

Breaking down the barriers to entry

Supply Chain Management: Aide Memoir

How and when to use the aide memoir

- As a tool to measure how prime contractors have achieved value for money through their supply chains
- Throughout a procurement to monitor the supply chain management activity of all supply chain partners

Why

- So contracting authorities can ensure their prime contractors demonstrate value for money through the supply chain

Questions to ask prime contractor	Why is it important?
Advertising subcontracting opportunities	
Do they advertise subcontracting opportunities?	Advertising subcontracting opportunities promotes openness and visibility of the supply chain for procurers
If so, how are opportunities advertised?	Offering a wider variety of advertising routes will reach a varied network of potential subcontractors, thus stimulating the market.
Is there a "Selling to...." guide available?	This offers a single route in to potential new entrants and shows transparency of process on the part of the prime supplier
Are their websites used to advertise opportunities?	Easier and quicker for suppliers to find opportunities. Widest coverage of opportunities.
Do they have demonstrably open, fair and competitive processes for selecting subcontractors?	Competitive selection at all levels in the supply chain provides evidence of obtaining value for money from the supply chain

Adding new suppliers	
Do they use an approved supplier list?	Approved lists show procurers that subcontractors have been vetted for technical capability and financial standing
How often is it refreshed?	Frequent updating provides more opportunities for new suppliers to gain entry and rationalises the supply base.
How can potential subcontractors be added to the list?	There should be fair and open processes to promote value for money tendering
Diversity of the Supply Chain	
How many SMEs, VCOs, BMEs and women owned businesses are on their approved list?	Diversity of the supply chain offers innovation, value for money benefits and reflects the wider community for which the procurement will benefit (see 'Smaller Supplier Better Value' for more information http://www.ogc.gov.uk/embedded_object.asp?docid=2077)
How many have to pre-qualify?	The pre-qualification process shows how the prime supplier gains value for money from the supply chain
Do they record how many SMEs they subcontract to?	Collecting management information on the supply base can be used for monitoring purposes.
Do they have a policy on the use of SMEs as subcontractors?	Visible policies on the use of diverse suppliers can be used for monitoring purposes.
Supply chain management processes	
Are there structured relationship management processes with subcontractors: such as regular contract meetings	Involving all suppliers in meetings can flag up risks early.
Do they encourage the use of best practice and shared standards throughout the supply chain?	Shared standards promote good team working ethics, share risks and share gains
Do they establish expectations with subcontractors early in a procurement?	Managing expectations promotes team working and the allocation of risk and gain
Do they have processes in place to encourage innovation from subcontractors?	The methods Primes use to encourage innovation from the supply chain can be used for monitoring purposes
How is risk managed?	Is the gain shared, as well as the pain, throughout the supply chain
Payments	
Do they include prompt payment Terms and Conditions in their contracts with subcontractors?	Regular monitoring through contract meetings can flag up issues early and diffuse situations.