



# **PPWG Supply Chain Code of Practice**

## **WSCA 'Scorecard'**

**July 2005**

## **Aims:**

- 1. Monitor compliance with the PPWG CoP by Purchasers (Operator Clients and WS Contractors) and Suppliers (WS Contractors).**
- 2. Identify changes from November 2004 Report.**
- 3. Identify areas for improvement in behaviours by Purchasers and Suppliers.**
- 4. Help drive out non-value adding costs from the Contracting/Procurement process.**

**Previous Survey (Nov 2004) had indicated areas for improvement:**

**1. Contractors**

**As Suppliers:**

- **CPQ Completion**
- **Feedback to Clients**
- **Adherence to CRINE II**


**As Purchasers:**


- **All areas apart from ‘Timetables for Completion’, ‘Feedback on Lost Bids’, ‘Reasonable Limits of Liability’, ‘Defect Correction Periods’, ‘KPI and Review Mechanisms’**

**2. Operators**

- **Reduce Duplication of FPAL in Tenders**
- **Use LOGIC/CRINE or other Standard Contract with few Special Conditions**
- **Implement true Industry-wide MHH Agreement**
- **Reasonable Levels of Liability (including Third Party Proximate Liability)**

## Questionnaire Format

		<b>Compliance of your Company (as Supplier) to PPWG CoP</b>				
				Evaluation		
		FPAL use	Registration			
			Feedback			
			CPQ			
		Adherence to CRINE II				
		Invoicing Quality				
		* Evaluation to be done on a scale 0 - 5. See Sheet 4 for guidance.				

		Assessment of Operator Compliance as Purchasers													
		Invitations to Tender				Contracts					Contract Management				
Name of Operator		Compliance of Operators to PPWG Scale 0-5	No duplication of FPAL data in tenders	Timetables for completion	Upfront award criteria	Feedback on lost bids	Use of LOGIC/CRINE or other Standard Contracts	Use of Special Conditions to CRINE	M/H	Identification and indemnity for Proximate Third Party Property	Establishment of Reasonable Limits of Liability	Establishment of Appropriate Defect Correction	KPI and review mechanism in place for Contracts > \$1m	Payment <30 days	

Similar form used for WSCA members to rate themselves as Purchasers



## Rating Guidance

**‘Scoring’ system tightly defined to ensure consistency of evaluation.**

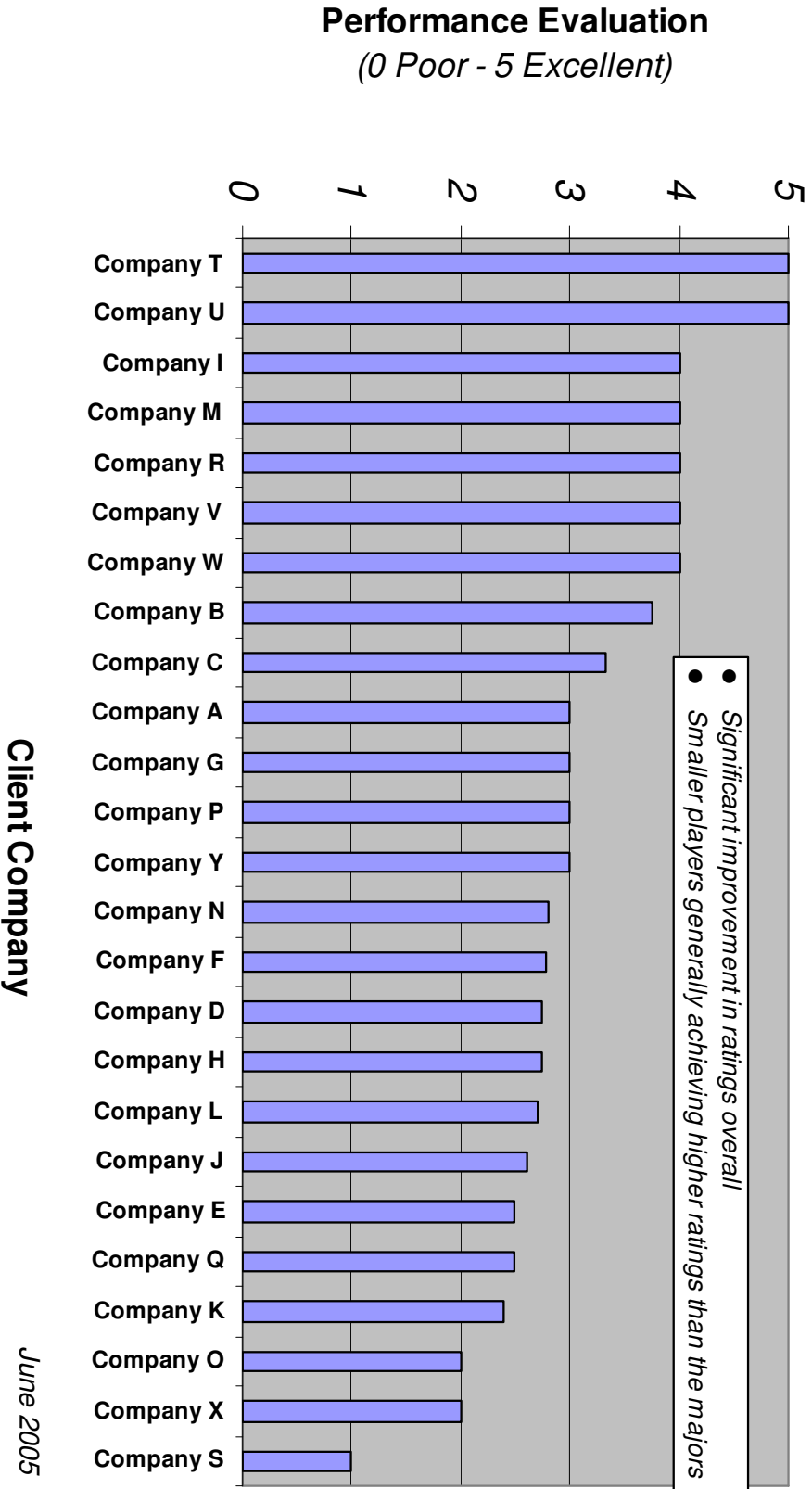
Guidelines and Notes for Compliance to PPWG																				
All categories marked out of 5. Total non compliance = 0, complete compliance = 5																				
<b>Contractor (as Supplier) Compliance</b>																				
FPAL use	Registration	5 = Fully registered with all basic information provided, 0 = not registered. (Interpolate between.)																		
	Feedback	5 = solicited at least 1 feedback/active client/year on all accounts, 0 = no request for feedback on any account in year. (Interpolate between.)																		
	CPQ	5 = our FPAL CPQs are up to date, 0 = no FPAL CPQ completed. (Interpolate in between)																		
Adherence to CRINE II		5 = we never require exceptions to CRINE II contracts, 0 = we always require significant exceptions to CRINE II. (Interpolate between.)																		
Invoicing Quality		5 = our invoices are always clear and correct, 0 = our invoices are unclear and frequently contain errors. (Interpolate between.)																		
<b>Purchaser (Operators and Self) Compliance</b>																				
Tender only with Suppliers who have an up to date FPAL CPQ		5 = <b>always</b> only consider suppliers with an up to date FPAL CPQ, 0 = <b>never</b> check if suppliers have an up to date FPAL CPQ. (Interpolate between)																		
No duplication of FPAL data in tenders		5 = no duplication, 0 = no use of FPAL in tenders. (Interpolate between.)																		
Timetables for completion		5 = reasonable time to respond , 0 = unreasonable timetable. (Interpolate between.)																		
Upfront award criteria		5 = upfront, clear criteria adhered to, 0 = no upfront criteria adhered to. (Interpolate between.)																		
Feedback on lost bids		5 = always provide quality feedback, 0 = never provide feedback and quality poor. (Interpolate between.)																		
Use of LOGIC/CRINE or other Standard Contracts		5 = compliant CRINE II; 4,3,2,1 = Client own contract compliant to Crine to various levels; 0 = totally non-compliant with CRINE.																		
Use of Special Conditions to CRINE		5 = no special conditions, 0 = use of excessive (20+) or conflicting Special Conditions. (Interpolate in between.)																		
MHH		3 = MHH in place with all contractors, 0 = no contractual MHH (Interpolate in between but max score 3 since no inter-Operator MHH in place.)																		
Identification and Indemnity for Proximate Third Party Property		5 = full indemnity, 0 = no indemnity/no identification, 3 = indemnity for catastrophic situation only. (Interpolate between.)																		
Establishment of Reasonable Limits of Liability		5 = directly linked to value of 'job', 3 = capped by service order value, 0 = uncapped or >5x value of job. (Interpolate between.)																		
Establishment of Appropriate Defect Correction Periods		5 = appropriate correction period for service or product, 0 = completely inappropriate correction period. (Interpolate between dependent on service or product.)																		
KPI & review mechanism in place for contracts > \$1m		5 = process in place and fully operational, 0 = no KPI and no performance review. (Interpolate between.)																		
Payment <30 days		Based on 'average of last 6 month's DSO (Days Sales Outstanding) figures. 5 = DSO<= 30, 4 = 31-45, 3 = 46-60, 2 = 61-75, 1 =76-90, 0 = >90.																		

## **Client Performance Assessment**

**(25 Client Operators assessed by 11 WSCA Members)**

## Assessment of Client Compliance with PPWG CoP

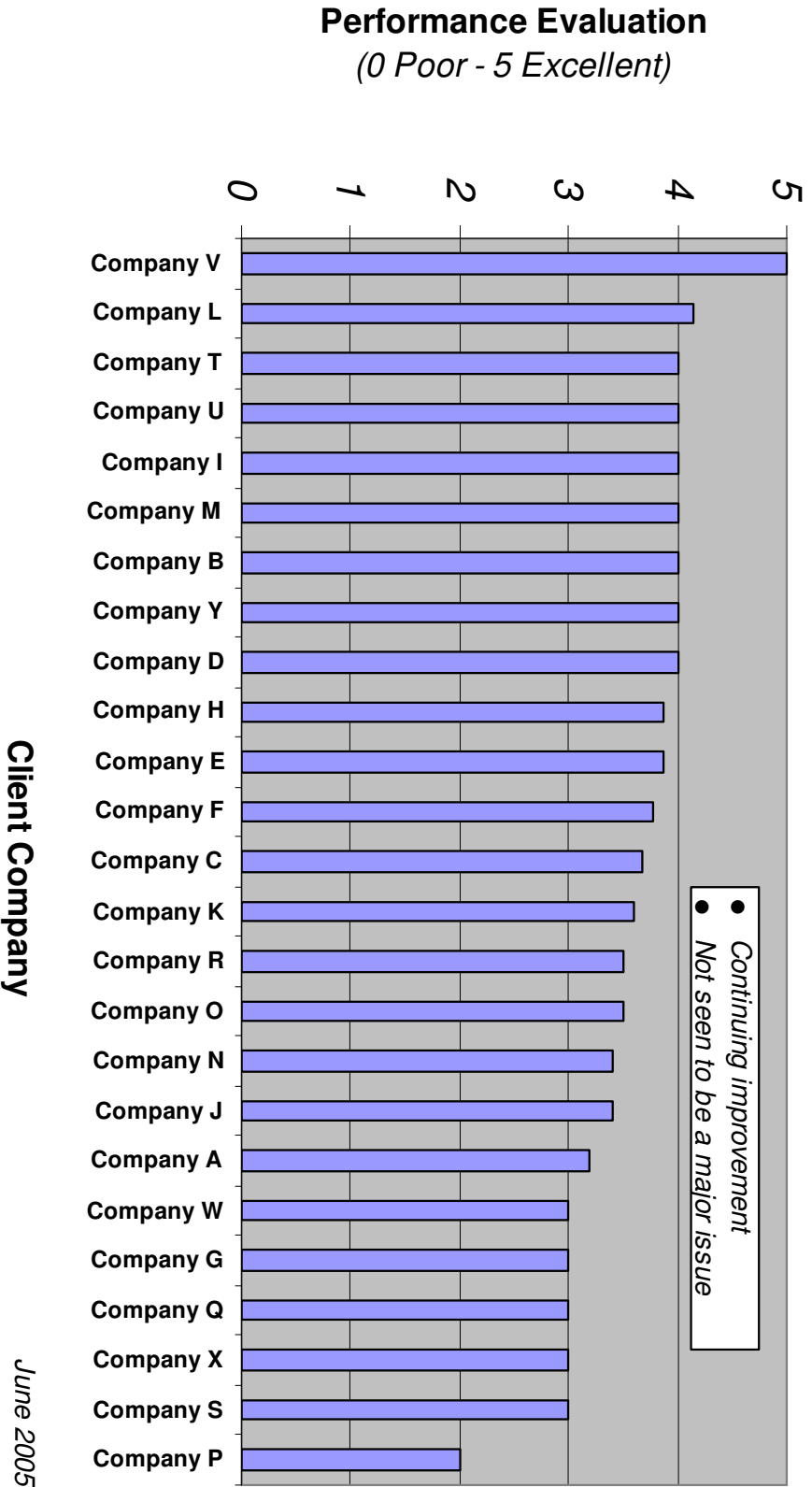
### No Duplication of FPAL in Tenders





## Assessment of Client Compliance with PPW/G CoP

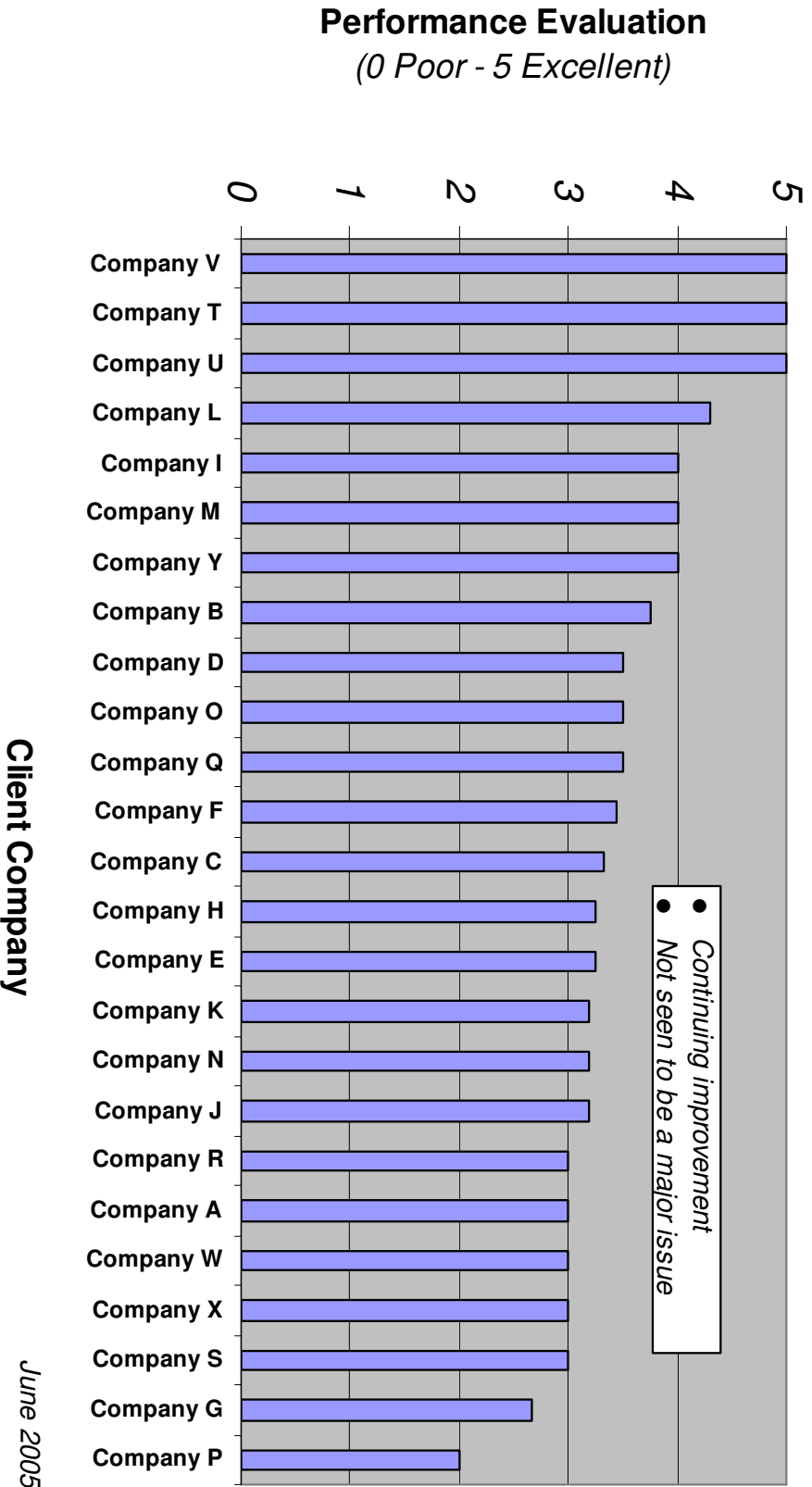
### Timetables for Completion





## Assessment of Client Compliance with PPWG CoP

### Upfront Award Criteria



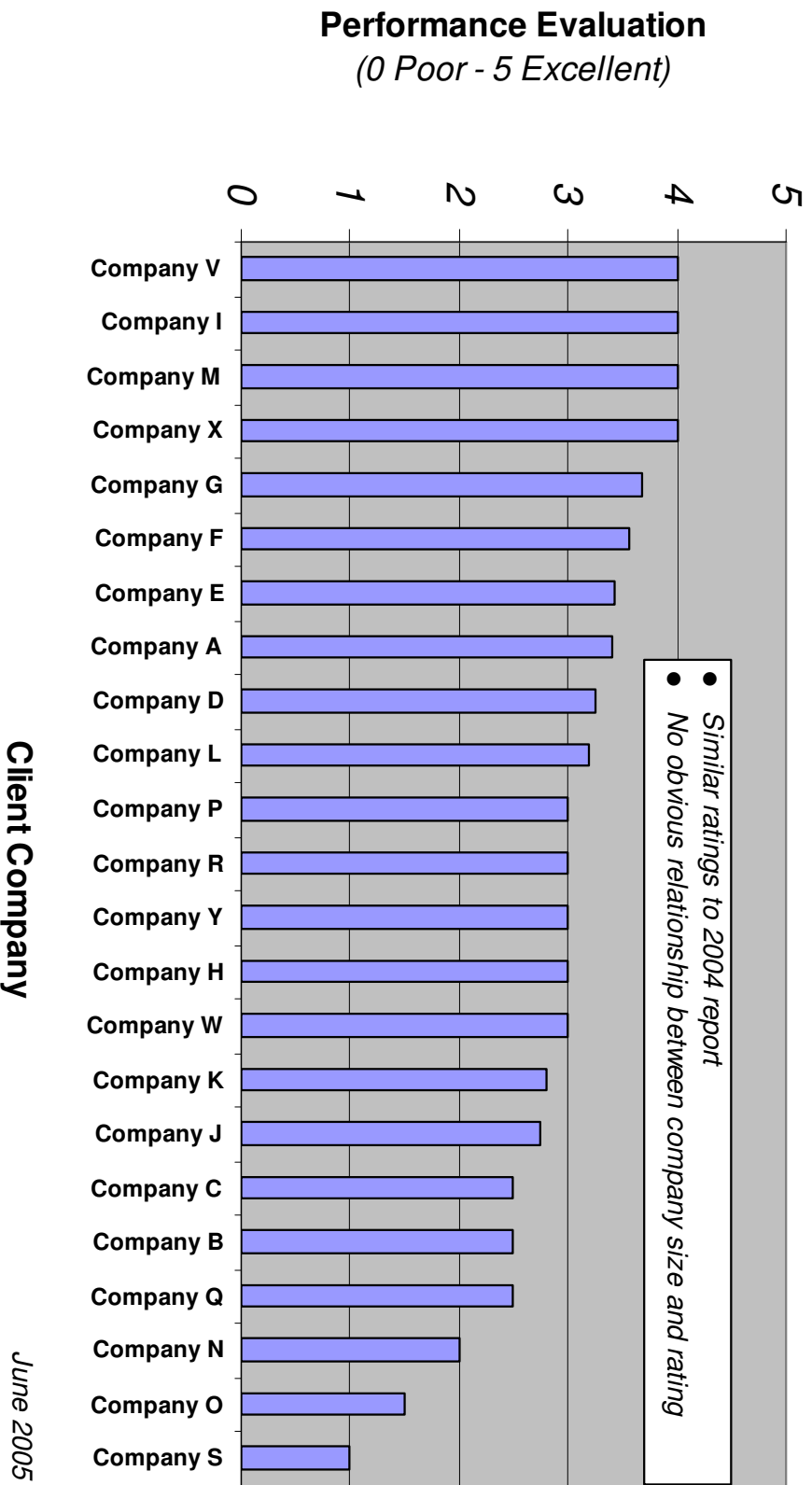
Client Company

June 2005



## Assessment of Client Compliance with PPWG CoP

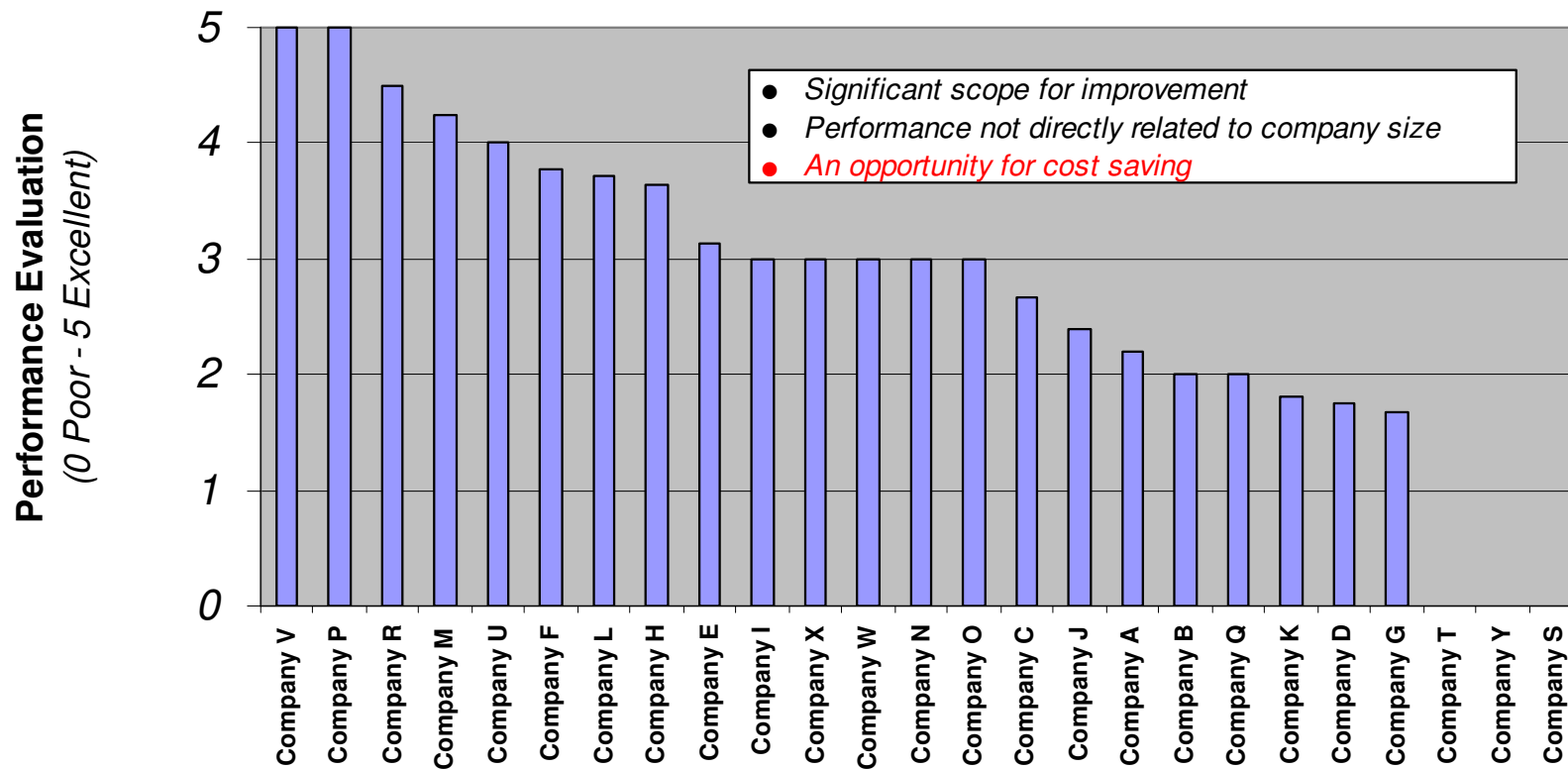
### Feedback on Lost Bids





## Assessment of Client Compliance with PPWG CoP

### Use of LOGIC/CRINE or other Standard Contract



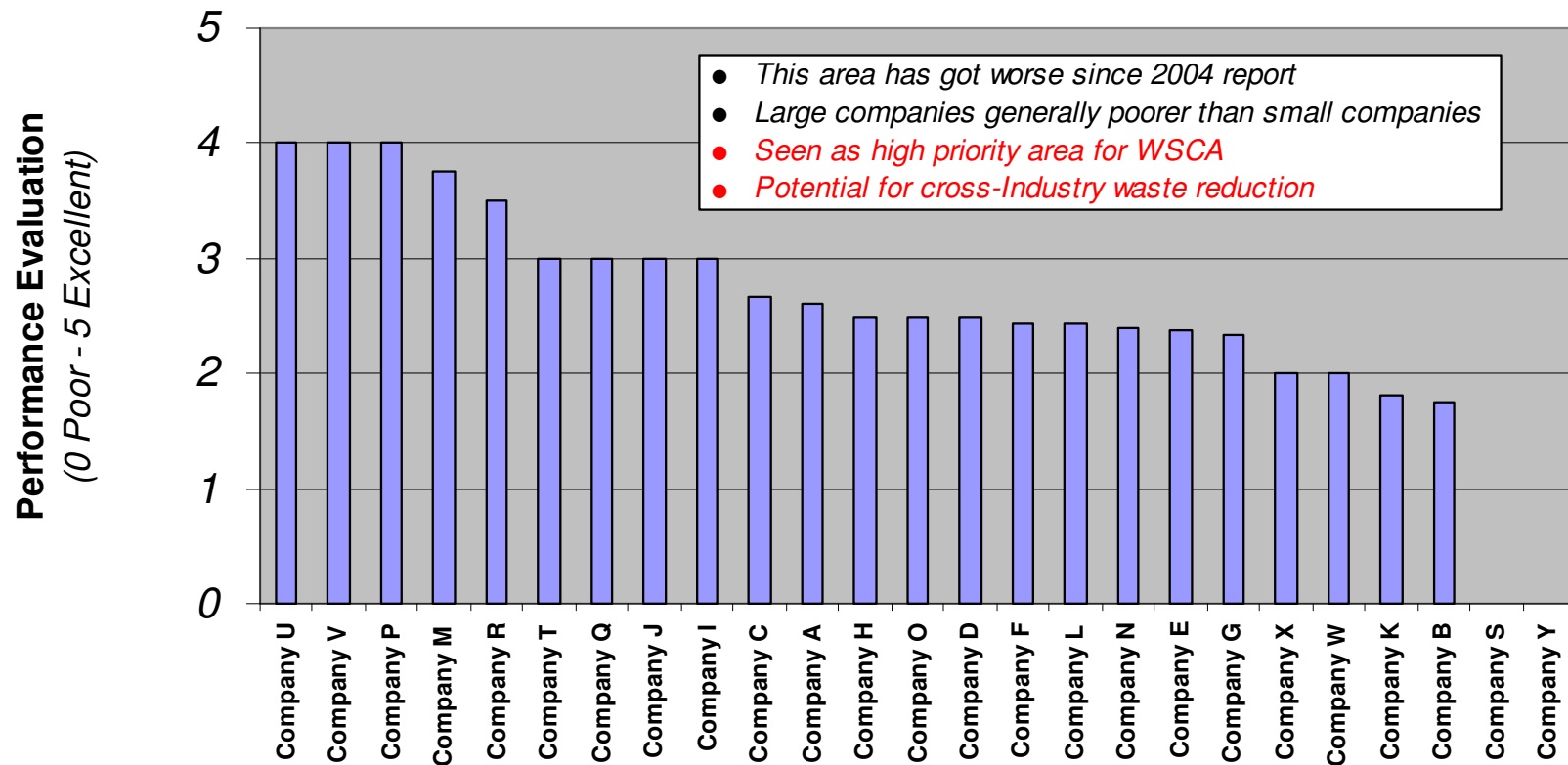
Client Company

June 2005



## Assessment of Client Compliance with PPWG CoP

### Use of Special Conditions to Crine



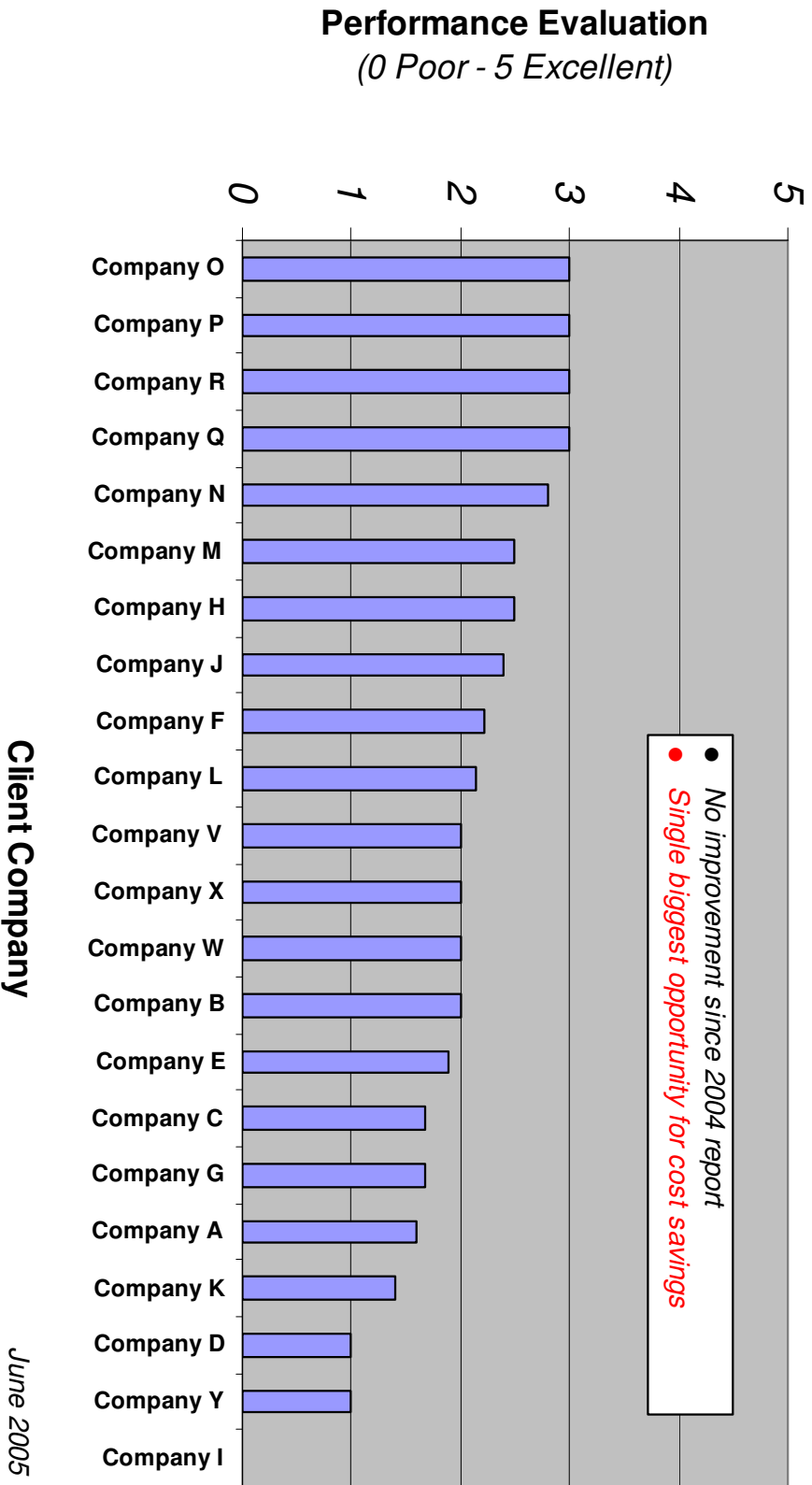
Client Company

June 2005



## Assessment of Client Compliance with PPWG CoP

MHH



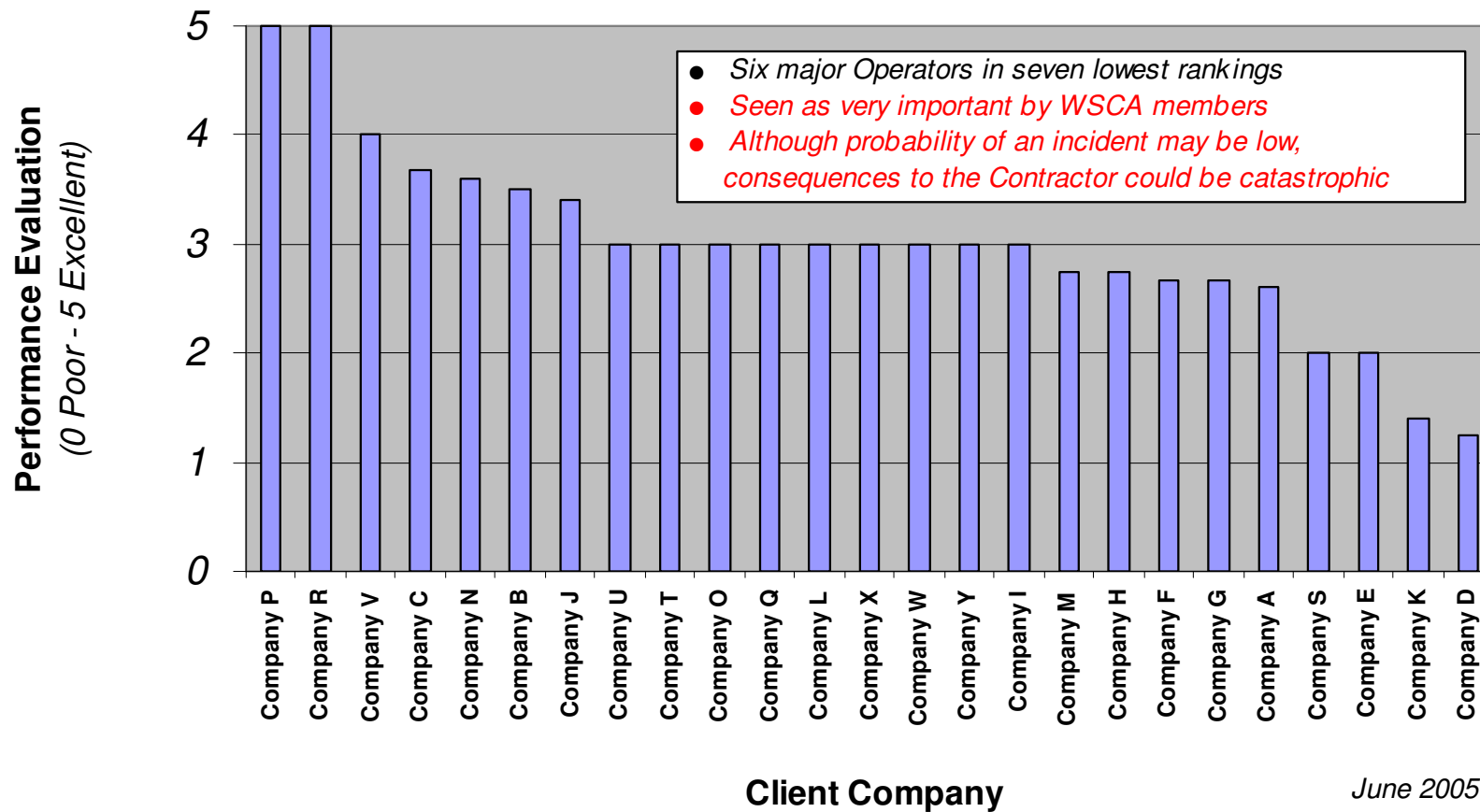
Client Company

June 2005



## Assessment of Client Compliance with PPWG CoP

### Identification and Indemnification for Proximate Third Party Liability

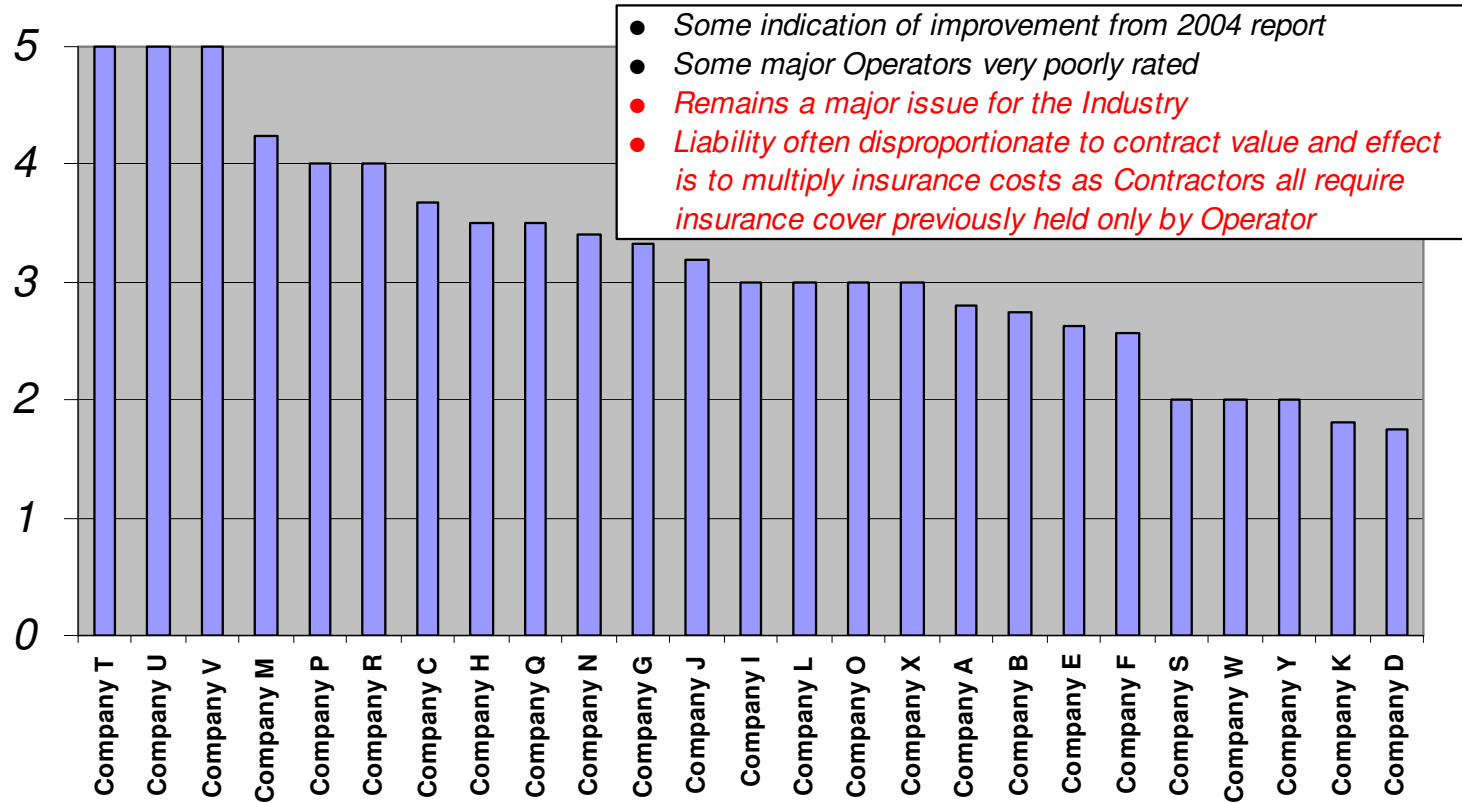




## Assessment of Client Compliance with PPWG CoP

### Establishment of Reasonable Limits of Liability

Performance Evaluation  
(0 Poor - 5 Excellent)



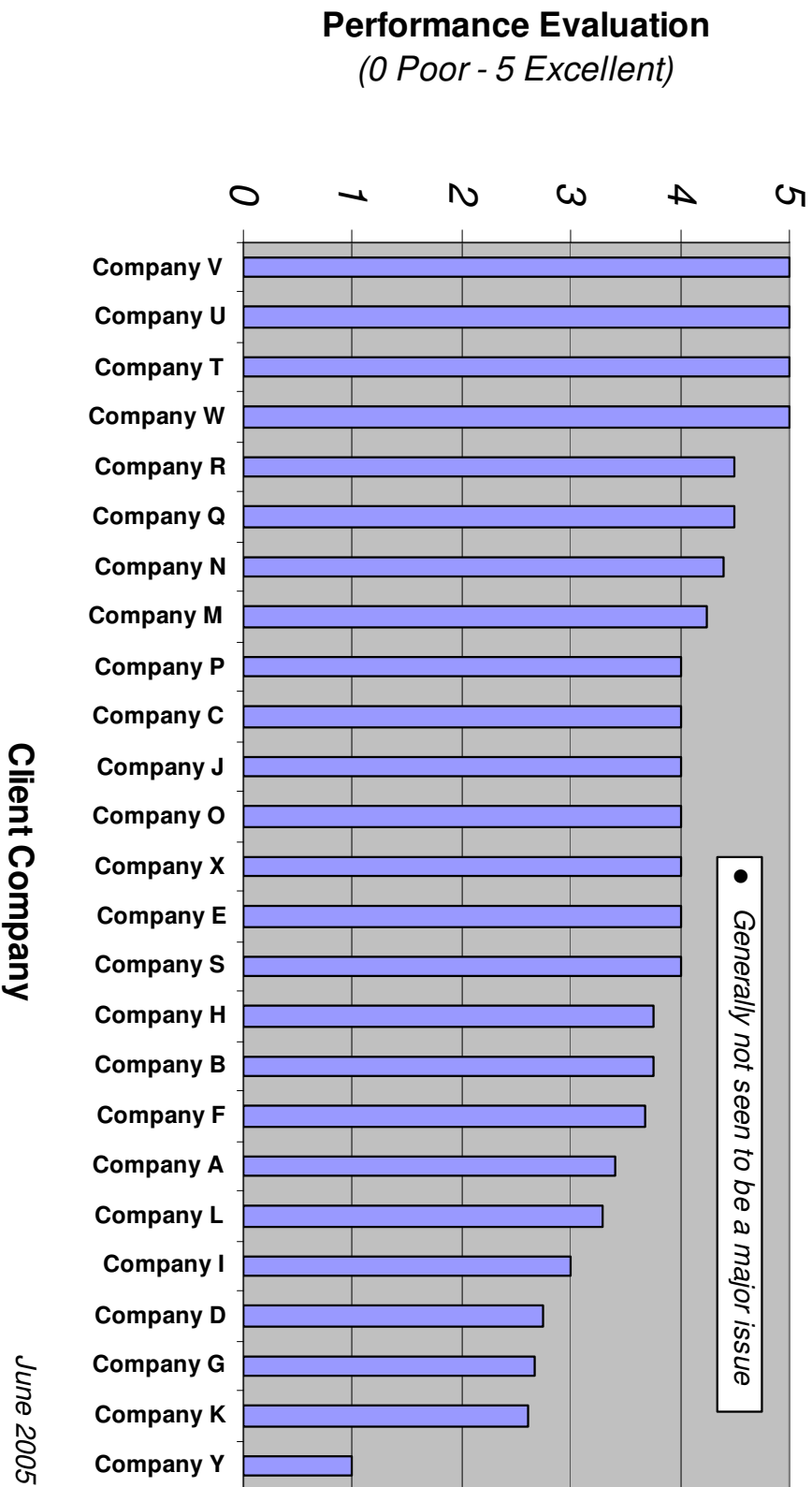
Client Company

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## Assessment of Client Compliance with PPWG CoP

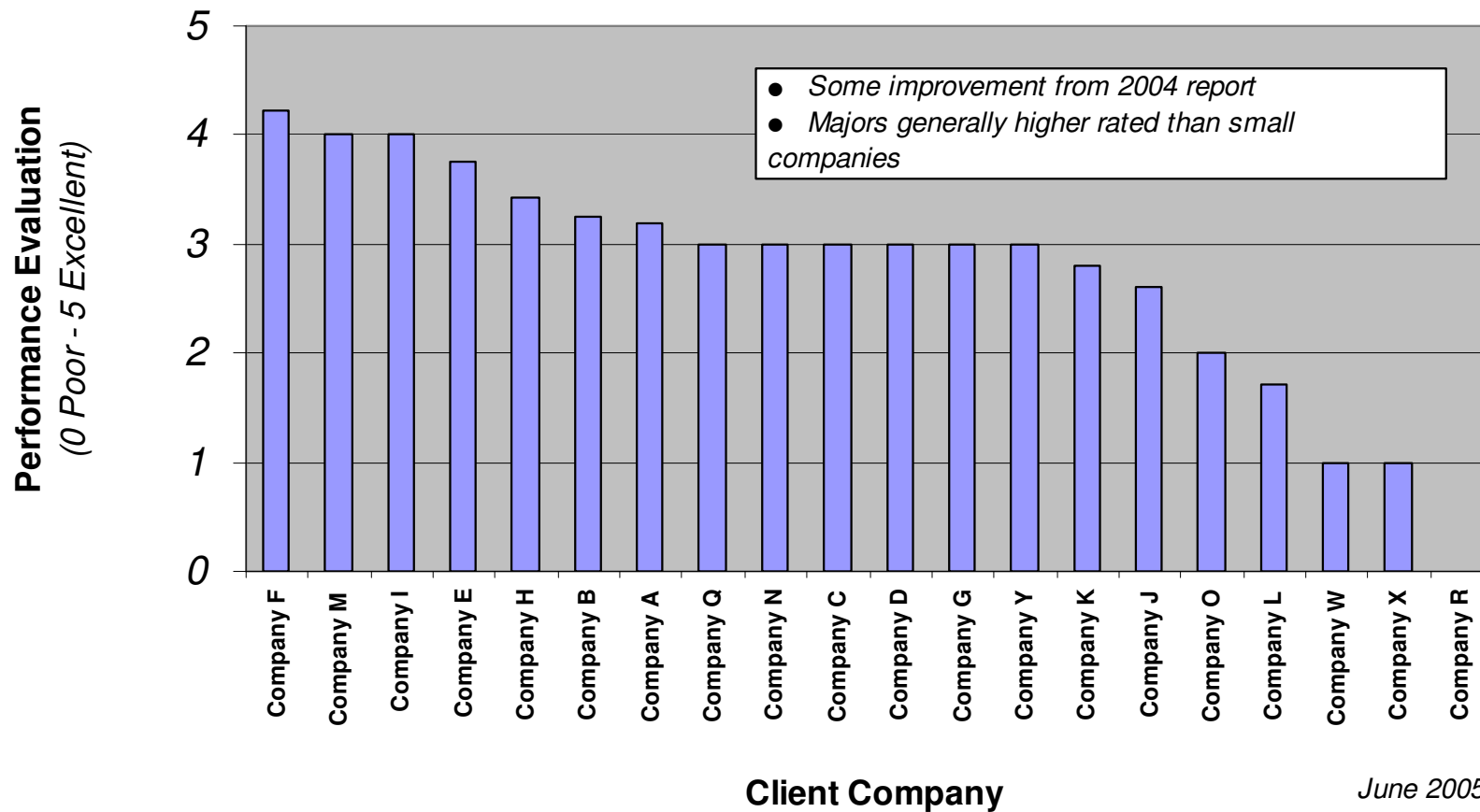
### Establishment of Appropriate Defect Correction Periods





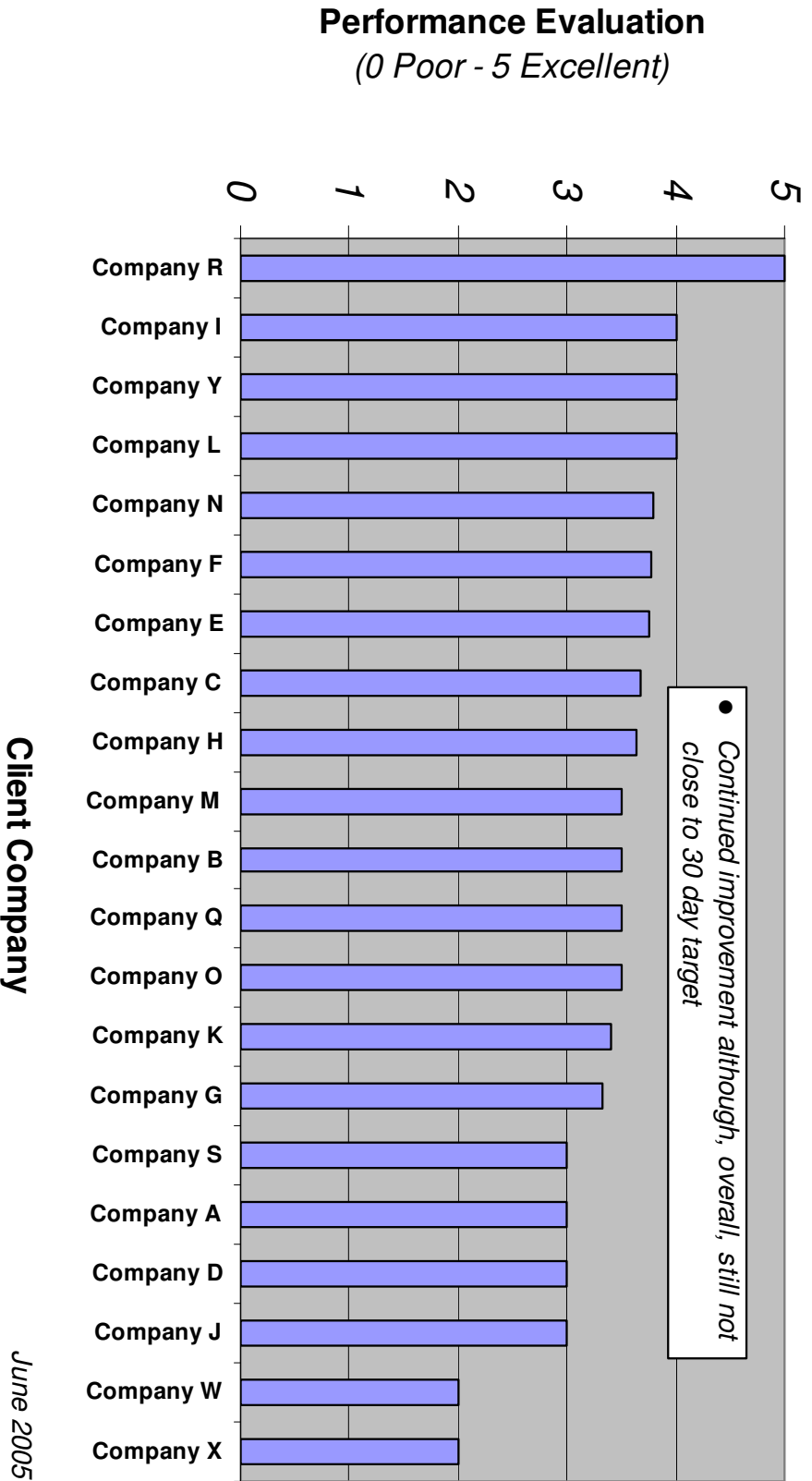
## Assessment of Client Compliance with PPWG CoP

### KPI and Review Mechanism for Contracts >\$1mm



# Assessment of Client Compliance with PPWG CoP

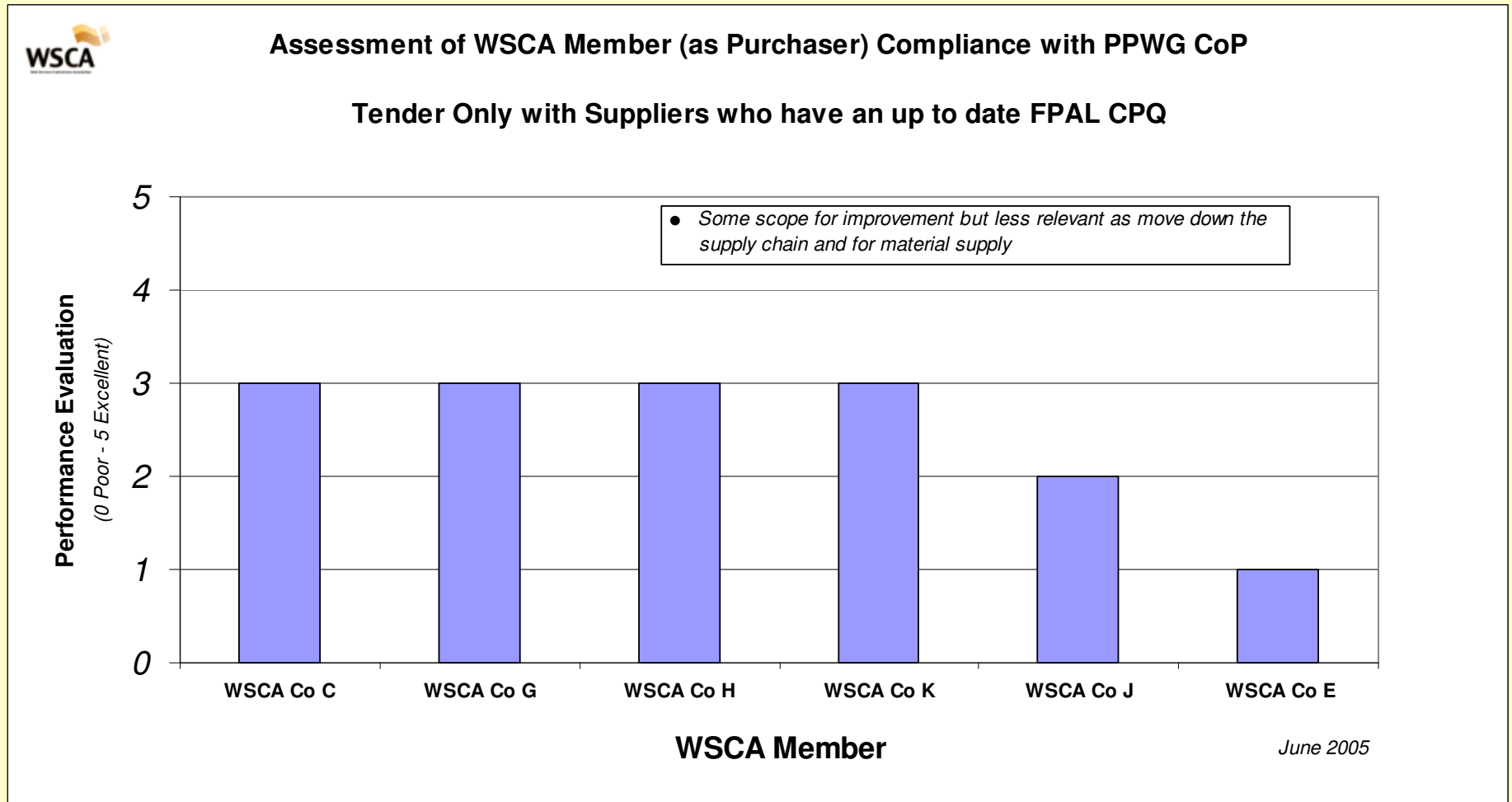
## Payment <30 Days





## **Contractor Performance Assessment**

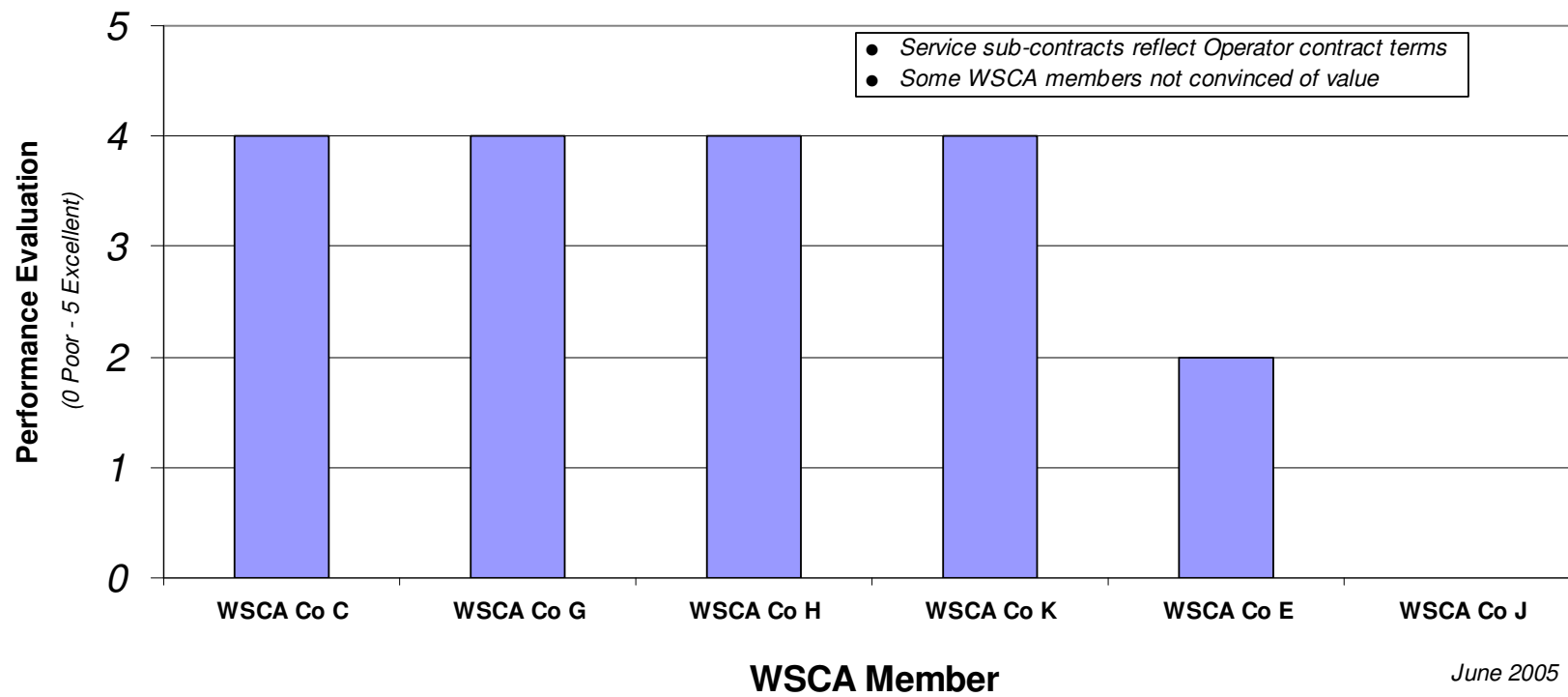
**(11 WSCA Members assessed their Performance)**





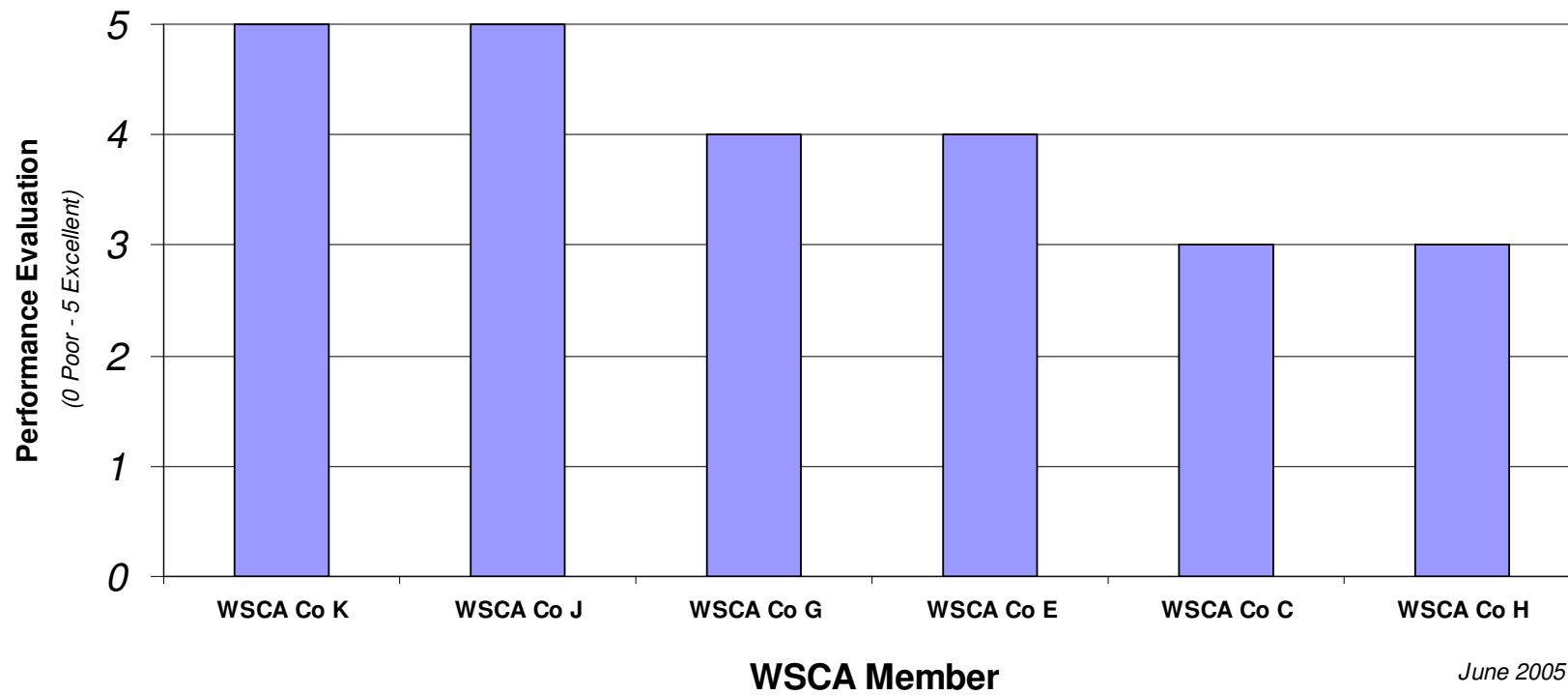
## Assessment of WSCA Member (as Purchaser) Compliance with PPWG CoP

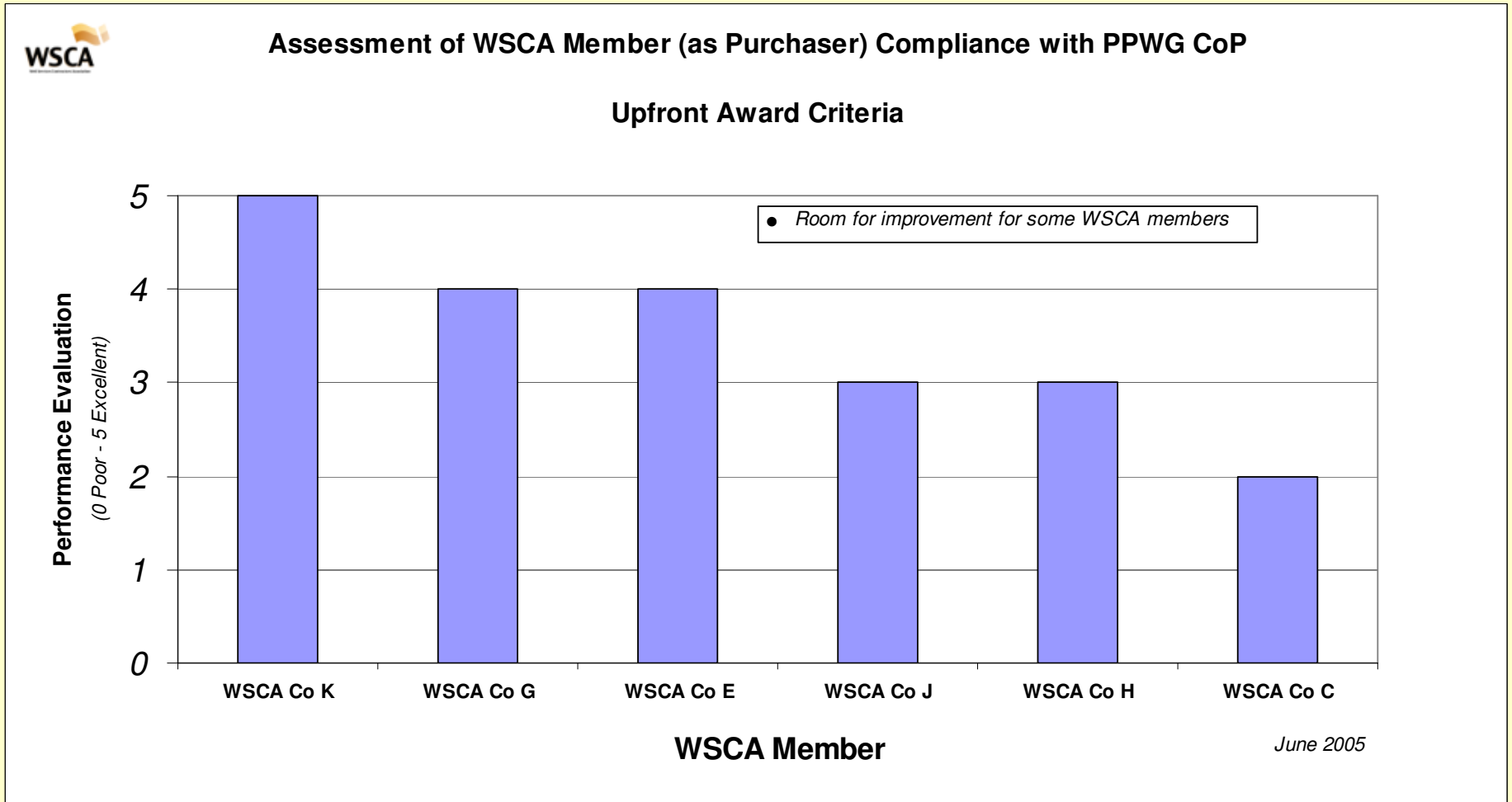
### No Duplication of FPAL in Tenders

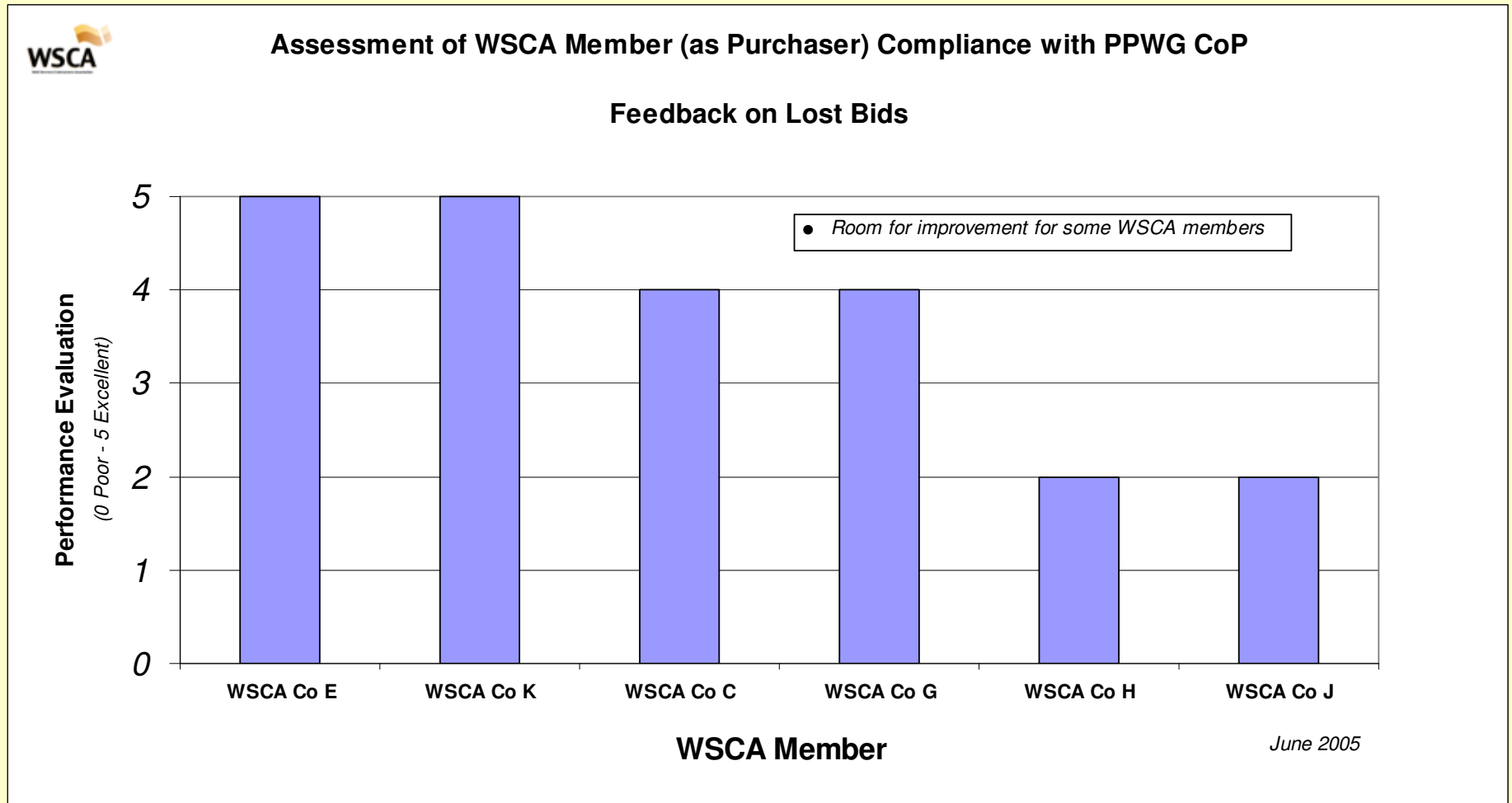


## Assessment of WSCA Member (as Purchaser) Compliance with PPWG CoP

### Timetables for Completion

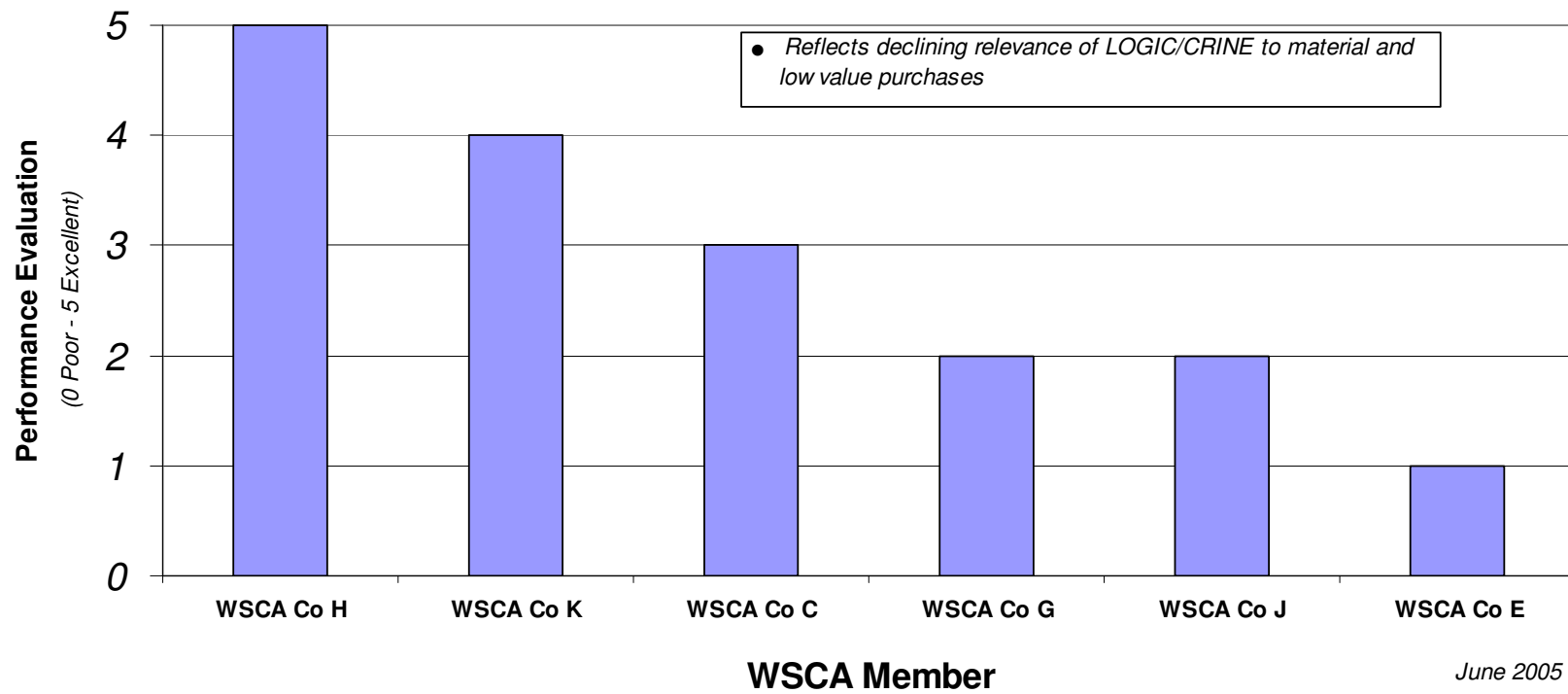






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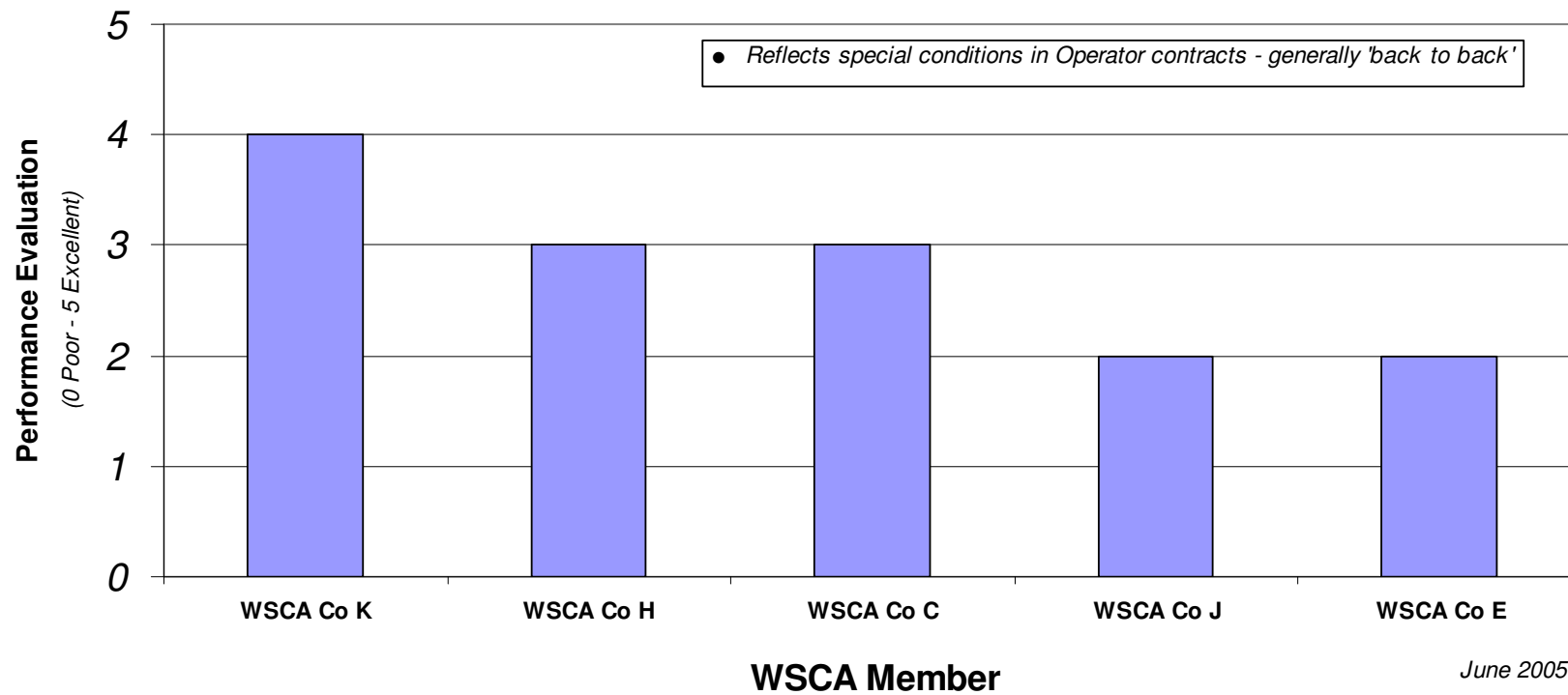
### Use of LOGIC/CRINE or other Standard Contract

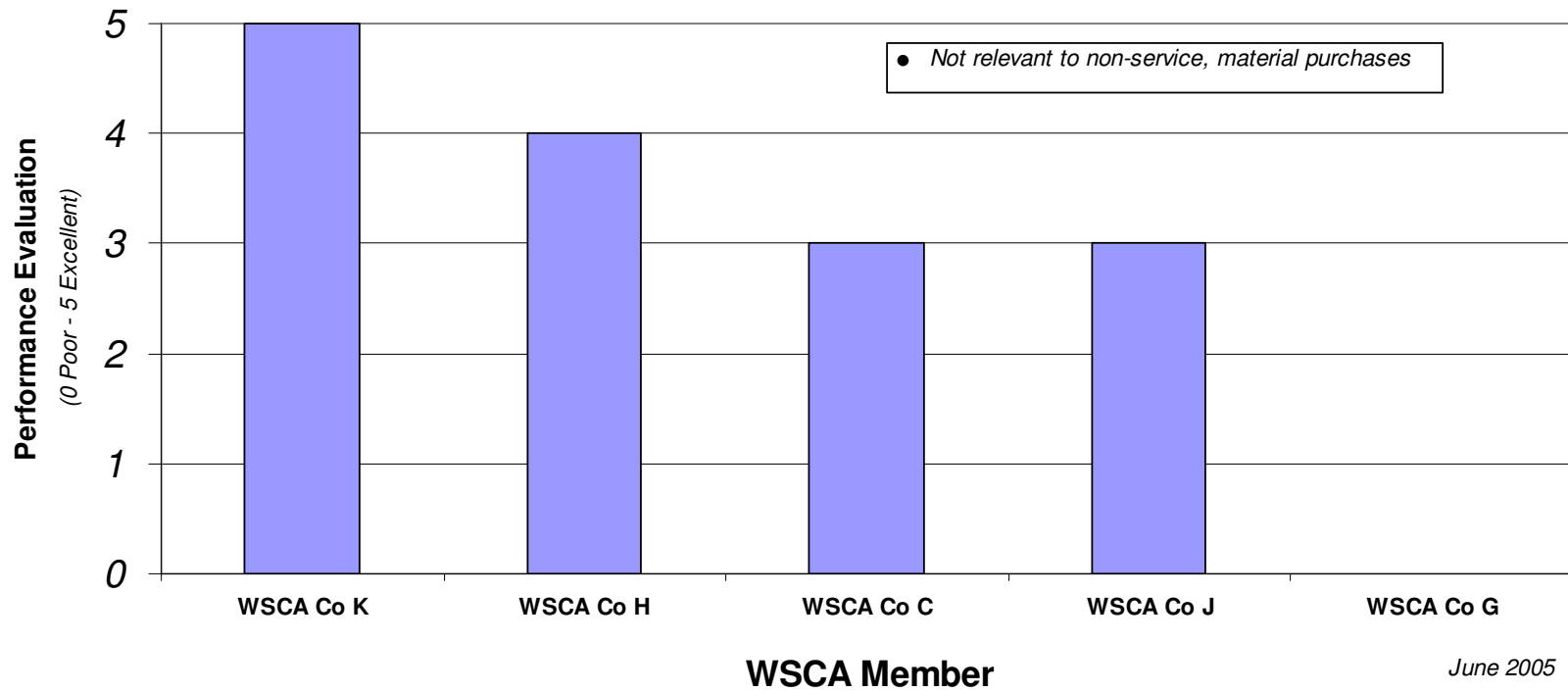


June 2005

## Assessment of WSCA Member (as Purchaser) Compliance with PPWG CoP

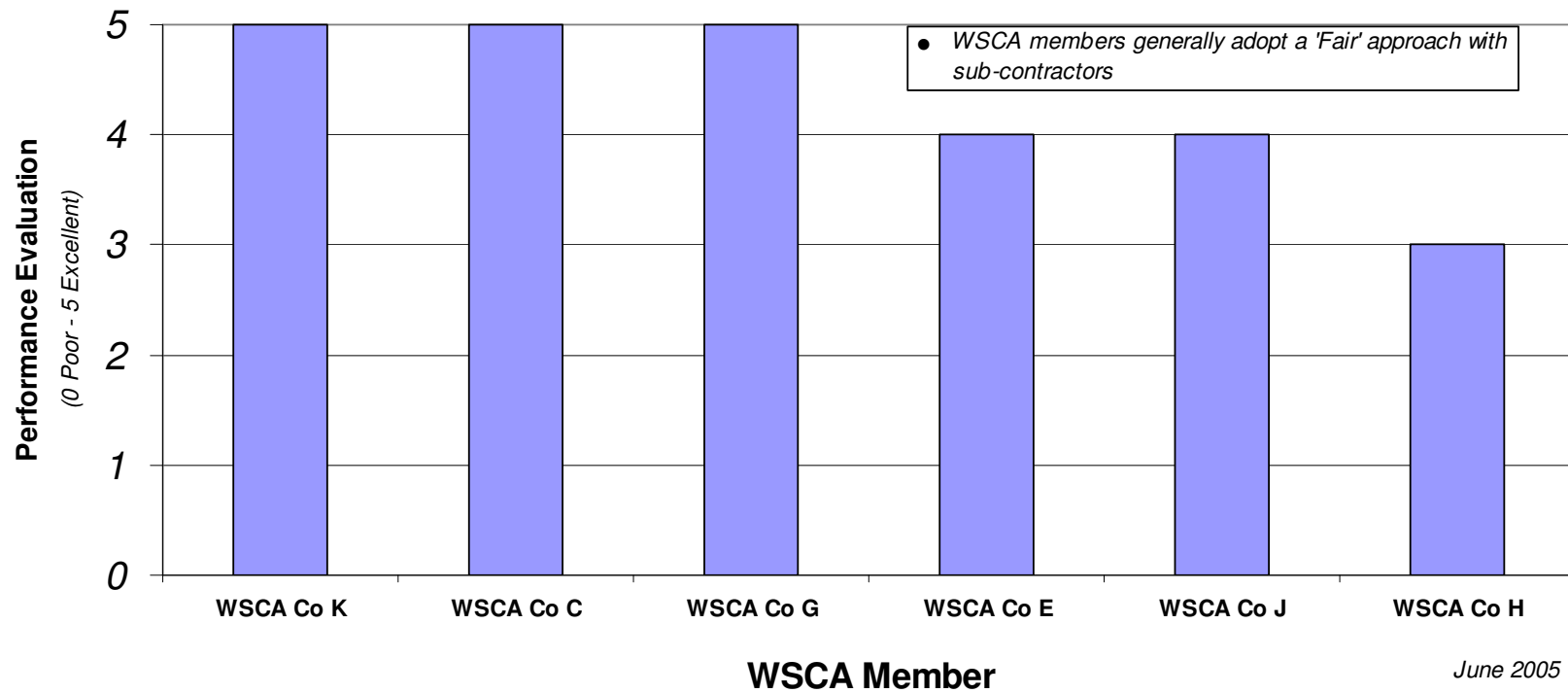
## Use of Special Conditions to CRINE



**Assessment of WSCA Member (as Purchaser) Compliance with PPWG CoP****Use of MHH Agreement**

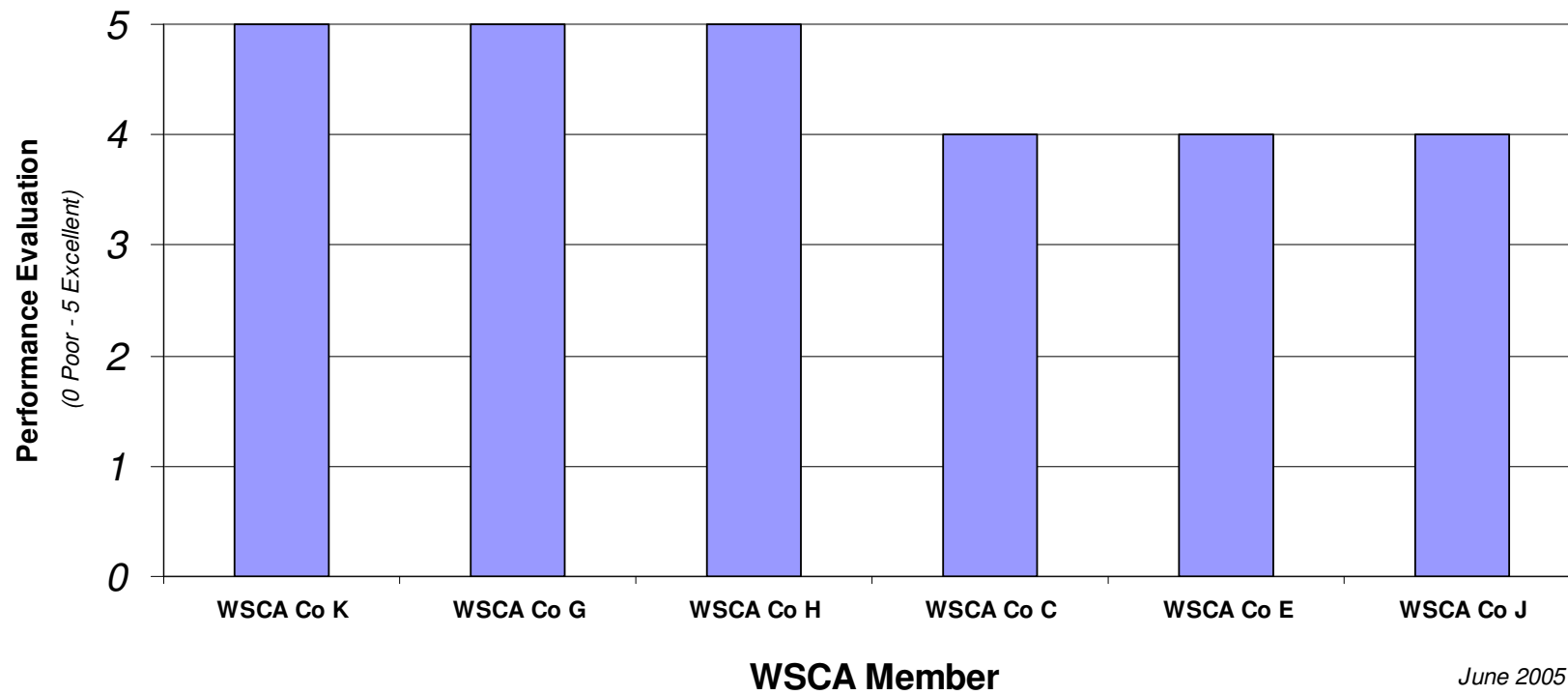
## Assessment of WSCA Member (as Purchaser) Compliance with PPWG CoP

## Reasonable Limits of Liability



## Assessment of WSCA Member (as Purchaser) Compliance with PPWG CoP

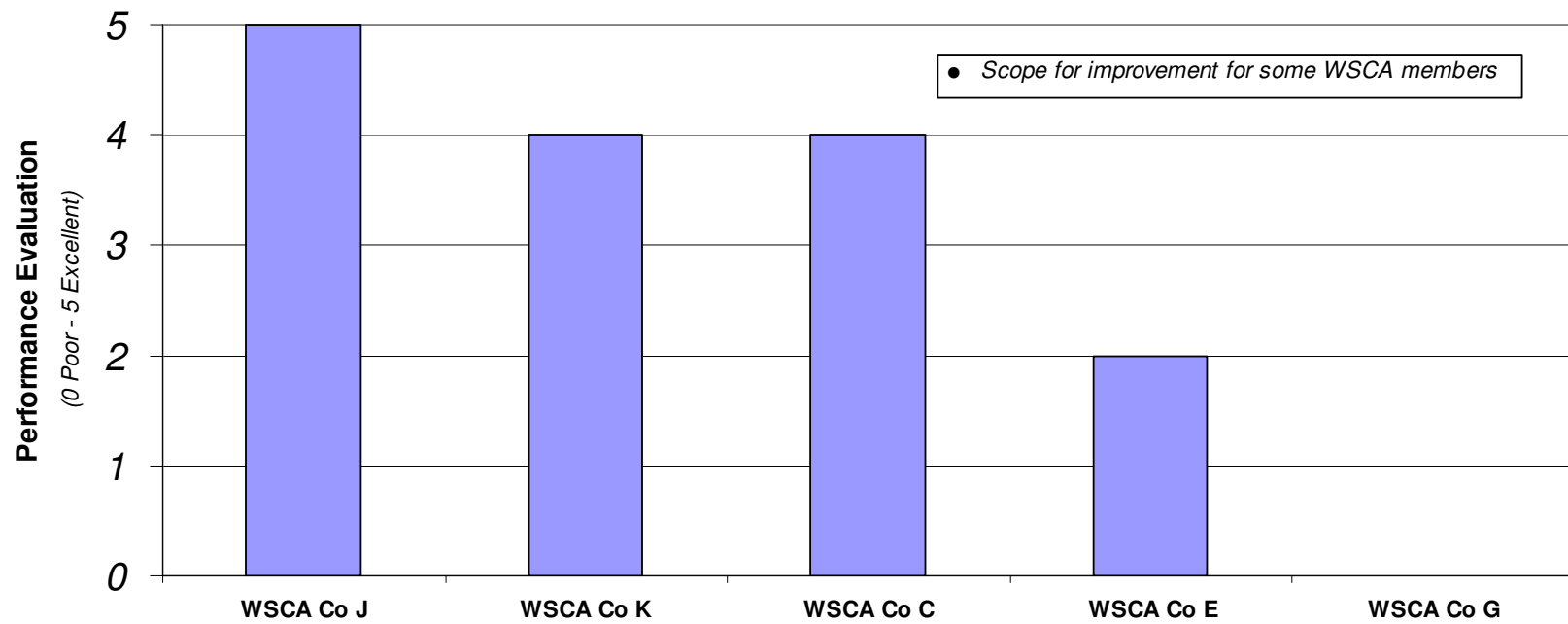
### Establishment of Appropriate Defect Correction Periods



June 2005

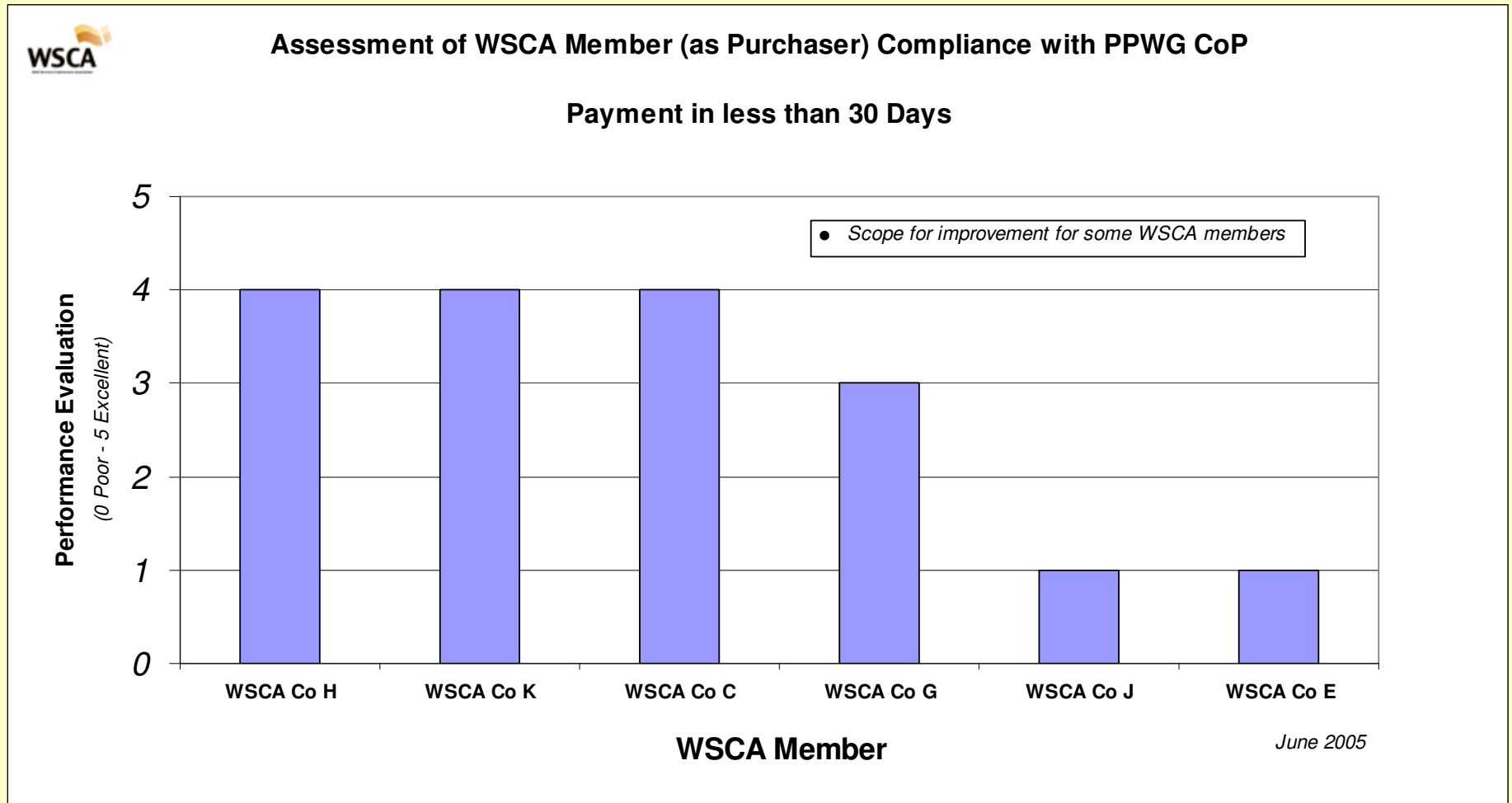
## Assessment of WSCA Member (as Purchaser) Compliance with PPWG CoP

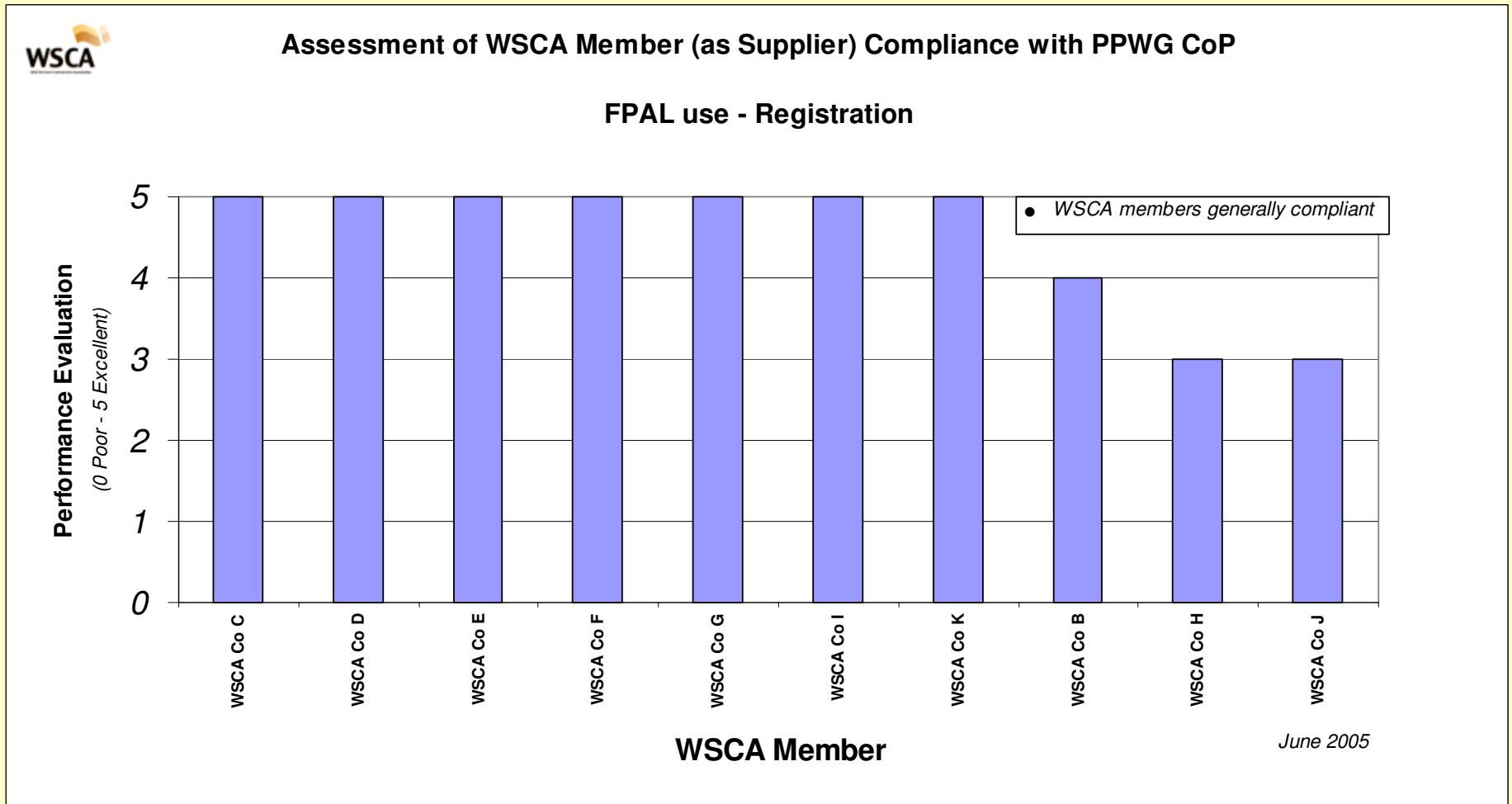
### KPI and Review Mechanism in place for Contracts >\$1mm



WSCA Member

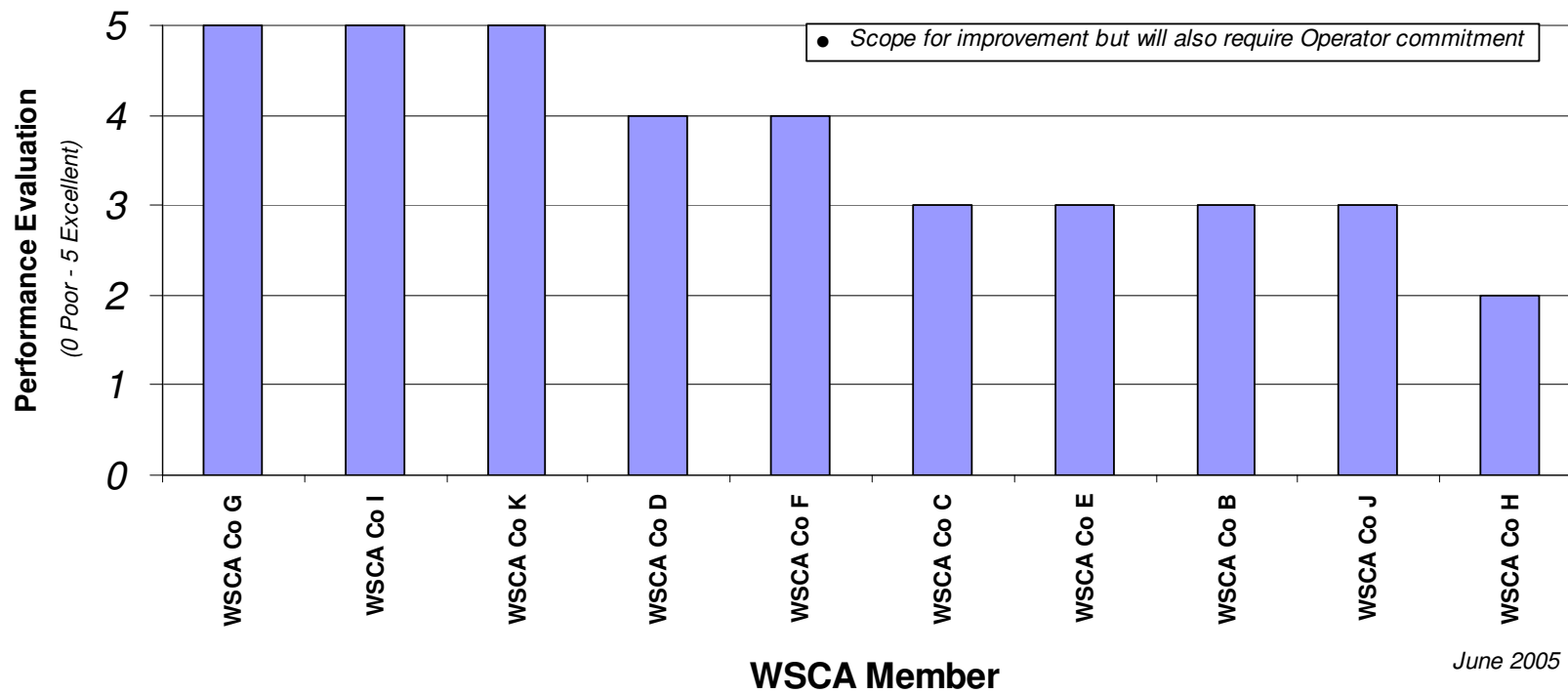
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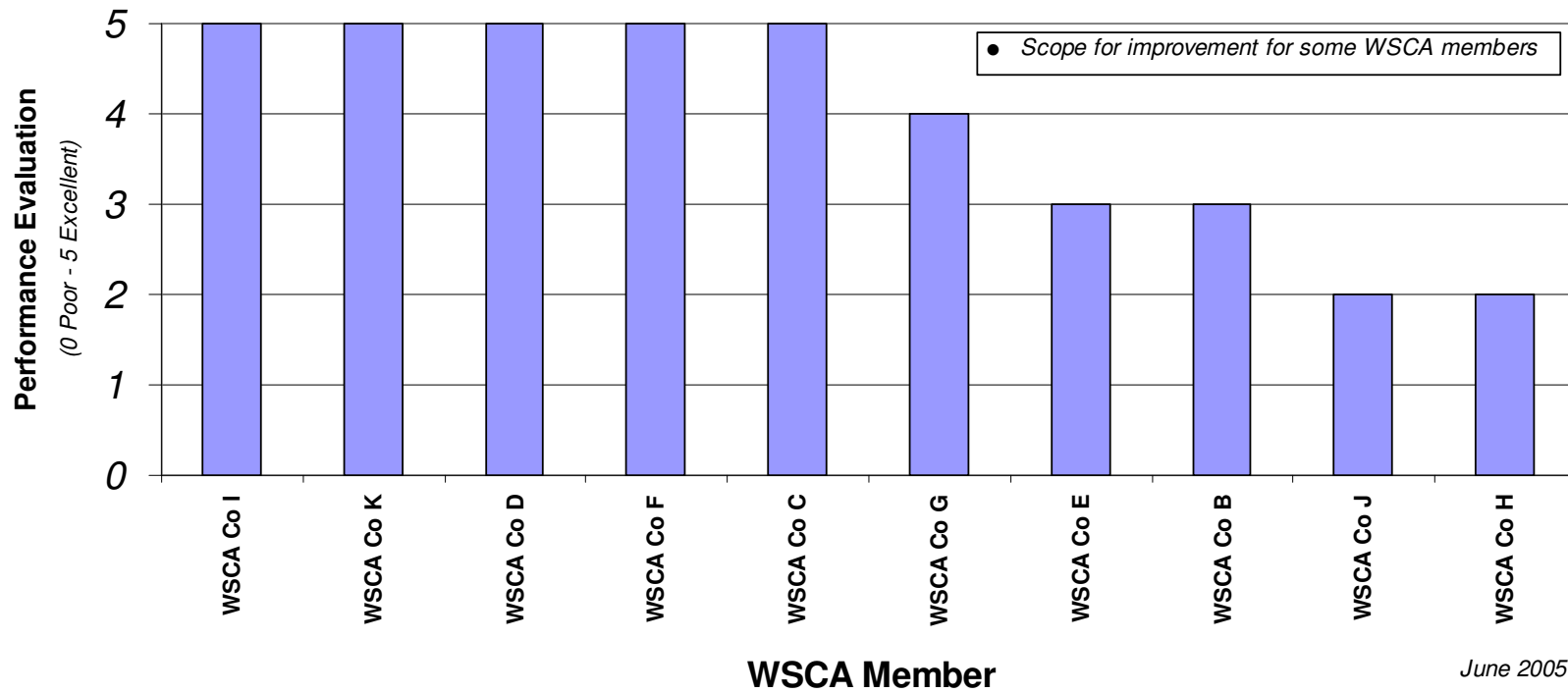
## Assessment of WSCA Member (as Supplier) Compliance with PPWG CoP

## FPAL use - Feedback to Client



## Assessment of WSCA Member (as Supplier) Compliance with PPWG CoP

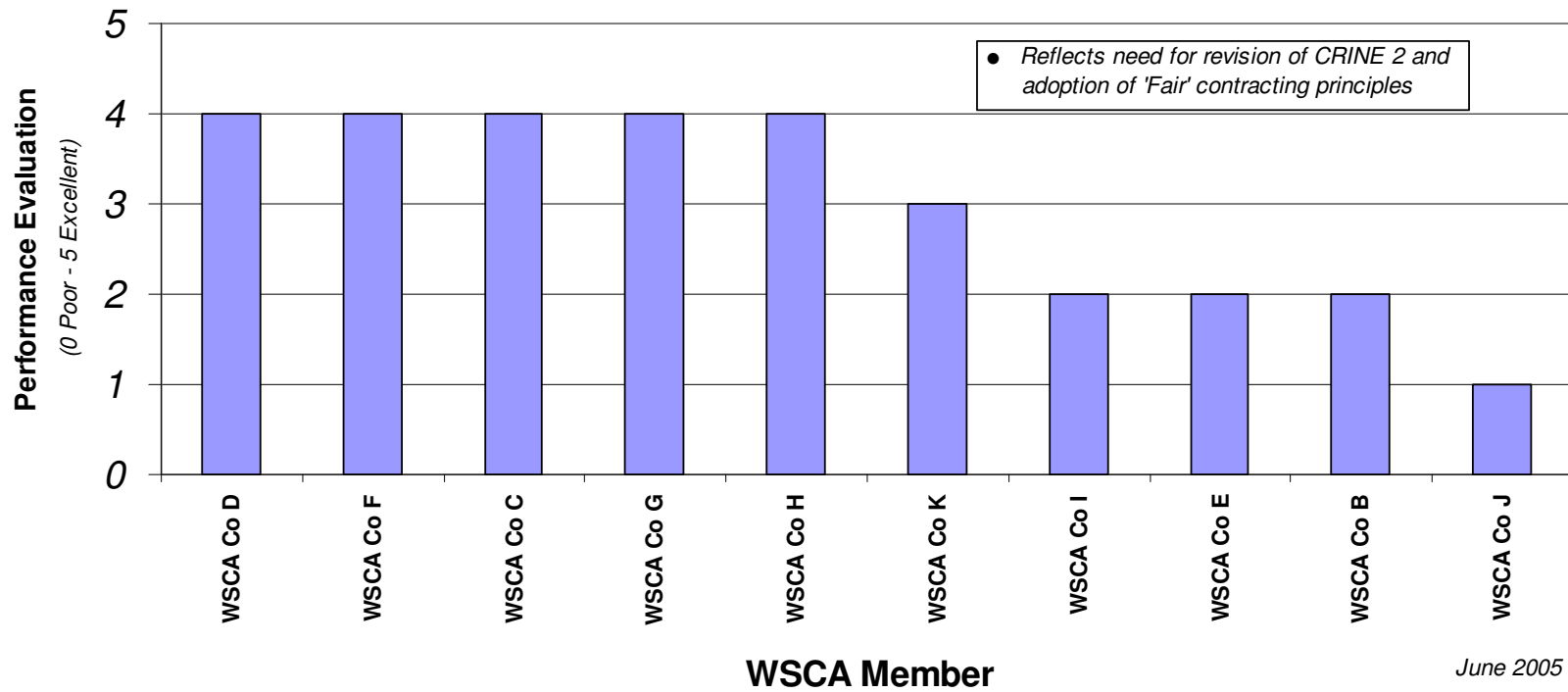
## FPAL use - CPQ Completion



June 2005

## Assessment of WSCA Member (as Supplier) Compliance with PPWG CoP

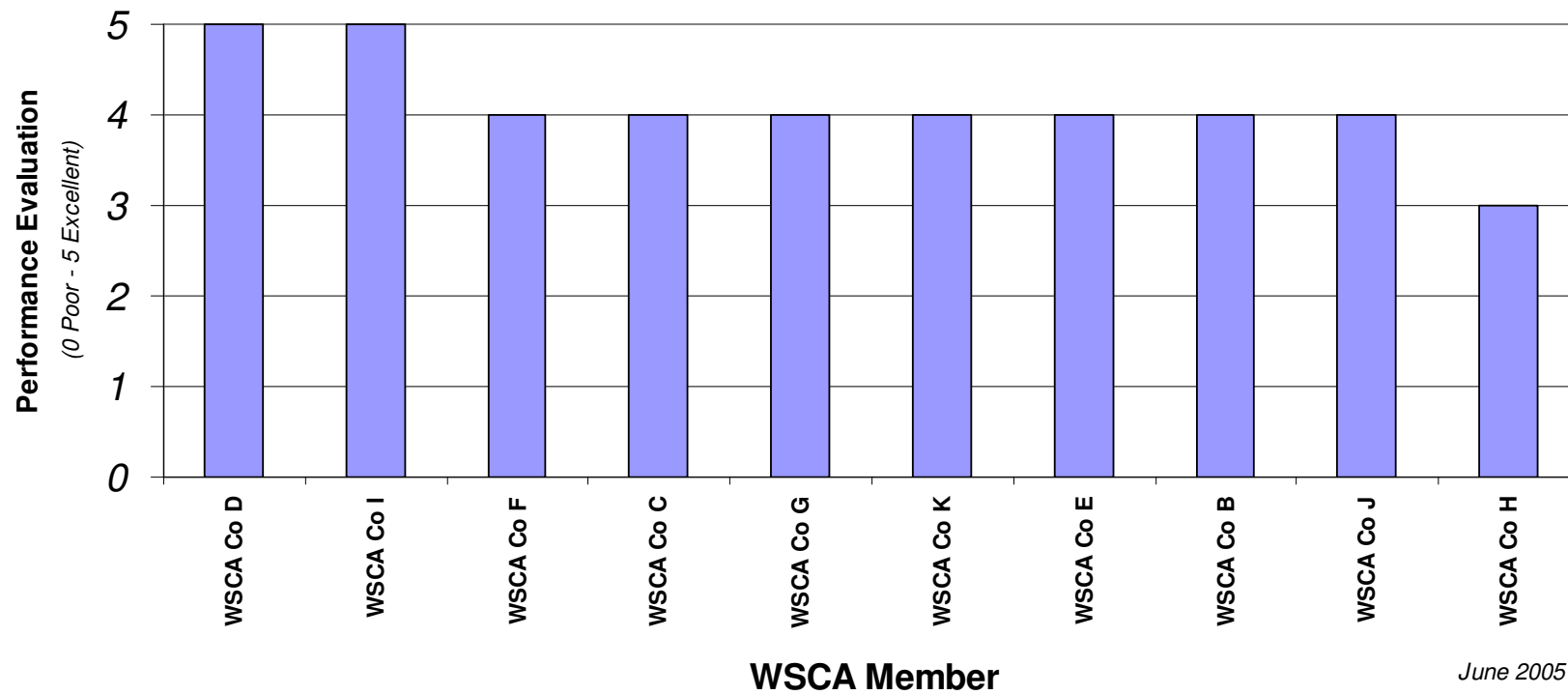
## Adherence to CRINE II





## Assessment of WSCA Member (as Supplier) Compliance with PPWG CoP

### Invoicing Quality



June 2005

## **CONCLUSIONS:**

### **1. CONTRACTORS**

**PPWG CoP of reducing relevance going down Supply Chain.**

**Many components not relevant to non-service and material purchases.**

#### **Areas for Improvement:**

##### **As Suppliers:**

- **Feedback to Client – requires Operator commitment.**
- **CPQ completion**

##### **As Purchasers:**

- **Upfront award criteria**
- **Feedback on lost bids**
- **Establish KPIs and review with sub-contractors**
- **Payment in 30 days**

## 2. OPERATORS

Improvement noted in most categories although number of Special Conditions seems to be increasing.

### Major Areas for Improvement

- No duplication of FPAL in ITTs
- Use LOGIC/CRINE or other Standard Contract with few Special Conditions
- Implement true Industry-wide MHH Agreement
- Reasonable Levels of Liability (including Third Party Proximate Liability)
- Payment in 30 days

## 3. GENERAL

Consideration should be given to revising CRINE II to reflect 'FAIR' allocation of Liabilities.

**Benchmarking:**

**Individual Company (Operator and WS Contractor) reports are available benchmarking performance against peers.**

**For your Company copy, e-mail [chris.strang@wsca.co.uk](mailto:chris.strang@wsca.co.uk)**