**Procurement Journey**

**Business Case**

# **Business Case**

## **Purpose / Overview**

## Justification for undertaking the changes necessary to embed Contract & Supplier Management (C&SM)

## Background and previous issues caused by a reactive approach to C&SM

## Benefits gained from an embedded C&SM approach

## Avoiding an ‘arms-length’ approach and building collaborative relationships with key suppliers

## **Executive summary**

## Highlight the key points in the business case

## Benefits (many may be added value and cost avoidance) and the return on investment (ROI)

## Consistent and proportional approach

## Link to organisation’s strategic plan

## Risk of not implementing C&SM (including legal risks). Please review **[Risk Management.](https://www.procurementjourney.scot/node/352)**

## **[Rea](https://www.procurementjourney.scot/node/352)sons**

## Effective performance monitoring of high value or high risk contracts

## Mitigating risk due to non-performance and potential reputational risk (can you provide any historical examples from your organisation?)

## Ensuring savings and benefits are realised and additional costs avoided

## Driving service improvements

## Fundamental to deliver business objectives

## Promoting innovation

## Turning uncoordinated and reactive management to planned and proactive contract management

## Business continuity / exit strategy

## Demand management

## **Business options**

## Board sponsorship with senior management ownership of business critical suppliers

## Outline the options considered and the benefits and disadvantages for each

## Consider governance across the organisation e.g. should it be a separate team, should contract managers sit in Procurement organisational structures for performance reporting

## Consider if due diligence of contracts is required prior to determining the resource required

## Is a staged process required? e.g. Initially manage top tier contracts / suppliers until running smoothly and then increase the contract managers portfolio to second tier (please refer to Segmentation content within Planning & Governance)

## Consider associated costs and resource requirements for each option (refer to Resource Planning content within Planning & Governance)

### Staff costs (consider if efficiencies can be gained by having one contract manager managing similar suppliers or suppliers delivering to the same stakeholders)

### Any resource required for due diligence of contracts

### Multi-disciplined input

### Skills required

### Training costs

### Can resource be reallocated from current tasks e.g. from current reactive / fire fighting issues?

### Tools to improve efficiency

### Mobilisation costs

## **Timescale**

## Consider mobilisation plan and timescales to implement change e.g. redefining staff roles, recruitment, training etc.

## **Key Stakeholders**

## Who are they? (based on areas of business impacted by suppliers and service provided)

## **Investment appraisal**

## Compare the benefits to the costs (these may be added value) e.g. Can you commit to potentially saving ‘x’% of spend?

## Cost avoidance of ad-hoc problem resolution

## Define the value of a project as an investment

## **Major risks**

## Summarise the risks and articulate likely impact and the recovery plans to mitigate impact

## **Recommendation**