

Know more about your suppliers

Information is the key to success

By Tim Cole

Searching for the root of all cost management problems often seems like looking for gold at the end of a rainbow.

Estimating, vendor assessment, vendor selection, tendering, procurement, project management and accounting are all good places to look, but do any hold the crock of gold?

Perhaps the best way is to go back to the beginning. Ah, I hear you say, where is the beginning – surely cost management is a cyclical process?

You are right, but allow me a little license by breaking into the cycle at the tender preparation stage. This, after all, is when the concept will start to crystallize and the cost-bearing relationships and delivery teams will be chosen.

With ever increasing demands for improved cost management, there is an equivalent need to manage the tendering process, including the supply chain relationships on which tenders are built and through which projects are delivered.

The key to profitability

Winning work, so they say, is relatively easy. Winning profitable work is the tricky bit.

Within the pyramid of companies that grows beneath the main contractor will lie the seeds of success or failure.

Contractors depend on accurate information about subcontractors and suppliers.

Selecting the right subcontractors is hard enough when you have their details to hand. Collating information in the timescale of a bid process is a much greater challenge.

Assessments of contractor databases show 20 per cent of records are for defunct companies and a further 38 per

cent contain information that is out of date. For this reason, the management of supplier information has become a topic of growing interest.

By the time a tender is awarded, tens, probably hundreds of enquiries will have been issued, processed and returned. On top of this, pre-qualification questionnaires will be doing the rounds to provide the depth of information required to ensure the best suppliers are selected.

This assumes people have time to assess completed forms and to cross reference this information to the internal records of supplier performance on recent projects. This combination of vendor data and internal experience could well be the elusive root of cost management.

This takes us nicely back to the cyclical nature of the cost management process. If we are to tender effectively and build teams capable of delivering projects, then we have to address the process and structure around the capture and assessment of project outputs.

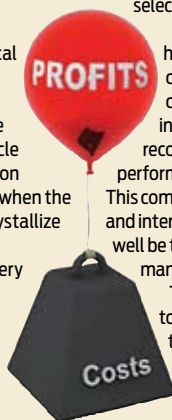
Building a database

We must find a way to amass, organize, analyse and make accessible vendor information, vendor questionnaires, vendor capabilities, tender performance and project performance.

Sadly this knowledge cannot simply be bought, or outsourced, as effective vendor management is a combination of both external and internal factors. Capturing and presenting vendor information needs to be embedded as a core business process from tendering to project completion.

The challenge is therefore to establish the technology capable of managing the information, finally to enable effective collaboration. But happily, unlike the rainbow variety, this gold really exists.

Tim Cole is director of ebusiness solutions at Causeway Technologies and a regular contributor to CN



“Capturing vendor information needs to be embedded as a core business process”
Tim Cole



EMIRATES EXPRESS

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