

# Top 50 Supplier Contract Performance Terms Executive Review Results Provides Reliable Product/Service

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The complex characteristics and order size of goods and services purchased by DoD has induced Site Visit Executive to link Product Support activities more explicitly to Weapons system supplier goals. For example, contract deals must prioritise goals in terms of explicit targets for improvements in the performance e.g., quality, responsiveness, and flexibility of equipment design/build/supply lines.

Establishing goals allow these organisations to identify/track metrics that measure Product Support performance over time, compare performance with comparable performance in other firms, measure the performance of individuals and teams working on Product Support activities and hold them accountable for this performance.

Commitment to strategic goals helps align all players associated with Product Support activities with the organisation overall performance and helps reduce or eliminate actions counterproductive to these goals.

DoD Industry partners that have implemented Superior Supplier Goals have significantly improved performance. Cash flow, contract terms and conditions, and relief from compliance requirements, either procedurally or with respect to timing, can reduce contractor costs and risk so function as powerful incentives used to motivate contractors to perform at a high level.

DoD and its contractors negotiate these key components of the business arrangement contract by contract. As a result of this decentralised and individualised approach, Site Visit Executive has noticed that DoD often does not take advantage of an extremely important opportunity to motivate industry behaviour.

DoD policy should establish Superior Supplier Programmes to leverage that opportunity through the use of favourable contract terms and conditions and other changes in business process that would be available to Superior Suppliers that have demonstrated exemplary performance, at the business unit or corporate level, in the areas of cost, schedule, performance, quality, and business relations.

As an integral part of such alignment efforts, DoD must establish Site Visit Executive with responsibilities to

develop and maintain a strategic Product Support programme with focus and resources to implement a strategic approach day-to-day.

By choosing Site Visit Executive with broad organisational skills and experience instead of an acquisition expert, DoD will have demonstrated the importance of integrating Product Support with core interest of providing field-level Troops with what they need to Fight and Win.

A strategic approach gives more attention to linking and integrating Product Support activities with core concerns and less to planning and sweating over the details of individual transactions with external sources.

New approach Championed by Site Visit Executive aggregates and stratifies purchases to reflect the size, strategic importance, and risks associated with the purchases. Site Visit Executive aims to simplify workforce burdens of less-important, lower-risk, lower-value purchases by automating transactions, or issuing purchasing cards to supply line personnel.

New Site Visit Executive approach increasingly rationalises purchases e.g., consolidation and group category bundling of requirements/contracts and reductions in the number of suppliers so DoD can deal in-depth with a much smaller number of providers, not transaction by transaction. Using fewer suppliers enables enhance training of customised personnel and technology interfaces to maximise communication/coordination between suppliers and DoD.

Site Visit Executive strategic approach requires much more cooperation among functional communities and specialties in DoD and much more knowledge of internal spend as well as the external market and supplier costs and performance. Marketing, production engineering, product design, and logistics, for example, must help traditional purchasing experts align purchases and suppliers with DoD strategic concerns.

Technical specialists on supplier costs, processes, technologies, etc. are also needed to ensure that suppliers are the overall best source and to help suppliers continually improve to meet changes in DoD strategic needs.

Broad Site Visit Executive authorities for Product Support must be linked to Supply Line Activities also rely more heavily on process training teams with full authorise engineering change, formally recognise and plan for the resource requirements of the teams, and judge the job performance in terms of how teams promote the supplier goals at high levels.

This approach requires higher skills in general and higher-level attention to Product Support in the organisation as a whole. Innovative suppliers use training programs to keep Product Support personnel up to

speed on best practices at regional or Supply Line locations to manage strategic sources, create simple process for other sources, and provide training to Product Support Shops.

Strategic importance of sourcing activities is inherent in Purchase Supply Line positions. Purchasing activities link to upstream value system, allowing DoD to obtain appropriate inputs from external suppliers. Procurement activities in large part support inbound logistics and are vital to value creation.

Innovations in technology and increased global competition provide opportunities and challenges driving continuous evaluation and modification of sourcing strategies. Disruptions due to supplier glitches have serious consequences for DoD field-level missions and compromise Troop Position Status.

DoD sourcing strategy is characterised by three key interrelated decisions: 1) Criteria for establishing a supplier base; 2) Criteria for selecting supplier subset base to receive order for meeting DoD requirements; 3) Quantity of goods to order from each supplier selected.

To start with, criteria for developing a supplier base are typically based on DoD perception of supplier ability to fulfill the objectives of quality, quantity, delivery and price. While supplier price may be the most important criteria for politicians, other dimensions can also affect overall mission success rates.

Scoring models are generally used to evaluate suppliers for inclusion in the base. Site Visit Executive approach ranks each supplier in terms of objectives and then, based on a relative weighting of each of the objectives, a total score for each potential supplier is derived. Next, by specifying a threshold score, all suppliers who achieve Quality, Tech, Delivery, etc. threshold are included in the base.

From the approved supply base, the specific subset of suppliers which will actually receive an order must be determined. Sometimes all suppliers in the base meet DoD quality, quantity, delivery and price objectives so DoD may elect to prioritise other criteria like robust performance of Reliability, Availability and Maintenance capabilities over entire Service Life of Equipment.

1. Get quality service from your suppliers and ensure productive working relationship by selecting suppliers who offer a quality service and meet your specific needs.

2. Check the service quality of a potential supplier by seeking advice from business that have worked with them in past

3. Choose suppliers who can meet priorities like faster turnaround no point in selecting on grounds of cost if

the turnaround requirements cannot be met.

4. Draw up a service level agreement between your business and your supplier.
5. Agree on targets and specify performance standards that help to define and secure your business/supplier relationship to determine the major responsibilities
6. Invest time in building good relationships with your key suppliers to save money or improve the quality of the goods or services you buy
7. Meet your contacts face-to-face and see how their business operates. Understanding how your supplier works to give you a better sense of how it can benefit your business
8. Meet the people who'll be involved with your account and make sure they can be easily reached
9. Ask about supplier plans for development or expansion to find out is goods or services provision will be affected
10. Help your suppliers by placing orders in good time, being clear about deadlines and paying on time.
11. Keep an eye open for any opportunities you can pass their way -in a good customer-supplier relationship they'll do the same for you.
12. Make your business important to your suppliers and they will work harder for you. Some to offer better deals if you promise to use them exclusively.
13. Don't ignore opportunities offered elsewhere. Keep your options open by monitoring the deals offered by other suppliers.
14. Consider if contract or service level agreement is necessary to guard against supplier complacency
15. Coordinate your production schedule service/supply provider
16. Discuss ways to reduce overall costs through size or timing of orders/contracts.
17. Consider additional products or services that your supplier could provide.

18. Get updates on strategic changes or new products early on so adapt to meet those changes.
19. Determine how to forecast sales plan so results are shared with your suppliers will allow you to create accurate schedules.
20. Use purchase order system to control and monitor the buying of goods and services from suppliers to facilitate internal financial controls
21. Prevent specification misunderstandings at the supplier end using guide on stock control and inventory
22. Pay bills promptly. Paying late will strain your relationship with the supplier and could lead to less favourable terms in future.
23. Have payment policy that commits your business to paying undisputed bills on time - a copy should be sent to your suppliers.
24. Use technology to improve efficiency
25. Collaborate more closely with your suppliers through sharing plans, forecasts and consumer info
26. Assess real-time information about sales, orders or market trends
27. Forecast and react quickly to changes in demand
28. Improve efficiency - accurate information on stock means you will only order the supplies you need
29. Use planning or forecasting systems - use your inventory records to forecast the market demand for your product.
30. Assess past sales performances and compare the forecasts from different suppliers.
31. Plan and schedule your entire business by connecting your order and purchasing system with that of your suppliers
32. Place and track orders and the supplier will automatically issue an invoice.

33. Make contracts with suppliers that define the service they must provide and the level of service to be delivered and set out responsibilities and priorities.
34. Build obligations into a contract to be used in any contract where business ability to meet its customer requirements is dependent on the supplier
35. Become involved in drawing up the agreement together with the supplier.
36. Highlight the most critical components of the deal so you can apply non-compliance measures
37. Build periodic supplier performance reviews into deal
38. Require different performance criteria if needs of business change.
39. Take into account improvements in technology when reviewing contract
40. Review suppliers performance at regular intervals to help you to assess the business/supplier relationship in the most objective way possible.
41. Use contract to define the terms and level of service you require from your supplier to prevent existing suppliers are prevented becoming complacent
42. Review your own performance-- failing to pay your suppliers on time won't encourage them to keep their standards high.
43. Understand reasons for terminating contract with supplier if they fail to provide you with services or goods that meet your requirements
44. Check contract to see if termination exit terms minimise your payment so not locked in with supplier if quality and effectiveness decreases
45. Make sure existing supplier gives you all the information you need to make the transition to new supplier with different processes or systems
46. Negotiate so that your new supplier takes responsibility for handling the changeover process.

47. Have guidelines in place for dealing with ending supplier contract and help you to avoid losing supplier you may need at a later date.

48. Explain to the supplier rationale for ending the contract so they offer you a better deal

49. See if suppliers can save you disruption by lowering the price or raising the quality of goods or services

50. Seek advice of independent advisors, and always check your decisions against standards for best practice in your field of business.