



CASE STUDY



The BBC, established by Royal Charter and publicly funded through the Licence Fee, aims to enrich people's lives with programmes and services that inform, educate and entertain. .



Jim Hemmington
Head of Procurement
– BBC

The Royal Charter sets out the public purposes that outline the values the BBC holds when achieving its aim. As an organisation that strives to reflect the varied UK communities, it aims to promote education and learning, stimulate culture and creativity, as well as deliver the best of emerging technologies. In addition to this, the BBC supports a global understanding of international issues by bringing the UK to the world and the world to the UK.

The BBC has four strategic objectives summarised below:

1. Make the most creative and distinctive content, building the BBC's reputation in key genres, and ensure the BBC reflects the diversity of the UK.
2. Innovate online to create a more personal BBC, enhancing people's connection with it.
3. Serve all audiences; maintain mass appeal; better reflect different nations, regions and communities; and keep pace with new media channels and consumption behaviours.
4. Improve value for money through a simpler, more efficient and more open BBC, by building more new creative partnerships, and engage staff with the strategy.

We invited Jim Hemmington, Head of Procurement at the BBC, to explain how they were supporting these objectives, and in particular how supplier relationship management (SRM) can improve value for money.



JH: We have at the BBC, like many other organisations, a complex, constantly changing and demanding environment. Management of our suppliers must ensure the best level of service to support our infrastructure as well as programme making and content creation, while delivering value for money for our licence fee payer. Against the backdrop of a fixed income, we have been maximising our efforts to extend value beyond simply competing on price, and we are continually seeking to improve our role as a skilled and trusted buyer and client. Services provided by our strategic suppliers are critical to the BBC and the need for agility, innovation and ability to deliver change at pace has never been greater. The drive for new savings without compromising quality is becoming harder. However, even in this challenging environment we have achieved a great deal over the past few years in terms of cost reduction, improved service levels and increased levels of customer satisfaction.

There is still more to do. Going forward, the challenges we face in managing our strategic suppliers are not going to diminish and in all likelihood will significantly increase. To help with this, we have developed a view of the whole of the commercial lifecycle. Our aim is to ensure that we use the lifecycle and its constituent phases to continually learn, refine and improve both the provision of our services and also our management of them. For example, we don't place all of our emphasis on acquisition, nor do we ignore the exit and transition phase. We look to build our understanding of the business need and supplier capability throughout in order to achieve and maintain organisational alignment. This is not a new concept; contract lifecycle management (CLM) has been around for a while. To achieve the most effective results, we recognise a balanced approach to managing suppliers is needed. We have had some recent examples where blending contract management best practice with a methodological development of SRM has delivered excellent results, exceeding expectations. This has given us a platform to build upon and some justification to further enhance our SRM capability.

From within procurement we provide a support service for our contract management community in the business, with an overall objective to continually improve supplier management. This offering aims to build upon existing contract management expertise by providing insight and guidance as well as structured training. For example, one of our themes is to gain an understanding of the supplier perspective – whether in the bidding phase or in the account management phase. This insight is already

beginning to enable a more meaningful discussion covering objectives, rewards, risk, empowerment and strategy. Of course these themes don't stand in isolation – they are blended and mutually supportive. Another area that we are exploring is how to defuse, address or overcome disagreements before they become anything more. This theme can place the supplier manager as either a participant in a negotiation or as an intermediary in a mediation. Of course, this theme is linked to effective communication and the understanding of 'both sides of the fence'.

Procurement is working hard to improve and maintain close relationships with the contract managers, to understand the issues they face and adapt our service offering accordingly. The absence of a mandate has driven the need for constant and close collaboration with the business. As with everything, this is a journey and we are making good progress while resisting the need to plot a rigid final destination. We are creating a culture of continual improvement that will keep our direction and progress under review, making the necessary adjustments as new opportunities or risks emerge. To support this way of working, we have an established forum that provides oversight of our most significant outsourced contracts. The forum regularly brings together the contract management community to review risks and performance, and learn lessons from the individual teams managing the BBC's portfolio of strategic contracts.

Through clever procurement, we have reduced the cost of running the BBC year on year. Equally important is that we have a strategy and method for continually improving supplier management. This is not at the expense of the mechanics of contract management – we are not ignoring this. We are building on and incorporating them into a structured approach to SRM. One of the challenges is of course to maintain momentum with a contract management community that is already extraordinarily busy, and so we are determining demand for what will help most and mapping out the next phase. We intend to build on and begin to integrate our development themes, as well as widen our stakeholder group beyond the strategic supplier portfolio to some of the other contract managers within the organisation. Ultimately, helping the BBC to concentrate funds on our content in order to deliver the range and quality of output our licence fee payers expect, is at the heart of what we are trying to achieve.

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