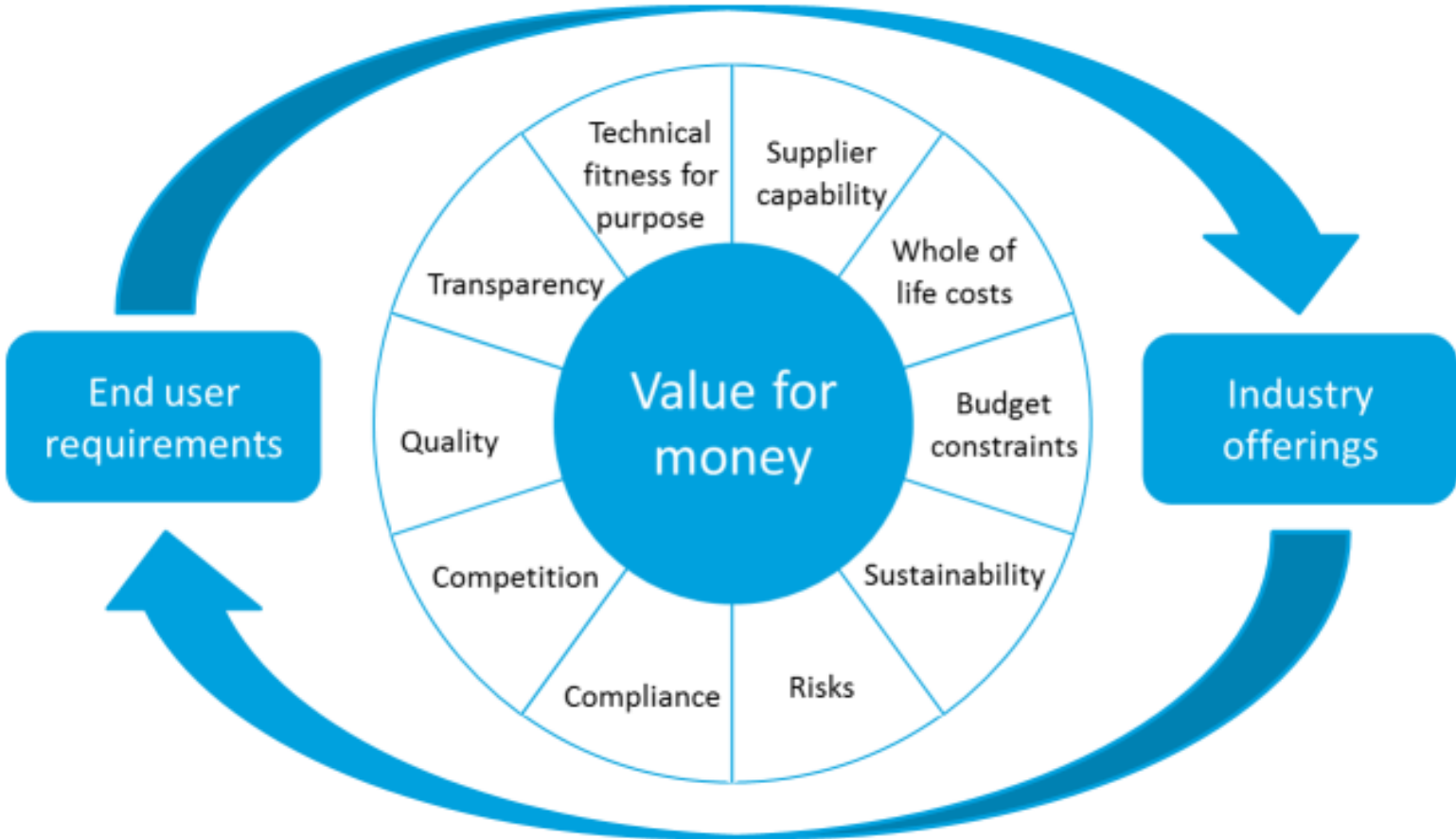
Northern Ireland Department of Finance

The Theory

- Cost is not the ultimate determining factor
- The team with the best blend of experience and skill set wins
- Client receives the best advice and consequently a better end product
- A fully holistic end-product is delivered
- Risk apportionment is fair and equitable
- The Project Team is fully collaborative
- Adversarial situations are avoided
- Greater certainty of project outcomes



The Theory



*Deloitte Australia - Deloitte Access Economics
"Economic Benefits of Better Procurement Practices"*

Where does it go wrong / what are the issues???

- One off transactional-led procurement process
- Inexperience of Procurement Team
 - Poor budget setting drives cost-focussed procurement
 - Poorly structured quality element of the procurement
 - Generic questions
 - Poor scoring weighting
 - Unable to differentiate between bidders
- Poor brief for contractors / consultants to respond to
 - Lack of clarity on desired outcome from procurement process
 - Procurement programme too constrained
 - Lack of transparency around pipeline from Clients
 - Inability to see long term potential of relationship
 - Poor allocation of risk



Where does it go wrong / what are the issues???

- Unrealistic commercial terms
- Ambiguity leads to tension later in projects
- Fear of early engagement with contracting community
- Best value procurement not extended to supply chain
- Cost ends up being determining factor
- Behaviours of teams not in accordance with Client aspirations
- Focus not on project issues but on company issues



The Big Opportunity – Improved Collaboration and Innovation!!!!

- Need to get to a true Win – Win situation
- Fair apportionment of risk and liability
- Good quality procurement drives good project behaviours
 - Teams focussed from outset on delivering Client’s objectives
 - Collaboration needs to be central to the procurement
 - Collaboration must be an **imperative** and not **optional**
 - All parties accountable for their element of delivery
 - Consider use of Scenario Days during procurement process
- Teams more inclined to “go the extra mile!”
- Innovation occurs naturally as part of the team working



And when we get it right



**“Unity is strength...
when there is teamwork
and collaboration, wonderful
things can be achieved.”**

Mattie Stepanek



Thank You

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