



Commercial reality: making sense of supplier arrangements

John Bedwell, APSE Associate Consultant



Commercial Reality

- Andy has talked about
 - Customers decide if you have a business
 - Commercial principles that drive or support business retention and growth.
- Andrew has talked about:
 - Public Procurement Rules
 - Academies and Internal providers 'Agreements'
 - Avoid costly procurement processes.



Basic commercial principles

- Operating in a **'contracting relationship'**

relating to

- Buying or providing **'Services to Schools & Academies'**

Services to Schools



- These have traditionally included:
 - Financial, Legal and Insurance Services
 - Teaching and Learning Services
 - Other ‘School Support’ Services including:
 - **Facilities Management (FM) services**
- Most LAs publish these services in a ‘Directory’ which lays out in summary:
 - The scope, terms and cost of these services.

A Changing Environment



- The ‘autonomy’ of Academies (and delegation of budgets to state schools) has sought to bring greater focus on:
 - Educational attainment / ‘**results**’
 - The need for all schools to secure and demonstrate ‘**Value**’ in the necessary ‘overheads’ (non-educational **services**) associated with running their individual (or groups of) schools.

A Changing Environment



- The LA Relationship with schools:
 - They are the conduit for funding (not the budget holders)
 - There's been a shift to being a 'supplier' from their traditional 'client' role
 - They have new people and management Structures to liaise with - Academy boards, Consortia, Business Managers etc. (Not just 'Head Teachers')



Reacting to Change?

Some LAs have

- Sought to limit 'Academisation'
 - or retain 'control' over 'their' schools.
- Sought to 'scale down' their service offer and resources
 - accepting an inevitable decline in their market/income. (Putting pressure on their pricing strategy)
- Shifted their services to an external or part or wholly owned 'arm's length' organisation

Reacting to Change?



- Stopped providing procurement advice/support and or direct service delivery
 - Leaving Academies (and in some cases, All Schools) to find and procure the services they need.



Reacting to Change?

Others (and the individual service areas that provide internal services to schools) have:

- Recognised and embraced these changes as an opportunity to contribute to the success of national objectives in terms of:
 - Improving Educational outcomes
 - Delivering greater 'efficiency' and 'value' in Services to Schools.



So how have they done that?

- Case studies covered today
- The 'devil is in the detail'
 - 'Every School is different'
- Some Key Principles (or 'Drivers') that govern the success or otherwise of any 'Contracting Relationship':

Key Drivers

In any Contracting Relationship



- Relationships
- Standards/Quality
- Cost/Price

Can 'Internal' services compete on 'Price'



- Policies –
 - Employment/H&S/Due Diligence
- Scale –
 - Market size / 'Growth'
- Scope –
 - What's included (added value)

The 'Race to the bottom'

Can 'Internal' services compete on 'Price'



- Surveys with Schools across the UK:
 - Cost/Price – Less than 50% 'Competitive'
 - 'Value' – Significantly more than 50%
- So, what's the difference – How do we measure 'Value'?

Measuring 'Value'



- For Some – cost/price is critical
 - they have a 'financial imperative'
- For the majority:
 - They don't see this in isolation of working with people who they respect and trust and who consistently deliver the
 - quality and standards of service that they require.

Measuring 'Value'



'Value'

Derived from

- Relationships
- Standards/Quality
- Cost/Price

Measuring 'Value'



Key Drivers:

- Relationships
- Standards/Quality
- Cost/Price

Can be used in:

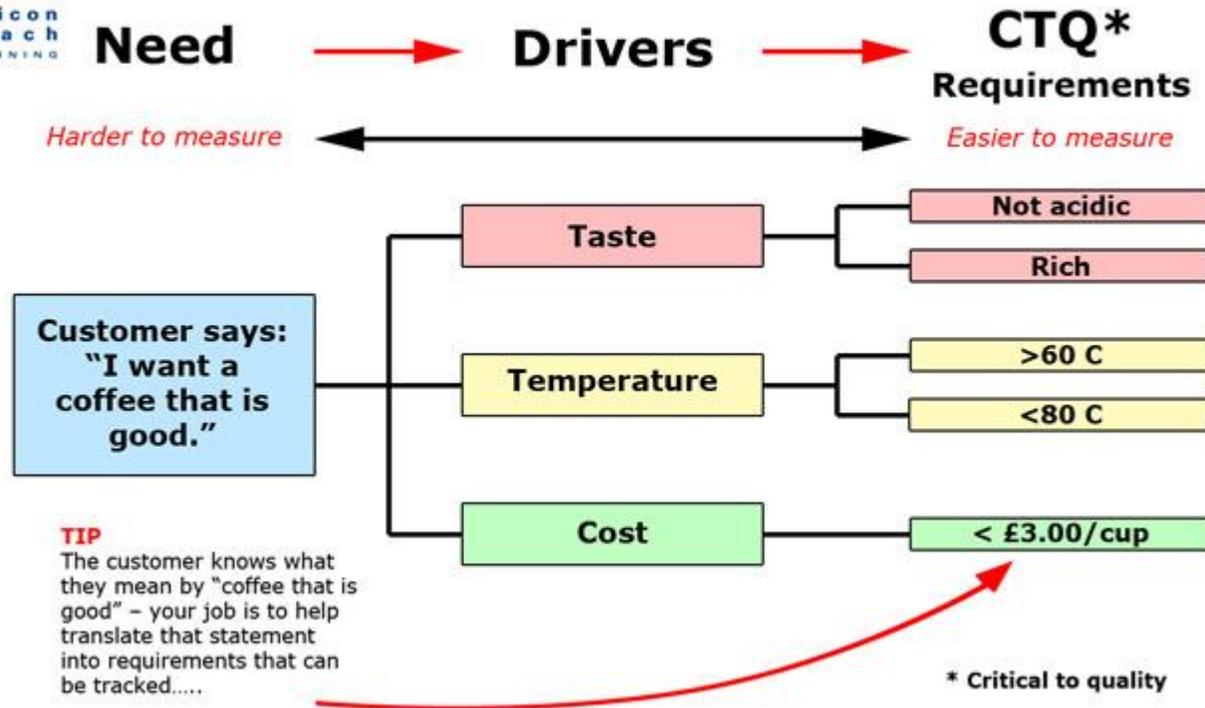
- a) developing an understanding of what is or might be important to our school customers and
- b) seeking and measuring feedback from them to 'add value' to the service offer.

What they 'need', what they 'love' and what they 'don't like' about your people, products & service.

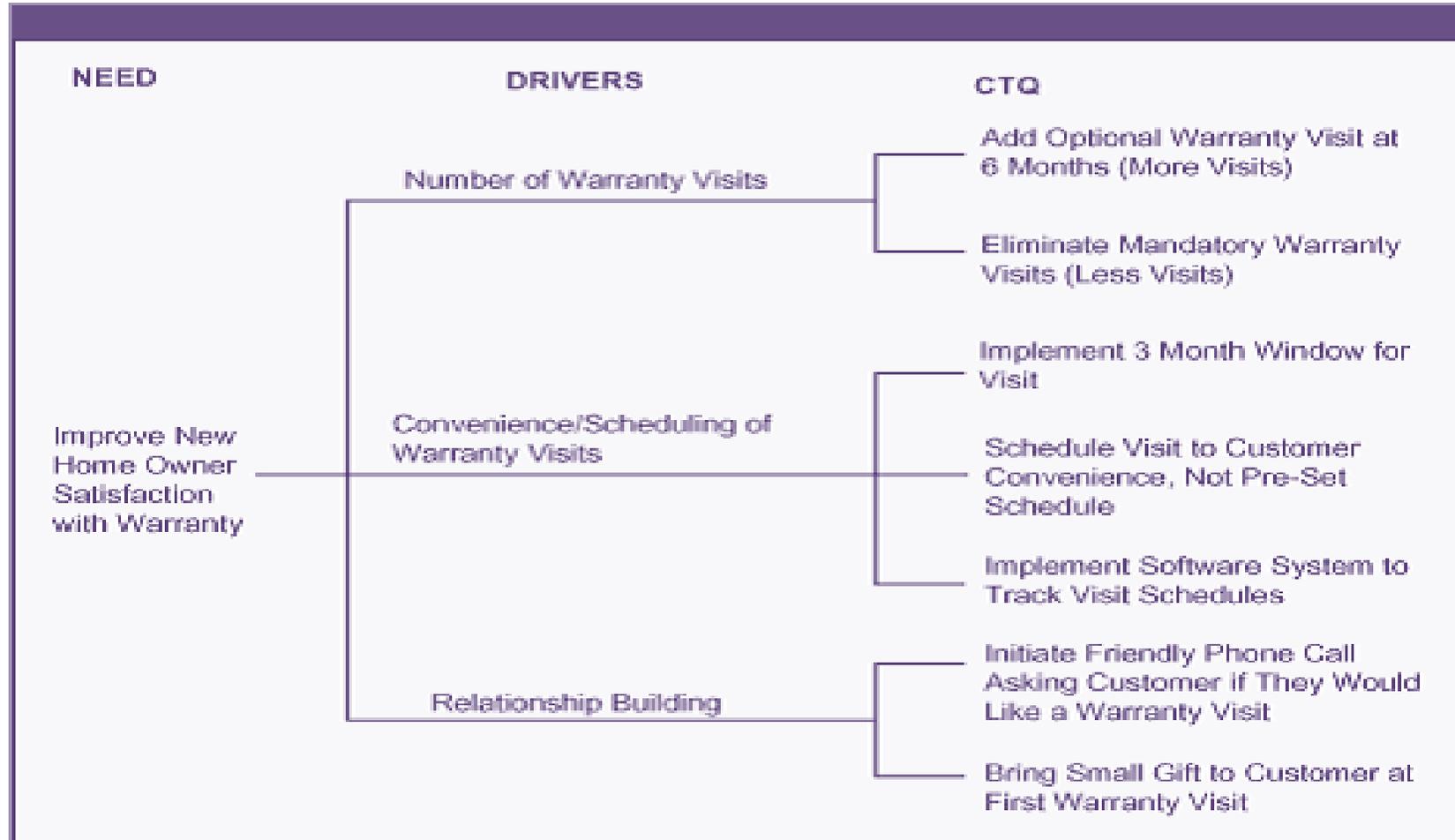
Turning 'needs' / feedback into 'added value' action



Customer Requirements Tree



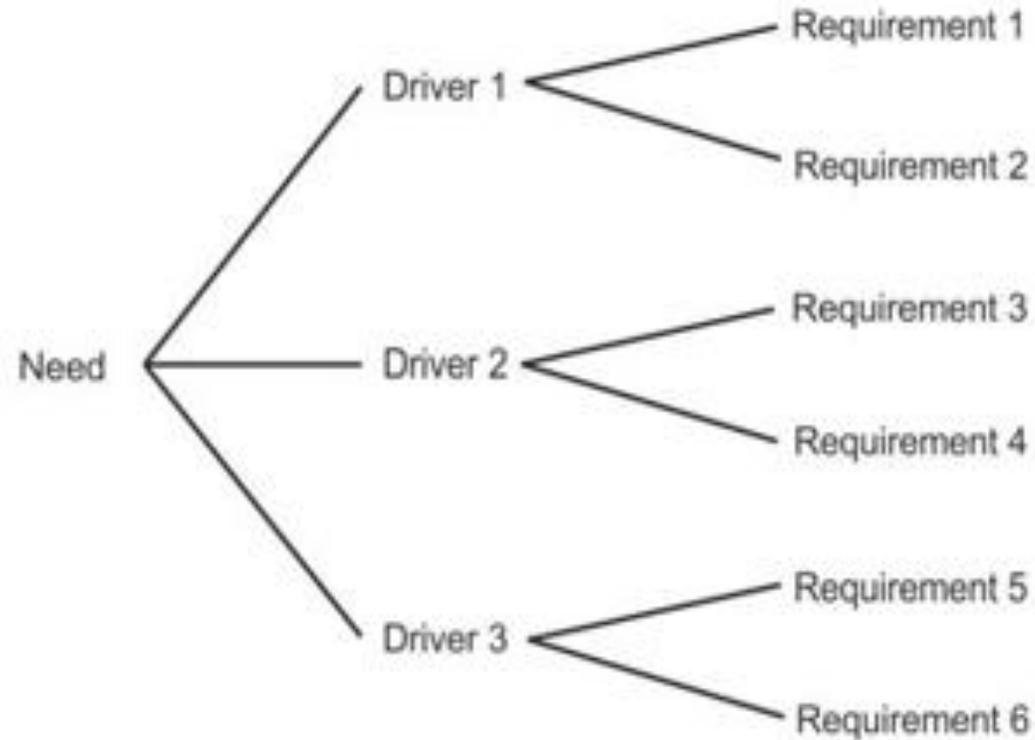
Turning 'needs' / feedback into 'added value' action



CTQ – A Hybrid Model



- Relationships
- Standards/Quality
- Cost/Price



Key Drivers

Customer feedback

Secondary Drivers

Required Action

CTQ – A Hybrid Model



Derbyshire County Council



**Services for schools
and academies**

2015-16

We've worked with APSEs member Authorities, using a hybrid of the CTQ (or Critical to Quality) model

In Derbyshire, they collect and analyse feedback from their Schools and Academies throughout the year and during annual surveys, and use this model to inform relationship and service improvement planning.

A Practical Example



Key Drivers	Customer feedback +ve / -ve	Secondary Drivers (What makes this good/bad)	Requirements (Action Needed?)
RELATIONSHIP	Like/Trust	Consistency of client contact. 'Chemistry'	For each 'Secondary Driver', what are the people skills, systems and processes that deliver (or are a barrier to) positive outcomes/ comments from customers. Are some of these more important than others? (Expensive but great!)
	Accessible People	Getting to the right person / level Contact details / Helpline / emergency	
	Respect/Knowledge	Understand needs / priorities? Is advice / service respected/valued?	
STANDARDS	Service Quality	Perceived standard of service / advice	If we fix 'a', would 'b' become less of a problem/risk? Are there customer 'imperatives' that can't be avoided/overcome by what's good about our service?
		Quality of product/ workmanship/outcomes	
	Responsiveness	Initial contact to quote / delivery Communication / planning	
Timely/Accurate Data		Targets & Performance	
		Invoicing and supporting data	

A Practical Example



Key Drivers	Customer feedback +ve / -ve	Secondary Drivers (What makes this good/bad)	Requirements (Action Needed?)
COST/PRICE	Affordability	Budget issues / imperatives Is 'cost' the 'key driver' for client	Where budget imperatives exist, can the service offer be tailored to that budget? Are cost perceptions driven by outcomes in other 'Key Driver' areas? Do we try to reduce cost or 'add value'?
	Benchmarks?	Market comparisons (Can client compare?) Are products / service comparable	
	Best/Added Value?	'Why' does client perceive 'value' (or not) in the service?	

Feedback in the model can be segregated – Good & Bad: Informs 'action needed' - Build on the good, act on the bad!

As 'Key Drivers' for discussion



- Model can be used in:
 - Discussions with a School (or Academy chain) who has given notice (not happy or just want to explore the market)
 - An 'ex' or new client who is in the market for a new provider.
 - Meetings with or feedback from existing Schools - to inform individual school or service wide 'improvement planning'

Ask about:

- Relationships
- Standards/Quality
- Cost/Price



‘Relationships’ key:

- In the context of the ‘scenarios’ outlined above:
 - Get to the right person/people (that make or influence the buying decision)
 - Put up the right people (to secure and front discussion)
 - Recognise and acknowledge ‘poor chemistry’ (change the people)



‘Relationships’ key:

- Developing relationships at all levels within the school / academy organisation is invaluable (where any interface does or may exist)
For example – Educ Cat:
 - On site staff **with** pupils, parents, teachers and other service users
 - Area Supervision/Management **with** Governors, Head Teachers, Business Managers etc..
 - Senior management **with** ‘strategic stakeholders’ (decision makers including Governors, MAT or other board members, procurement officers etc.)



In Summary:

- ‘Value’ in ‘services to schools’ is not just about what you charge
- It’s about:
 - Relationships
(with your schools, their management, pupils, parents and other ‘stakeholders’)
 - Standards
(of Information & communication, food, hygiene, building maintenance, the environment – the ‘services’ that you offer)
 - And ‘Costs’

'Commercial reality' is finding the right 'balance' for your customers



Service



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Thank you!



Thank you!

APSE Associate Consultant

John Bedwell, Principal Consultant - JGBA

Email: enquiries@jgba.org.uk

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Association for Public Service Excellence

2nd floor Washbrook House, Lancastrian Office Centre, Talbot Road,
Old Trafford, Manchester M32 0FP.

telephone: 0161 772 1810

fax: 0161 772 1811

web: www.apse.org.uk