

Case Study: TransGrid



TransGrid owns, manages and maintains one of the largest high-voltage transmission networks in Australia. Its 12,800 kilometres of high-voltage transmission lines and underground cables connect generators, distributors and major end users in NSW and ACT (Australian Capital Territory, located to the west of the Great Dividing Range).

It also links to Queensland and Victoria, facilitating inter-state energy trading. The energy its network delivers powers more than 3 million households and businesses, from mines and agriculture to technology businesses and heavy industry. As a world-class transmission service company, its utmost priority is to deliver reliable, secure and safe electricity.

TransGrid's multi-billion dollar capital works programme ensures all projects carried out are in line with this primary goal. Projects might include substation refurbishments, involving replacement of a range of equipment on site, or cable projects, involving installation of hundreds of kilometres of underground optical fibre cable through parts of cities or urban territory, or setting up whole new telecommunications sites. Projects are as diverse in practical execution as they are in size, but in common they all have one overriding requirement: products and services sourced from suppliers that are performance-managed and trusted, so TransGrid can be confident projects are carried out with safety and security at the fore. Highly efficient supplier performance management has become key to effective service delivery. What the company needed was a professional supplier performance and relationship management system. It had been relying on was a disparate mix of spreadsheets, updated by individuals who were working independently. While it did have a process in place, it lacked visibility and consistency of approach.

Challenge: to adopt a supplier performance management system to assess, monitor and report on supplier performance in a consistent manner across all business units

Igor Cvetkovski, Strategic Procurement Manager, was central to procuring a supplier performance and relationship management system and adopting it within his strategic procurement team. Ali Payne, Lead ICT Project Manager, was responsible for the implementation and rollout of the system.

Igor explained how they identified and procured a system that was right for their needs:

“When I arrived at TransGrid, a few years ago, it was apparent that supplier performance management (SPM) and supplier relationship management (SRM) would benefit from a consistent approach. Both were being carried out on an ad-hoc basis from person to person, and the quality with which it was undertaken depended on the individual's time and skill and their inclination to do it. There was no consistency across the organisation in how we assessed and measured contractors and suppliers, and consequently, we had no solid information or data on which to base decision making. History was not recorded anywhere, and so looking at a supplier's performance generally meant talking to a project manager.”

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Case Study: TransGrid

Igor raised a business case to look at a solution: he decided that a SaaS-based system would be most suited for their environment as users would be widely dispersed. They went to market and the result of the tender was BravoSolution.

“One of our key criteria was that the system had to have been used by other, similar and large organisations. It was obvious that the BravoSolution team had experience of procurement and we wanted to leverage that experience and the lessons learned from rolling it out among other customers. We were keen to garner their learnings on ways of setting up KPIs and scoreboards, and ways in which to analyse supplier performance and history. Because they had such previous knowledge of implementations, they already had a library of KPIs set up which we could make use of.” Ali was also instrumental in making the decision:

“What we liked about BravoSolution, and what really differentiated them for us, was their industry expertise. Comparable products just did not come from the same solid procurement foundation that BravoSolution did. They had people who worked in procurement and understood the procurement process, and this was reflected in their product.”



Implementation: BravoSolution demonstrated methodology and experience

Implementation started in June 2014 and completed to an up-and-running level, with scorecards in place, in September. “In our experience this was a rapid implementation,” said Ali. “BravoSolution understood our short timeframes, and while acknowledging it would be challenging, they committed to the timescales and worked really hard with us to make it happen. They had an implementation methodology that made it easy for us to achieve our target timeline and put in place a structure which ensured we did not miss anything or fall behind.” Rollout began with managed contracts, across all suppliers and across the organisation, for high-value, high-risk suppliers. “What BravoSolution brought to the table was methodology and experience – they have the toolkit you need to make the implementation very smooth. They were especially good at advising on best practice, so for example, if we didn’t have a clear view on how best to approach something, they were able to give us working examples that other organisations were using. One example was terminology for performance banding and how we rate suppliers within these bands. They gave us examples of how some organisations are approaching that, and explained what to expect from our results, which was extremely helpful.”

“BravoSolution was also very responsive to our needs, and the quality of what they delivered was good. When we gave them our configuration requirements, what they came back with matched our needs.”

Consistent scoring across categories is a key challenge

Being a high-voltage transmission organisation, the ability to monitor and manage safety performance is a critical strategic goal. The company works with ‘panels’ – these are groupings of accredited suppliers which have been accepted to do certain types of work and which meet TransGrid’s stringent safety requirements. For example, one panel might consist of multiple suppliers that they use for building substations all over the state. Different parts of the organisation, whether project managers

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Case Study: TransGrid

or construction managers, are responding to surveys on these contractors' safety performance. But the spreadsheets they had been using to collate all of this did not allow them to capture all suppliers or have visibility across them, as the spreadsheets were not linked. "Using BravoSolution," explained Ali, "we are able to compare, not just across suppliers, but across panels. This is really advantageous to us, as it gives us visibility across common areas or groups."

Igor's team is responsible for managing high-value, high-risk expenditure. They write sourcing strategies and category plans with regard to supplier performance and relationship management. All contracts they manage need to have KPIs set against them and there are various methods of review. Responses are collated and recorded into a scorecard. "For us," he says, "being able to compare supplier performance within the same industry, but across different contracts and across key areas of responsibility, like health and safety, quality, delivery or innovation, is something we really needed to achieve."

The system has given us an improved methodology for assessing performance against agreed KPIs and a repository for the business units to store historical records. But it is the way in which the system collates these scores that makes the real difference, it is so easy to do the comparisons, and that is where BravoSolution stands out."

One of the challenges facing his team is the variation in target scores. One contract compared to another can have different target scores based on ratings, KPIs and other criteria. "What BravoSolution is giving us is a standardised process to compare and measure performance. The system scores all KPIs out of 100 so if you want to compare one supplier to another, or if you want to compare a supplier across different categories, then that is precisely the functionality you need – to be able to score everything in the same way, with consistency across different

categories. We are able to accurately track suppliers' performance and their history, and have visibility, improving standardisation in scoring."

Igor works closely with the business units to decide what the KPIs should be, and how they should be measured, along with remedies, incentives and so on. The business units are responsible for scoring the suppliers in certain areas and giving feedback on their experiences of using them and how they delivered goods and services. Depending on how the scorecards are set up some are scored internally, others externally. So several sets of people are using the system to score: the category manager, the procurement representative, the business unit representative and the supplier representative. On an occasion when a supplier is involved in rating itself against certain KPIs, the internal stakeholders can verify, counter comment or contradict, causing a cycle of reviews and discussions with the supplier. "What's really beneficial to us in these instances," says Igor, "is that it can all be carried out online. No matter where the stakeholders are based, if they have access to a computer and an internet connection, we can make challenges, adjust ratings and have fact-based discussions. An added benefit that the system brings, therefore, is mutual understanding."

Mutual understanding and building better relationships

Because variation can arise in how suppliers are scored, dependent on how the scorecards are set up, it can result in different scores linked to the same comments field, leading to further interrogations. "What the system has prompted us to do, is raise questions about how we manage, how we compare, how we discuss and what we discuss with suppliers. We can show suppliers how we score them and how we will be scoring them in the future. Our discussions are now based on real data and so they are more meaningful. What this means is that we are improving the quality of the relationships, we are recording actual facts and figures and a mutual understanding is born about our processes."

"The result of having the system is that questions and issues are being raised. This is a point of conversation with suppliers and it highlights to them that we're keen to measure their performance, to discuss, and that we want to be open and transparent. It highlights that we are trying to manage their

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Case Study: TransGrid

performance proactively, and even when we are managing poor performance, it shows we are doing it in an open and fact-based manner, and, importantly, with a consistent process across stakeholders.” Where previously the relationship between a project manager and the supplier may have influenced a result positively or negatively, they are now leaning towards consistent and impartial evaluation.

A fairer system for suppliers

Suppliers are keen to be on the system, and those already on it are eager to see more functionality. “Our suppliers are interested in the way performance will be managed in the future; it’s a fairer way of being reviewed and it gives them an incentive to perform well. They can see that our focus is on performance and not necessarily just on cost. We are now looking at how we can improve evaluations, looking at performance of existing suppliers and applying that knowledge to future jobs or tenders. The summary scoreboards are useful – they give us a snapshot of supplier performance and we can quickly see areas for improvement. This will become more useful as time goes on and we have more suppliers and history in the system.”

Suppliers can also rest assured that any data related to them is secure. Given the sensitivity of some of the input, security was another key ingredient when choosing a system. “The system works based on access levels which are quite flexible. So suppliers can see only their own scores, whereas internal stakeholders, like a project manager with multiple projects, can see multiple suppliers. Admin can set access levels so that privacy is appropriately dealt with. We can be confident that information is not being accessed by people who shouldn’t be accessing it.”

Two-way support makes for a better working relationship

TransGrid receives regular reports from BravoSolution with details of how they are using the system, uptime and so on. Regular two-way communication benefits both parties. “We communicate with them over issues or questions, about the system’s capability to do certain things, or whether we are using it in the right way. And from us, they leverage insight on improvement opportunities that we can see from using the system regularly. We propose ideas for future innovation and they take them on board. The fact that they are located locally



of course makes that relationship a closer one, and their responsiveness to support issues has been very good.”

The team can see plenty of opportunity for future benefits from the system’s functionality. They are considering how they could diversify its use into other parts of the business.

“The system works very intuitively,” says Igor, “rather like dominos: if you set up your KPI library correctly, then that enables your scorecard to be set up well, and if that is set up well you can set up scoreboards well – it works one step at a time. So if you use it correctly, understand the terminology and its capabilities, it can be a very powerful tool for other areas of the business. We are starting to consider its use in project management, not necessarily linked to contracts, and its feasibility as a survey tool, for example. So we’re looking at the functionality of the tool outside the realms of what it’s intended for, because we can see it has potential for many more indirect benefits.”

During the past few years the strategic procurement team along with its approach and processes, has been undergoing a transformation, to bring further efficiencies and align it with corporate goals. “Using BravoSolution therefore,” says Igor, “was a process fit for us. I have worked in various organisations, and it doesn’t matter whether you are public or private sector – performance management is very important and every organisation would benefit from a systematic approach like this one.”

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