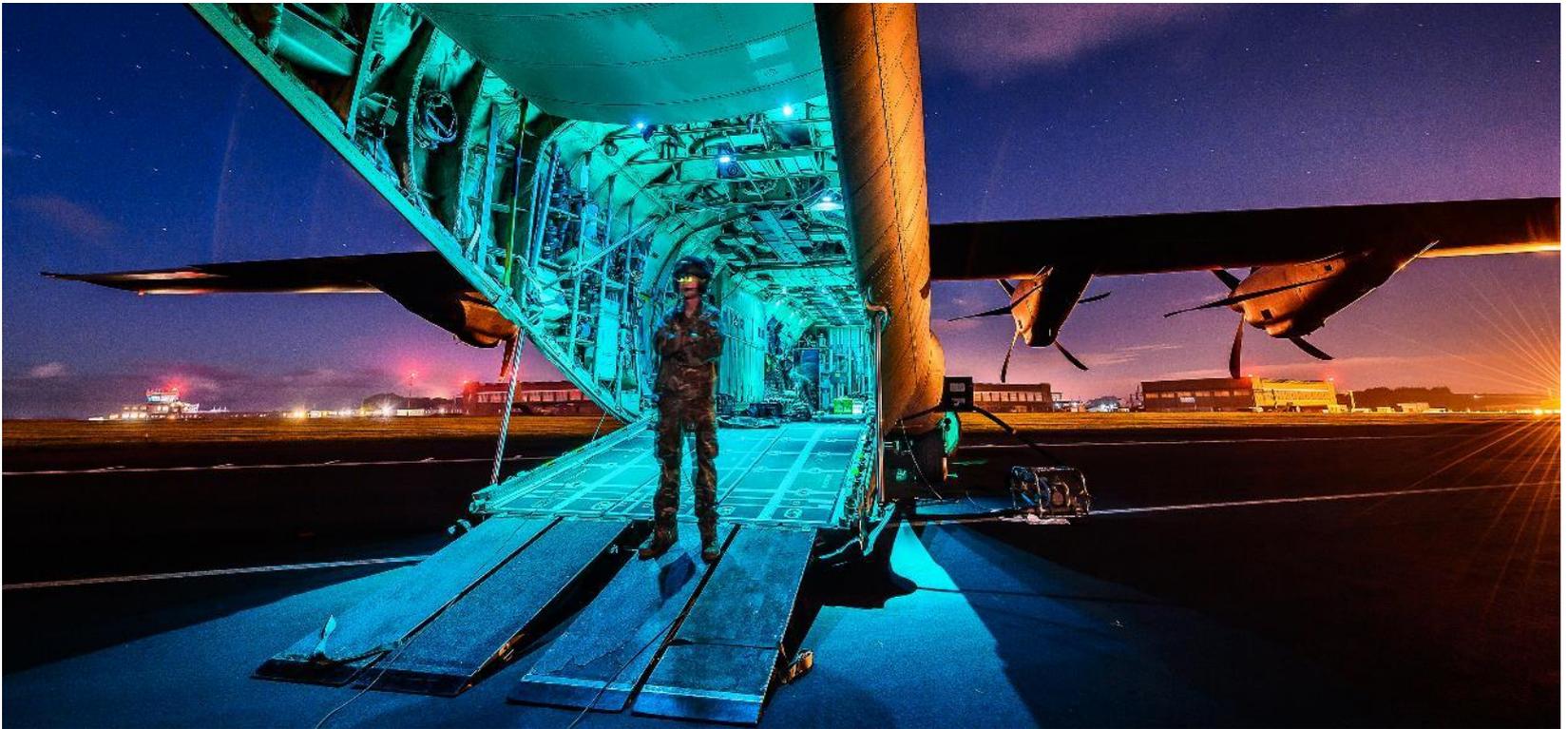




Ministry  
of Defence

**Jim Carter**

**MOD Commercial Director, Supply Chain**



**Defence Commercial**

# Agenda

- **An introduction to MOD Commercial**
- **Modernising Defence – the Commercial response**
  - The Commercial Functional Plan
  - The Acquisition Review
  - The Strategic Supplier Management Programme
- **Doing Business with Defence**
- **Q&A**

# Defence Procurement Key Facts



**UK Industry's largest single customer**



**Around £19Bn spend in FY 17/18 with over 16,500 suppliers.**



**Planned spend of £178Bn on equipment and support in the next decade**

**Full Defence Equipment Plan available at:**

**<https://www.gov.uk/government/publications/the-defence-equipment-plan-2017>**



**1 in 200 jobs in the UK directly supported by MOD expenditure with industry**

# Our Procurement Organisations



# Introduction to MOD Commercial



- Improving Commercial Capability is a pan-Government priority and a key MOD business priority
- We aim to raise the level of commercial professionalism across MOD, and to raise commercial awareness amongst non-commercial staff
- The commercial function is a key enabler within acquisition; 1,900 commercial staff manage around 6,000 contracts worth £245 Bn
- Membership of the Government Commercial Function provides greater access to the knowledge and skills of our peers across government and more opportunities to diversify our experience

# Modernising Defence – The Commercial Response

- A high level review of the function was undertaken as part of the MDP
- The review identified opportunities to improve the capability and capacity of commercial through the functional model
- The review highlighted the opportunity to improve our Industry engagement, and our strategic supplier management
- A broader Acquisition Review was initiated to simplify and accelerate the overall acquisition system

# Defence Commercial Functional Plan

## Key Customer and Supplier Benefits

- Faster acquisition and procurement through Self-service purchasing and e-procurement
- Responsive to customer needs through a better skilled and resourced function
- Efficient procurement through quicker, leaner processes and improved tool sets
- Better quality Management Information to inform decision making
- Able to attract new, more innovative suppliers by making it easier to do business with defence
- Enabled by policies that drive efficiency and meet our customers needs

**Our Vision: The MOD commercial function will be the best performing and most effective in government**

# Acquisition Review

The review is an ambitious piece of work that is looking to identify opportunities to simplify and speed up the overall acquisition system. Work is being taken forward to review the following targeted areas:

- **Acquisition system operating model** – improve the interfaces between all parties
- **Requirement setting process** – ensure delivery of appropriate and affordable solutions, and considering adopting a modular approach
- **Procurement and approvals** – to simplify and streamline processes enabling innovation and significantly reducing time to market and contract
- **Delivery and management** – looking to drive better performance through contract life by being a more demanding and intelligent customer

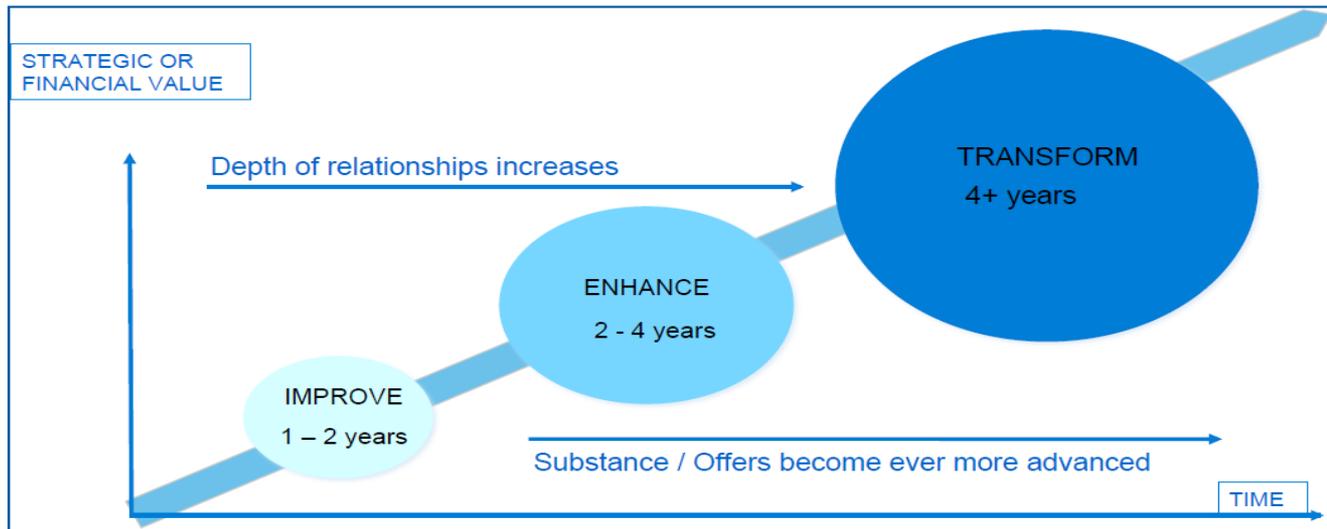
# Strategic Supplier Management Programme

## The case for change

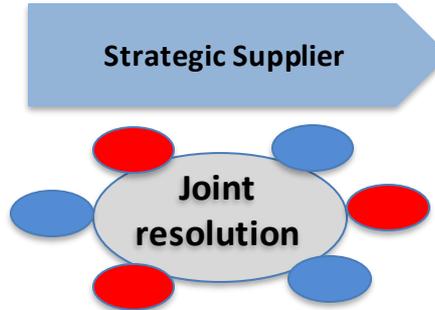
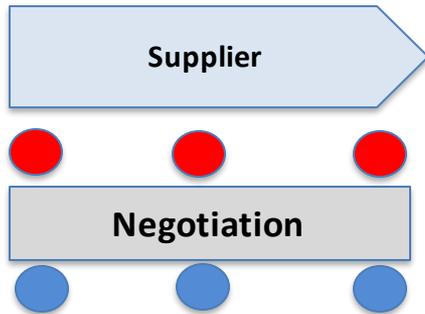
- An internal review identified the opportunity to improve our Strategic Supplier Management approach
- There was a small team covering a very wide portfolio; that needed to be strengthened
- The linkage to the Government Commercial Functional Supplier Partnering Programme model needed to be stronger
- We need to deliver sustainable material savings, while delivering services to agreed policy and service levels with a managed level of risk

## The opportunity

- We are implementing a measurable and managed programme with MOD's Strategic Suppliers.
- The new approach will be rolled out across all strategic suppliers, however we are prioritising implementation in phases in line with best practice, with waves 1 and 2 being mobilised
- The programme will drive improvements in current contractual performance and risk mitigation, improved alignment between policy and the market for future opportunities
- Longer term, transformation savings will be unlocked



# The journey towards Strategic Partnerships



BENEFITS	A BETTER CLIENT & A BETTER SUPPLIER	MUTUAL ADVANTAGE
STRATEGIC ALIGNMENT	OPERATIONAL OPTIMISATION	BETTER PERFORMANCE FOR ALL
<ul style="list-style-type: none"> <li>• Negotiation &amp; conflict management</li> <li>• Performance Assessment</li> <li>• Us &amp; Them</li> <li>• High Formality</li> <li>• Rare Events</li> <li>• Win / Lose</li> <li>• Opinions / Perception</li> <li>• Short term / Tactical</li> </ul>	<ul style="list-style-type: none"> <li>• Joint resolution</li> <li>• Mutual assessment</li> <li>• Them &amp; Us</li> <li>• Formality + Informality</li> <li>• Regular events</li> <li>• Win</li> <li>• Fact driven opinions</li> <li>• Mid term</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous improvement</li> <li>• Continuous resolution &amp; Joint performance system</li> <li>• Together / Mutual</li> <li>• Trust / Spontaneity</li> <li>• Everyday</li> <li>• Win-Win</li> <li>• Facts, no opinions</li> <li>• Short + Mid + Long term</li> </ul>

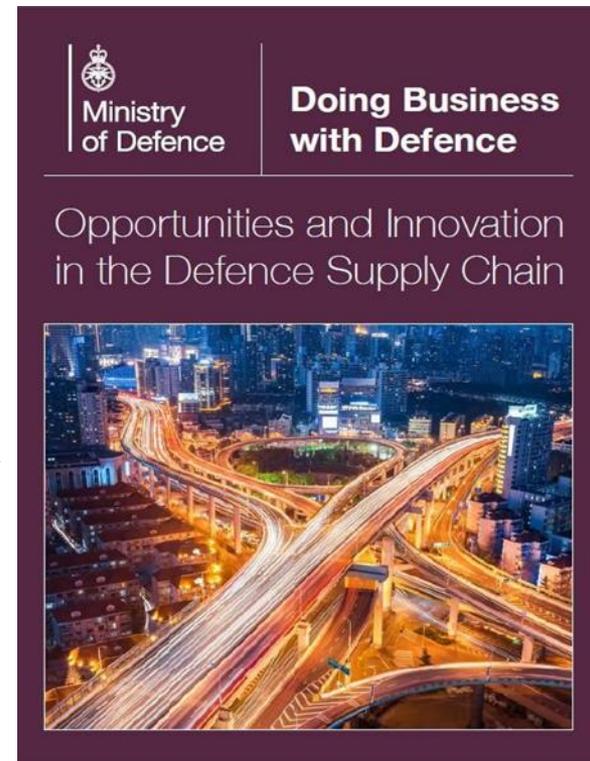
# MOD's Strategic Suppliers



Most opportunities exist in our supply chain

# Doing Business with Defence

- We continue to **improve our engagement** with smaller businesses, making it easier for them to find opportunities and win defence business so we can maximise their potential
- SME target 25% procurement spend
- SME Action Plan
- We are encouraging Early Market Engagement
- We have recently introduced:
  - a new MOD Supplier Portal [www.contracts.mod.uk](http://www.contracts.mod.uk)
  - a Twitter feed  [@defenceproc](https://twitter.com/defenceproc)
  - webinars
  - simplified, standardised contracting templates



# Questions