

# Commercial and Procurement Strategies

- to deliver a world class metro



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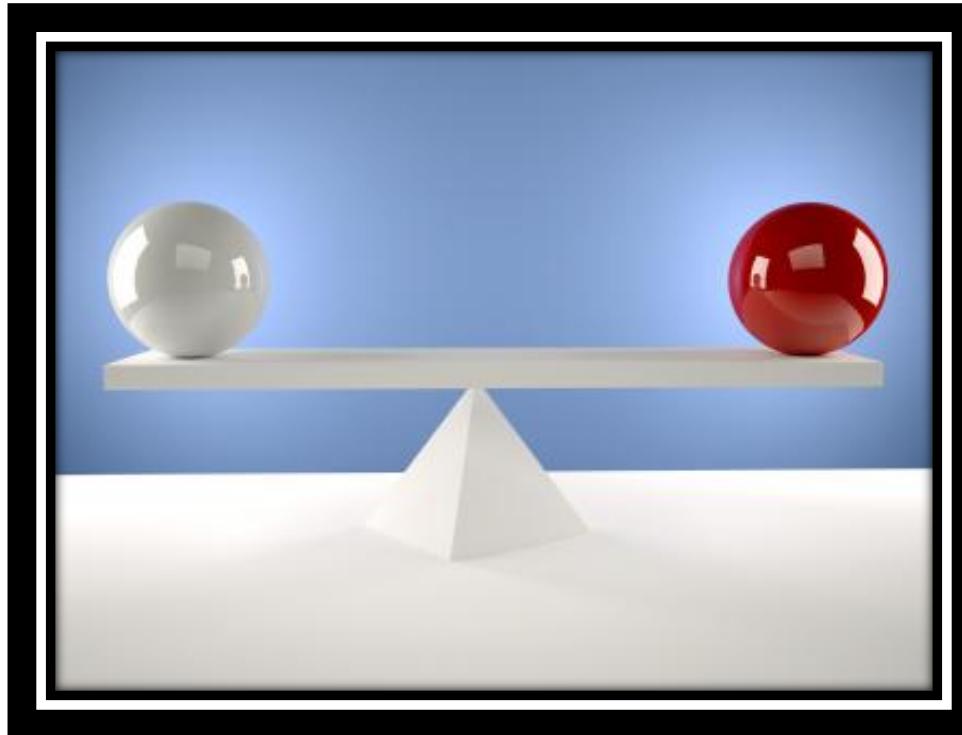
# Topics

- Commercial strategy
- Category management
- Supplier relationship management
- Commercial management

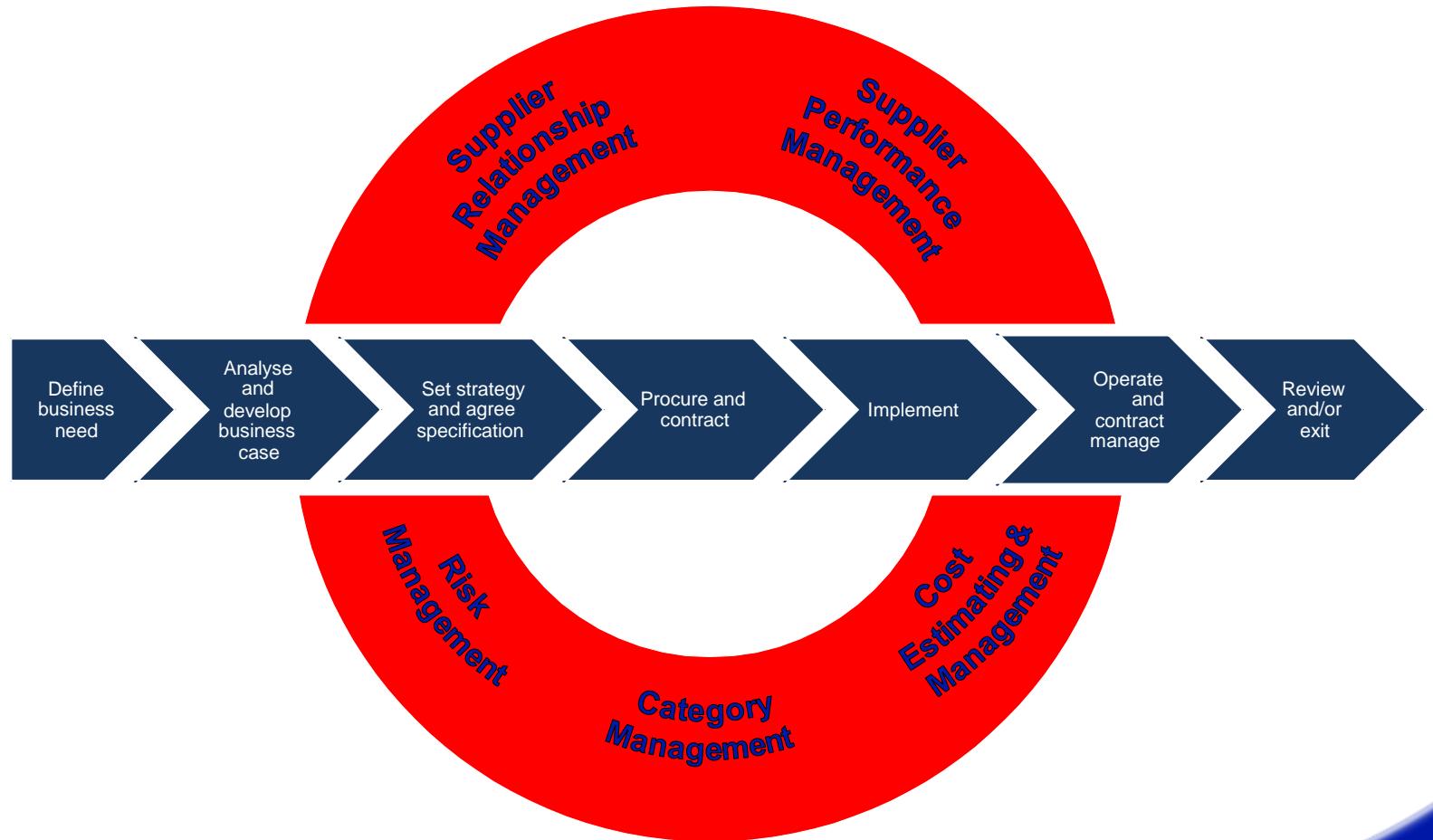


# Vision and approach

‘To deliver commercial excellence’



# Commercial life-cycle and enabling processes



# Commercial strategy (1)

- Build commercial capability
- Minimise variability of commercial outcomes
- Enhance value from investments (£7bn per annum)



# Commercial strategy (2)

- Manage contracts effectively
- Mutually successful relationships with suppliers
- Enhance value by implementing category management



## Commercial strategy (3)

- Drive added value through responsible procurement
- Leverage value from our scale and brands
- Stakeholder management



# Category management (1)

- Optimise value through external spend (potential 35% savings on fire extinguishers)
- Strategic pan-TfL view of works, products and services presented to market in a co-ordinated way
- Visibility of extended supply chain



## Category management (2)

- Understand future spend
- Standardisation of works, goods and services
- Lifts, escalators, CCTV, signage, materials, fire & safety equipment, facilities management



# Case study - escalators

- Joint procurement with Crossrail – 107 escalators
- Technical specification revised
- Capex reductions 57% - also maintenance costs reduced



# Supplier relationship management (SRM) (1)

- Looks at contracts pan TfL
- Consistency of messages
- Value benefits programme to measure value



## SRM (2)

- Improved supplier performance
- Promote Mayor's responsible procurement agenda
- Regularly review our strategic supplier list



## SRM (3)

- Improved TfL performance
- Centralised supply market, supplier and relationship information – ‘single version of the truth’
- Build collaboration, trust and innovation



# Drivers of procurement approach

## - the delivery 'zone'

No adverse impact  
on the operating  
railway



Safety

Deliver work safely



To time, cost and  
quality requirements

Optimise access to  
railway to deliver  
work



Unit costs  
&  
efficiencies

Work with supply chain  
to implement  
efficiencies  
Measure unit cost  
delivery, benchmark  
and set targets



# Commercial management (1)

- Commercial maturity model
- Consistent processes (cost management, estimating, contract management)
- Fit for purpose standard contracts and procedures



# Commercial management (2)

- Handshake with clients
- Training
- Risk management



# Conclusion

- Change imperative for the public sector
- Build trust – supply chain and pan public sector
- Bonfire of unnecessary process and activity
- Keep it lean

