TFL VOICE OF THE SUPPLIER REPORT 2018

TRANSPORT FOR LONDON

V2.0

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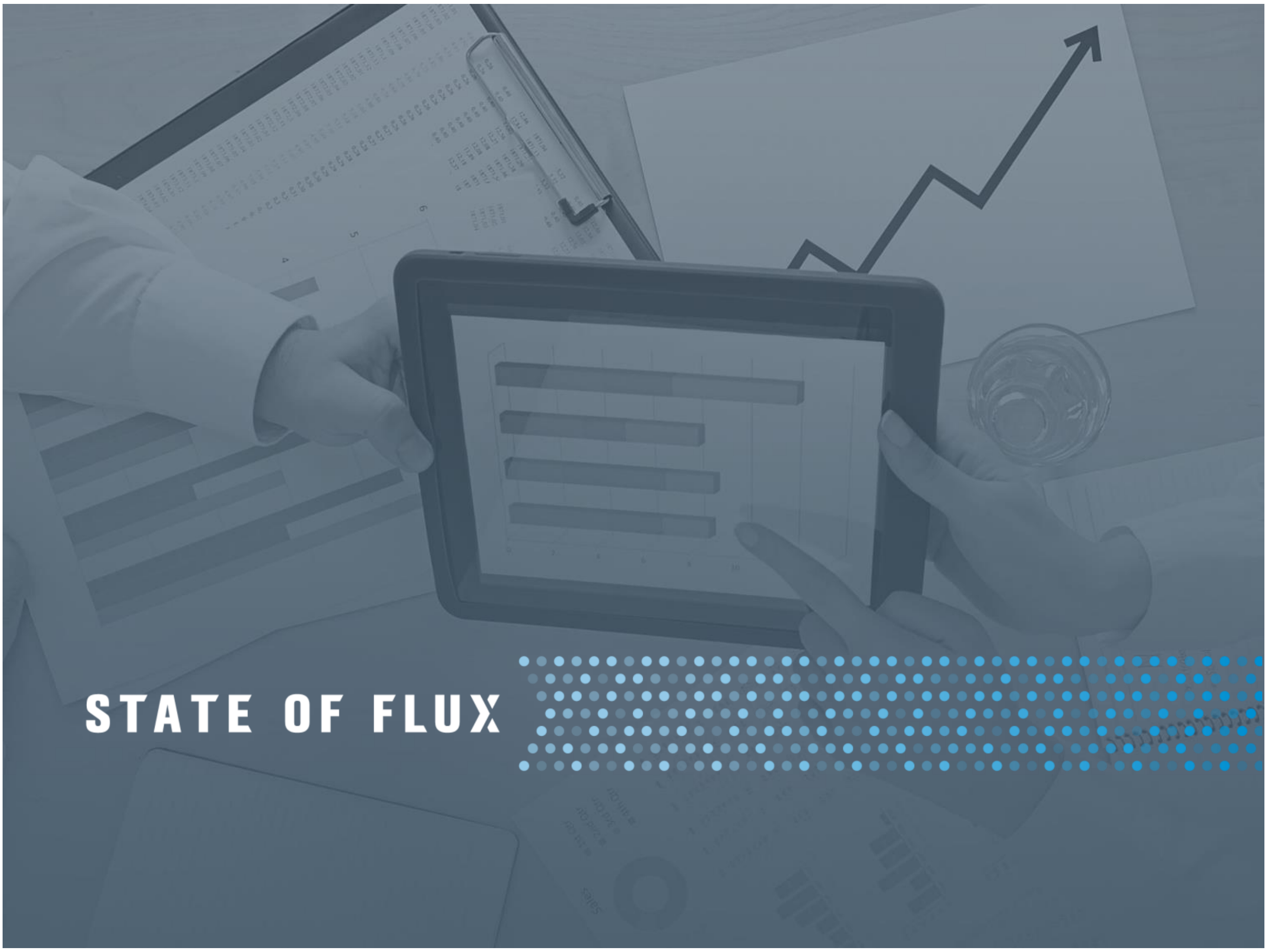

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ABOUT THIS REPORT

This Voice of the Supplier (VoS) report is the result of research undertaken with a number of Transport for London (*TfL)* suppliers via a structured online survey and follow-up telephone interviews. The purpose of the report is to help TfL understand how it is perceived as a customer by its key suppliers and identify areas for change that will enhance supplier relationships.

The report will provide qualitative and quantitative data analysis combined with State of Flux's expertise, which has been developed over thirteen years of work and research in procurement and Supplier Relationship Management (SRM).

State of Flux has been conducting Voice of the Supplier studies on behalf of clients since 2011. Combined with broader supplier relationship management research and consulting, we are well positioned to provide TfL with insights and benchmarking on how your suppliers regard the relationship and interactions that take place with you and the degree to which you are regarded as a customer of choice.

The report is presented as follows:

EXECUTIVE SUMMARY

- A summary of the approach to the research, its key findings and action areas.

RESULTS

An analysis of the responses to each question accompanied by a commentary on the key findings and action areas to address across the following aspects of your interactions and relationships with suppliers:

1. Growth and Innovation;
2. Responsible Procurement;
3. Contract and Commercial;
4. Operational and Transactional;
5. Relationship Management;
6. General Relationship (Customer of Choice).

SUMMARY AND NEXT STEPS

- A summary and guidance on next steps.

APPENDICES

1. Respondents' demographics - a demographic breakdown of the suppliers who responded to the online survey;
2. Survey respondents – a list of all companies who responded to the survey;
3. Comparisons – questions and graphs from the survey that relate to industry and competitor comparisons;
4. Additional information – Top 10 negative and positively scored sub questions as well as further analysis on Question 50;
5. About State of Flux - a brief description of our capabilities and our research.

EXECUTIVE SUMMARY

Introduction

This Voice of the Supplier (VoS) study was commissioned by TfL to provide an insight into how your suppliers perceive the relationship and interactions they have with you. The aim is to understand the extent to which you are seen by suppliers as best in class and potentially a customer of choice, as well as to highlight the main areas where improvements are needed.

Objectives

- **Enhance relationships from day 1** – the simple act of seeking feedback has a positive impact on relationships.
- **Longer term** - relationships improve and operational interactions are more efficient leading to cost and efficiency savings.
- **Customer of choice** – enhanced status results in preferred treatment beyond contractual obligations.
- **Insights** – improve understanding of your relationships with suppliers from their perspective. This includes insights into industry sector and competitor attributes.
- **Action areas** – obtain a clear indication of the areas where action will result in positive outcomes for supplier relationships enabling you to move closer to customer of choice status.
- **The case for change** – VoS feedback raises executive awareness of supply side dependencies, risks and opportunities thereby enhancing the case for change.
- **Measured data** – the ability to baseline supplier relationships and track progress.

Methodology

The State of Flux Voice of the Supplier explores six key aspects of supplier relationships and interactions.

1. Growth and innovation › Communication › Receptiveness › Barriers › Comparisons › Things that work / things that don't	**4. Operational and transactional** › Planning and forecasting › Ordering and fulfillment › Payment › Comparisons › Things that work / things that don't
2. Responsible procurement › Awareness › Impact › Receptiveness › Comparisons › Things that work / things that don't	**5. Relationship management** › Performance management › Risk management › Governance › Comparisons › Things that work / things that don't
3. Contract and commercial › Commercial flexibility › Tendering › Negotiations and contracting › Comparisons › Things that work / things that don't	**6. General relationship (Customer of Choice)** › Relationship attributes (supplier priority) › Relationship attributes (best customer) › Relationship attributes (client assessment) › Gap analysis

The Voice of Supplier has five stages, all facilitated and managed by experienced State of Flux personnel.

Stage 1. Online questionnaire*

A comprehensive question set designed to gather both quantitative and qualitative data from multiple suppliers.

Stage 2. Telephone interviews

Telephone interviews with selected suppliers to further explore questionnaire feedback and points of particular interest.

Stage 3. Analysis

Analysis of each question to identify key themes and trends that indicate common areas of concern or good practice.

Stage 4. The report

A detailed report with question by question analysis, commentary and recommendations.

Step 5. Feedback presentation

A face to face, video conference or WebEx presentation and discussion of key findings and analysis to key stakeholders.

The survey and interviews in numbers

- **64**[1] supplier organisation's invited to take part;
- Respondents from **36** supplier organisation's responded to the survey in the **4** weeks it was open;
- **56%**[2] response rate;
- **38%** of respondents waived their anonymity;
- **9** telephone interviews.

**Limitations of polling*

Anonymity
Supplier anonymity is the default position for this study. Suppliers are given the option of sharing their feedback but must indicate positively if they wish to do so.

Human nature
As with any study of this type, Voice of the Supplier is subject to influence by recent or on-going events. For some it is not easy to communicate negative feedback so there will be a tendency to 'sit on the fence'. For the purposes of this analysis this neutral position, for example 'moderate' or 'neither agree nor disagree' should be regarded as negative as it indicates that something could not easily be described as good and would therefore at best be described as average or more likely below average.

[1] *The survey was issued to 166 participants across the 64 organisations; of which 53 completed the survey (32% response rate).*

[2] *The average response rate by participant for Voice of the Supplier surveys is between 60-70%.*

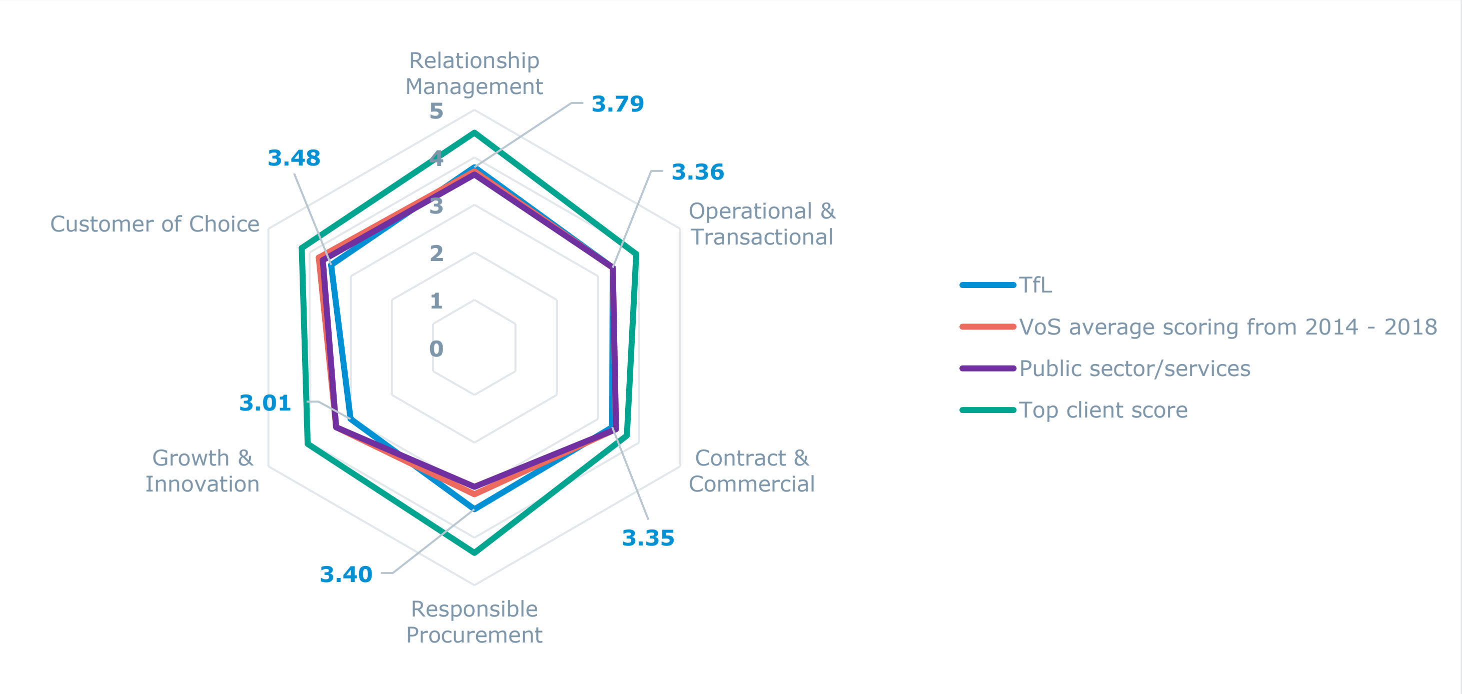
Key findings

Overall score

The spider diagram below indicates how supplier's rate their relationship and interactions with you on a scale of one to five (where one is very poor and five is very good) derived from responses to questions in each of the six relationship dimensions. For benchmarking purposes, this is compared to the average scores for other companies that State of Flux have conducted Voice of the Supplier studies with since 2014.

TfL overall score	**3.40**
All VoS average score	**3.44**
Public sector / services average score	**3.40**
State of Flux's top client score	**4.12**

	Growth & Innovation	Responsible Procurement	Contract & Commercial	Operational & Transactional	Relationship Management	Customer of Choice	Overall Score
TfL	3.01	3.40	3.35	3.36	3.79	3.48	3.40
Top client	4.05	4.32	3.7	3.93	4.52	4.19	4.12
VoS average	3.35	3.09	3.44	3.36	3.71	3.78	3.45
Public sector	3.35	2.93	3.44	3.36	3.64	3.68	3.40



An overall score of **3.40** indicates that many of your supplier relationships are likely to have clear challenges that are probably inhibiting performance and increasing risk. There will be significant room for improvement and the need to focus on both operational improvement and developing more positive behaviours.

- **> 4.5** - relationships that, as a result of optimised processes, behaviours and technology, would be considered best in class.
- **4.0 to 4.4** - relationships that have many positive characteristics and are approaching best in class. While improvement is still desirable supplier satisfaction is high.
- **3.5 to 3.9 -** relationships that for the most part are seen as positive by suppliers but will still have significant room for improvement. The focus needs to be on both operational improvement and developing more positive behaviours.
- **3.0 to 3.4** - relationships with clear challenges that are probably inhibiting performance and increasing risk. There will be significant room for improvement and the need to focus on both operational improvement and developing more positive behaviours.
- **2.0 to 2.9** - relationships with significant challenges that are certain to be inhibiting performance and increasing risk. Improvement is urgently required to mitigate risk.
- **< 1.9** - relationships that are for the most part dysfunctional; inhibiting performance and significantly increasing levels of risk. Improvement is urgently required to mitigate risk.

Key priorities

What do your suppliers consider to be TfL's top four priorities for delivering its services through the supply chain?

The table below provides some of the priorities suppliers provided when asked what they felt TfL's top priorities were.

What would you consider to be TfL's top four priorities for delivering its services through the supply chain:
Value for money *Cost reduction* *Quality of products* *Health and safety* *Sustainability and environment*

Growth and Innovation 3.01

How well suppliers believe they are engaged to share and contribute to your growth and business development plans? How open and collaborative are you on continuous improvement and innovation?

- **Communication** – suppliers express some frustration at what appears to be an inconsistent and uncoordinated approach to communication. This will likely result in suppliers being less aligned and able to support your goals.
- **Receptiveness** – TfL are considered to be receptive to change. However, this tends to be restricted to ideas which have a cost impact.
- **Implementing innovation** - The main barriers to the successful implementation of innovation are a lack of risk appetite from TfL; slow decision making; and a lack of effective engagement.
- **Industry / competitor comparison** – Suppliers generally selected the transportation sector when asked which industry was most advanced in growth and innovation. When compared to its peers, TfL was selected as one of the better companies to work with alongside Network Rail and Highways England.

Responsible Procurement 3.40

In the context of this questionnaire responsible procurement includes environmentally, socially responsible and ethical business practices, as defined by TfL.

- **Strategy and objectives** – Almost all of your suppliers have some awareness of TfL's responsible procurement strategy and over 50% of respondents indicated that they are fully aware.
- **Responsible procurement impact** – The majority (68%) of suppliers agreed that TfL challenge them to improve their responsible procurement practices. However, some suppliers felt TfL could provide more support to help suppliers improve their responsible procurement practices and that it could be made more of a key element of how you award your contracts;
- **Industry / competitor comparison** – Suppliers generally selected the transportation sector when asked which industry was most advanced in responsible procurement. When compared to its peers, TfL was selected as one of the better companies to work with alongside Network Rail and HS2.

Contract and Commercial 3.35

How suppliers regard their contract and commercial interactions with you.

- **Openness to commercial proposals** – Suppliers do not feel that TfL is open to different types of commercial proposals and it is those with a more direct cost impact that are better received. Others such as risk and reward sharing and joint projects and investments that require more thought and possibly a longer term payback are not considered so readily.
- **Tendering process and feedback on bids** – Suppliers agreed that for the most part, TfL's tendering processes are efficient. However, a significant proportion of respondents felt the process is long and even burdensome. Others also commented that feedback to unsuccessful bids could be provided more often.
- **Engagement and negotiations** – Suppliers agreed that TfL engages with them early to build requirements and that TfL is trustworthy and honours agreements. However, some suppliers felt TfL could be more flexible regarding contract terms and conditions, and not only focus on price at the expense of other factors when awarding contracts.
- **Industry / competitor comparison** – Suppliers generally selected the transportation sector when asked which industry was most advanced in contract and commercial matters. When compared to its peers, TfL was selected as one of the better companies to work with alongside Network Rail and Highways England.

Operational and Transactional 3.36

Looking at various aspects of the operational and transactional interactions; including planning and forecasting, order fulfilment and payment.

- **Planning and forecasting** - Suppliers are critical of TfL's planning and forecasting, with a number reporting that they do not receive adequate planning and forecasting information, resulting in them being unable to optimise their own operations to support. Change and fluctuation also appears to be an issue.
- **Ordering and fulfilment** - Responses indicate that generally suppliers are positive about TfL's ordering and fulfilment practices. The notable exception was the relatively high proportion of suppliers who responded negatively when asked if appropriate compensation is given if orders are cancelled.

- **Payment practices** – The vast majority of suppliers were happy with TfL's payment practices, and the majority of your suppliers would rank TfL's payment practices as the same or better than other customers.
- **Industry / competitor comparison** – Suppliers generally selected the transportation sector when asked which industry was most advanced in operational and transactional matters. When compared to its peers, TfL was selected as one of the better companies to work with alongside Network Rail.

Relationship Management 3.79

A review of how suppliers perceive you manage the relationship with them.

- **Performance management** – 75% of suppliers were positive about how performance is currently managed. Areas such as jointly agreeing scorecard contents, including KPIs for TfL in performance reviews and providing constructive feedback of a supplier's performance, were areas identified for improvement.
- **Risk management** – 64% of suppliers were positive about how risk is currently managed. Feedback suggests improvements could be made in jointly agreeing the risk status, running a joint risk log and conducting regular risk reviews.
- **Roles and responsibilities** - For the most part, suppliers seem to understand who in the TfL is responsible for various aspects of their relationship.
- **Decision making** – Suppliers generally felt that decision making could be more timely and that business units could work together more effectively.
- **Supplier opinions of TfL** – 77% of respondents indicated that they would speak highly of TfL. However almost a quarter of respondents indicated that they would speak critically if asked their opinion.
- **Industry / competitor comparison** – Suppliers generally selected the transportation sector when asked which industry was most advanced in relationship management. When compared to its peers, TfL was selected as one of the better companies to work with alongside Network Rail and Highways England.

Customer of Choice 3.48

How do suppliers perceive you? Are you a Customer of Choice?

Suppliers were asked about the importance they place on various attributes and behaviours demonstrated by customers. The top five attributes they identified as the most important to them were:

1. Trustworthy
2. Transparent
3. A long term partner
4. Communication
5. Collaborative

Suppliers were then asked to rate the extent to which TfL demonstrated these attributes when compared to their 'best customer'. This revealed that TfL are not ranked as a best customer for any of these attributes.

TfL's **strongest five attributes** (importance of those attributes to suppliers shown in brackets):

1. Payment (8th)
2. Brand and reputation (16th)
3. Long term partner (3rd)
4. Trustworthy (1st)

5. Trusting (9th)

TfL's **weakest five attributes**, (importance of those attributes to suppliers shown in brackets):

1. Innovative (13th)
2. Consistent (12th)
3. Supportive (14th)
4. Relationship development (11th)
5. Communication (4th)
6. Revenue and profitability (15th)

While some of TfL's stronger attributes do align well to those considered important by suppliers, the degree to which these are demonstrated by TfL still lags behind other customers.

Action areas:

Growth and Innovation

- Create a supplier communication strategy (in conjunction with your communications or public affairs function) to ensure that appropriate information is shared with suppliers effectively and consistently.
- Develop the skills, competencies and processes to engage with suppliers effectively to make sure you are taking maximum advantage of your suppliers' capability and expertise.
- Consider guided innovation.
- Review and streamline decision making processes. Companies that lead in effective change execution and innovation have optimised decision making processes without sacrificing rigorous scrutiny.
- Explore the appetite you have for change and innovation. Target areas where business challenges can be addressed by supplier input and focus on these.

Responsible Procurement

- Consider how your responsible procurement strategy and standards can be even more effectively positioned with key suppliers via a more continued active dialogue in strategic discussions and joint initiatives.
- Look at the way responsible procurement requirements are reflected in RFPs. Avoid it being a minimum compliance 'tick box' exercise but instead work with the appropriate business area to develop meaningful requirements that will advance your responsible procurement agenda.
- Ensure that the weighted decision making criteria in the procurement process adequately reflect the importance of the supplier's response to responsible procurement requirements.

Contract and Commercial

- Be more open to proposals on risk and reward sharing and joint projects, where appropriate;
- Rather than focusing solely on price, consider demonstrating to suppliers that factors such as performance, quality, safety and long-term commitment are being considered for supplier selection and relationship development.

- Consider how the procurement function is measured and incentivised with relation to supplier proposals that do not simply relate to price
- Review the tendering process and tighten where necessary.
- Review both the tendering process and negotiations to ensure that practitioners understand the value of non-price benefits and are able to balance negotiated outcomes to reflect both. Review your approach to negotiation planning and, where appropriate, take a more flexible approach to terms and conditions.

Operational and Transactional

- Review forecasting and ordering processes to ensure notice of varying volume is sufficient and lead times are followed. Some training and awareness might be required to ensure operational staff are aware of lead time constraints and the impact this can have on suppliers.
- Focus on the stability of the forecasting and the planning information that is being communicated to suppliers; helping suppliers to optimise their own ordering and inventory would lower their cost of doing business with you.
- Some levels of change in demand is unavoidable but efforts should be made to minimize this. The impact of change can be mitigated by good communication related to planning and forecasting and put more emphasis on this in performance meetings.

Relationship Management

- Review performance management processes from requirements definition where standards, specifications, service levels, etc. should be set through transitioning these into an approach to market and contracts. The design of KPIs should be effective, efficient and working collaboratively with business areas and suppliers to implement effective performance management reviews and reporting.
- As part of creating best practice governance structures for supplier relationships, develop a RACI matrix with clear roles and responsibilities for your most strategic supplier relationships.
- As part of creating best practice governance structures for supplier relationships, develop a set of meetings with a clear purpose and required outcomes for your most strategic supplier relationships.
- Design standard agendas and increase the use of technology to manage information and actions.
- Rationalise meetings to make them as efficient as possible.
- Review decision making and where possible streamline processes.

Customer of Choice

- While overall you are not considered a customer of choice for any of the key relationship attributes identified it is clear that the gap is greater in some areas compared to others. It is recommended that those attributes considered the most important by suppliers and where the largest gap exists are the focus of your attention.
- Taking this into consideration, and focusing on the top five attributes, you should pay particular attention to continuing to act in a trustworthy manner; improving transparency and communication, as well as looking to work with suppliers collaboratively and as a long-term partner.

Next steps

- Participating suppliers are thanked for their participation and given an overview of next steps;
- This report is shared with senior management as positive feedback, in that it provides a comprehensive overview of the current perception of TfL from the supplier perspective and can be used to support the case for change in approach to supplier management in general and strategic supplier specifically;
- The findings of this report are examined and the root causes of the issues highlighted by supplier feedback are identified. This could be done via a problem solving workshop;
- Corrective actions are identified and prioritised and a programme of work consisting of firm 30, 60 and 90 day commitments agreed, along with any budget and resource requirements. This programme of work needs to be sponsored by the senior leadership team and supported by an effective change management and communication strategy.

VOICE OF THE SUPPLIER ANALYSIS

This section provides an overview of results and a question by question analysis of the Voice of the Supplier (VoS) responses provided by suppliers to the online questionnaire and also any relevant free text feedback and key points raised during interviews.

The analysis reflects the six relationship dimensions being studied.

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Overall score

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	Growth & Innovation	Responsible Procurement	Contract & Commercial	Operational & Transactional	Relationship Management	Customer of Choice	Overall Score
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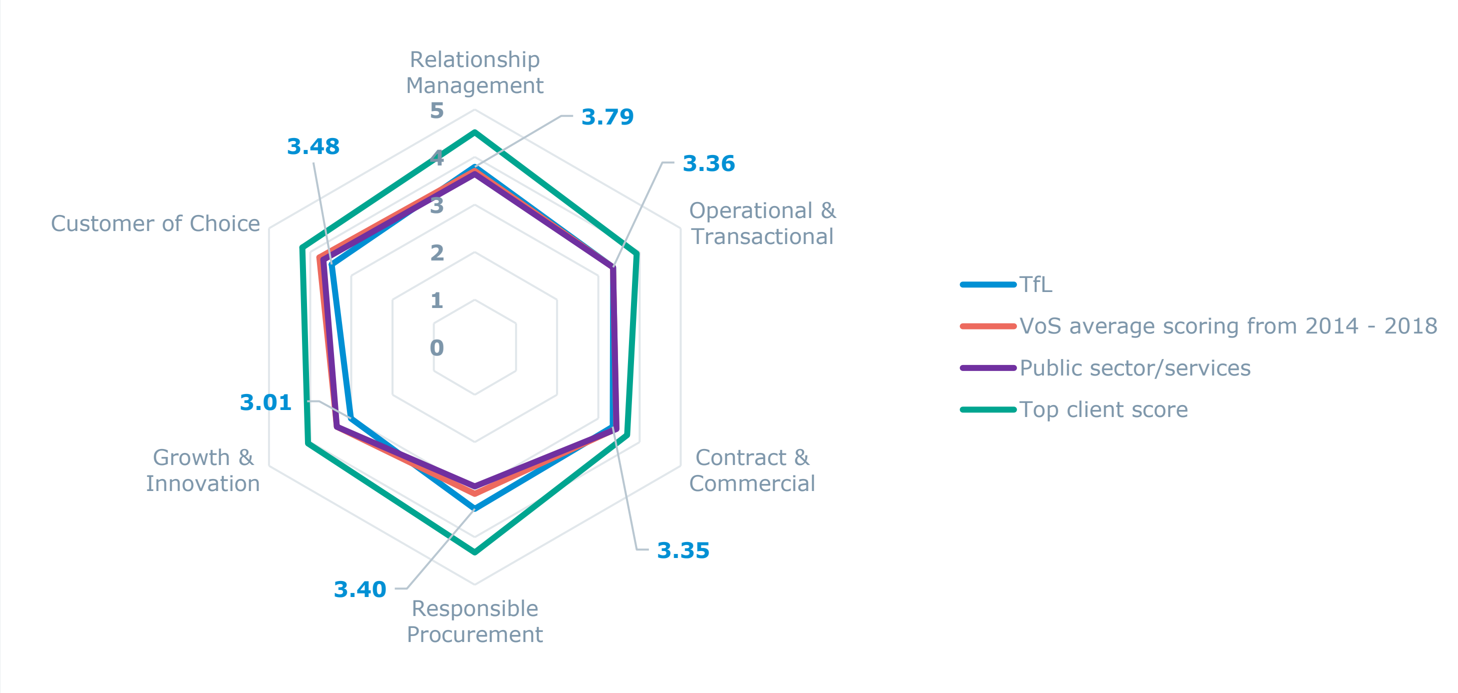
Top client score	4.05	4.32	3.7	3.93	4.52	4.19	4.12
VoS average scoring from 2014 - 2018	3.35	3.09	3.44	3.36	3.71	3.78	3.45
Public sector	3.35	2.93	3.44	3.36	3.64	3.68	3.40

The spider diagram below indicates how supplier's rate their relationship and interactions with you on a scale of one to five (where one is very poor and five is very good) derived from responses to questions in each of the six relationship dimensions. For benchmarking purposes, this is compared to the average scores for other companies that State of Flux have conducted Voice of the Supplier studies since 2014.



An overall score of **3.40** indicates that many of your supplier relationships are likely to be reflecting the challenges that are probably inhibiting performance and increasing risk. There will be significant room for improvement and the need to focus on both operational improvement and developing more positive behaviours.

- **> 4.5** - relationships that, as a result of optimised processes, behaviours and technology, would be considered best in class.
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Your overall score would indicate that many of your supplier relationships have clear challenges that are probably having a negative impact on performance and will be increasing supply chain risk. You are unlikely to seen as a customer of choice with many suppliers and as a result you will be missing out on benefits such as preferential pricing and good service levels; first access to innovation and attracting their very best people to work on your account.

Benchmarking*

This analysis reveals that overall you compare less favourably with companies that have undertaken VoS studies with State of Flux since 2014. However, you do compare more similarly with industry sector peers.

**Benchmarking note:*
Clearly, compared to global markets the number of companies that have conducted VoS studies with State of Flux is relatively small. In addition it should be remembered that this group is in some ways self-selecting in that they are likely to have acknowledged challenges with supplier relationships and be coming from a low base.

1. Growth and Innovation

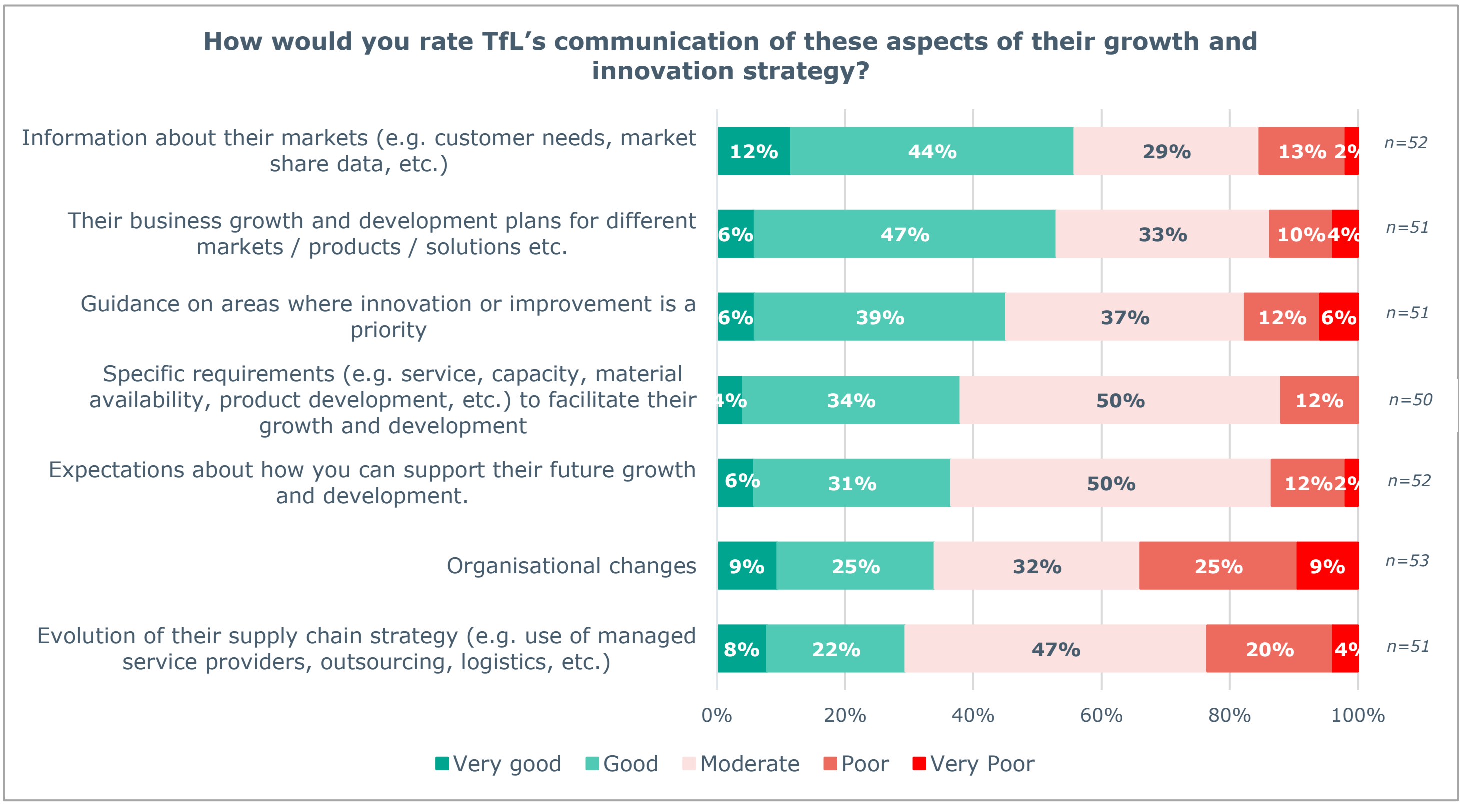
This section focuses on the following aspects of your interactions and relationships with suppliers relating to how they perceive your approach to growth and innovation:

- Growth and business development plans and how suppliers are engaged to share and contribute to these.
- How open and collaborative you are relating to continuous improvement and innovation.
- What barriers suppliers perceive there to be when it comes to engaging with you more successfully in continuous improvement and innovation.

The questionnaire scoring for TfL on this attribute was **3.01**.

Analysis

Question 5. How would you rate TfL communication of these aspects of their growth and innovation strategy?



Responses to this question indicate that suppliers scored TfL fairly positively when it comes to the communication they receive in the area of growth and innovation, but there is still room for improvement. The large number of moderate responses to this question indicate some inconsistency and dissatisfaction in terms of communication with suppliers regarding some of the topics above.

The most effective communication takes place around information of TfL's markets as well as their growth and development plans for the future. Suppliers seem to know the least about what you are doing at a corporate level with organisational changes and how your supply chain strategy is evolving. Both of these topics can create uncertainty for suppliers and around which a good communication strategy needs to be developed.

Suppliers' expectations are not always realistic in terms of what will be routinely communicated to them and this could influence feedback to these questions. However, it is clear that you could better position your organisation and be perceived as a better communicator. Sharing information with suppliers is effectively reverse marketing that positions a company as a leading communicator and more open and transparent, which in turn creates more trust.

"With us, our biggest issue is forward planning, to put forward business cases for further investment we need certainty… We have our five year rolling plans so it's very helpful to have this communication."

Anonymous

"I interface with TfL at all different levels. They do a lot of market engagement stuff. They tell us what the strategy is, what things are moving, what the challenges are and then we can look at how we can help. The supplier engagement day is also really good as it explains how things are moving and what the challenges are."

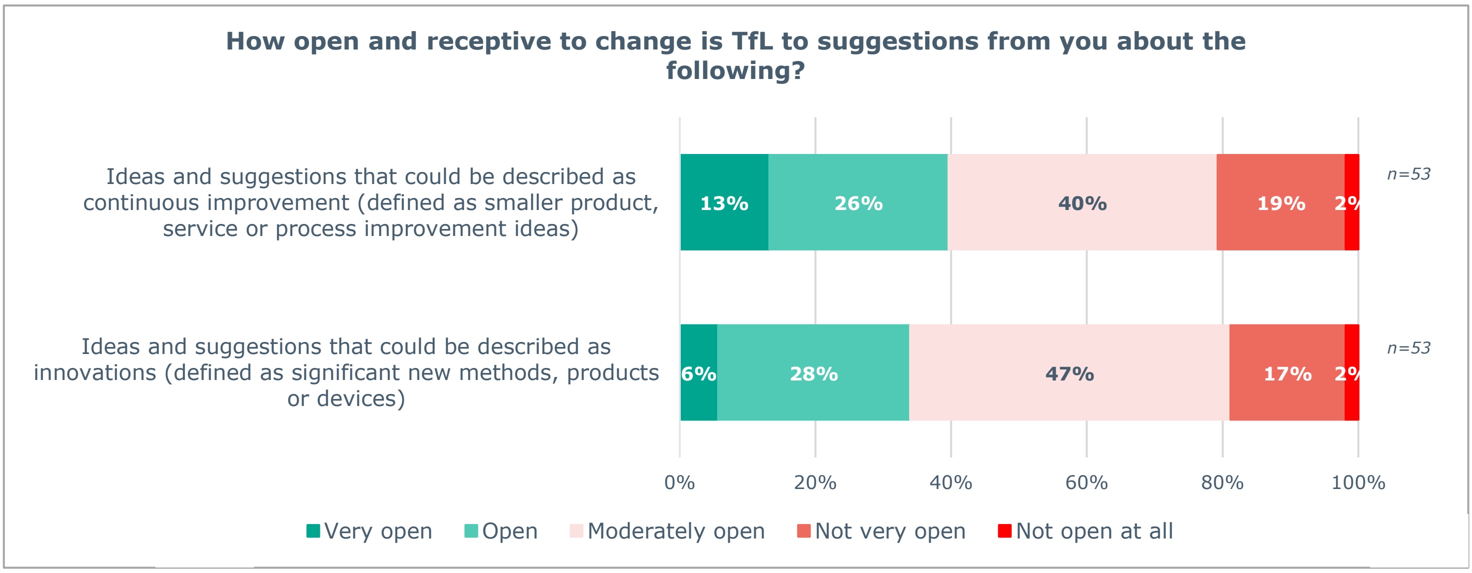
Anonymous

Where I think they are good, is where things involve the passenger - so oyster cards, Wi-Fi or marketing. They are very good at that.

When it comes to upgrading with their infrastructure and communicating that, I don't think they are very good at it. Things like their procurement message, there is a link to their procurement and that tells me the key stuff, it tells you about projects coming up etc., but the information is wrong - as David Wylie says different things to it. When you bring this up with team it doesn't get corrected and what you end up with, is confusing messages in the market, other suppliers having mixed messages and people not knowing what's coming up to bid for.

Anonymous

Question 6. How open and receptive to change is TfL to suggestions from you about the following?



The majority of suppliers report that TfL is 'moderately open' to change described as continuous improvement and ideas that could be described as innovations. The number of non-committal responses for both suggests that there is room for improvement around TfL's openness to innovation. On another note, some interviewees mentioned that because TfL needs to take all ideas to tender (and therefore potentially introduce their ideas to competitors), they are less willing to provide TfL with some of their innovations.

Any failure to be open to ideas on improvement or innovation is likely to result in supplier frustration and the possibility that these approaches will happen less frequently. This could be damaging when it comes to innovation where the loss of supplier preference in this area could directly benefit your competitors.

"We've done loads and loads of continuous improvement with TfL."

Anonymous

"In the past, they weren't at all, but now I think there is a much more open approach. They're competing against technology, like Uber, there's all these apps. The world is moving fast and TfL needs to move with it."

Anonymous

"The thing about innovation is that we are in a market where TfL is very cost focussed; lowest cost focus which requires us to hold back our best ideas when we tender. What you really want to be able to do is bring those ideas forward and share them, but that can't happen it's just a consequence of the way we tend to tender."

Anonymous

"At a senior level, there is a desire for innovation, but it's hard to get the innovation through….It's because there is a committee, it needs one person to make the decision."

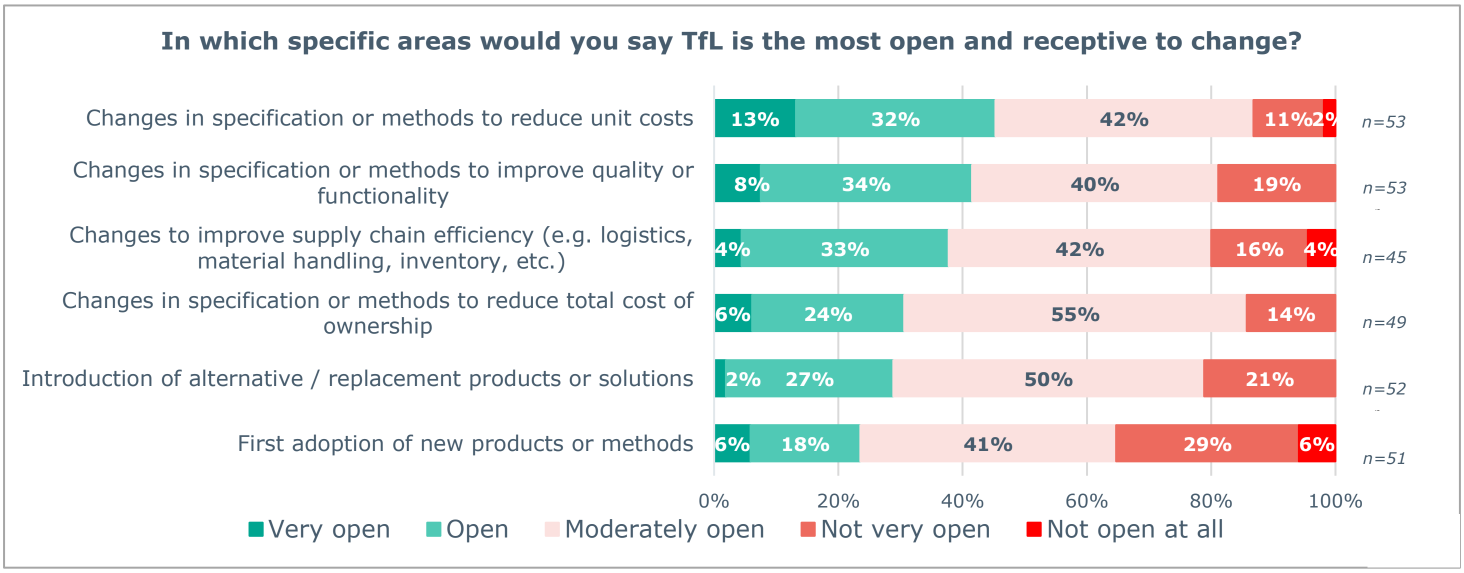
Anonymous

"When you bring ideas to them, it's difficult to get traction on that and also retain your commercial intellect. You're fairly dissuaded from doing it.

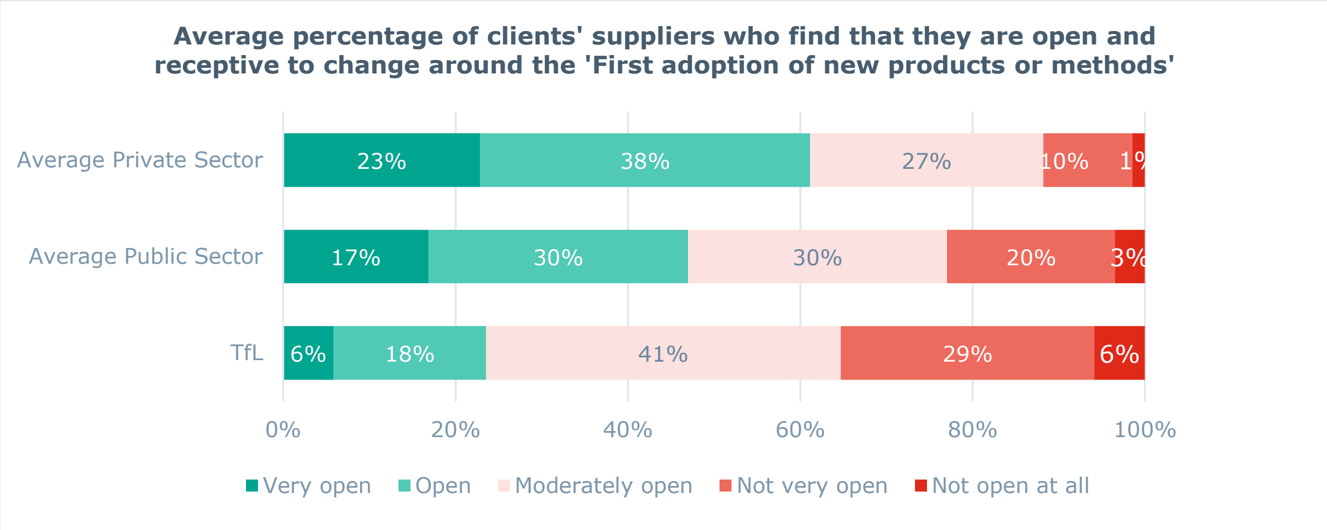
If TFL wanted to plug into the intellectual catalogue from their supply chain, they would need to be clear about the areas, and clearer on how they would engage the market to get ideas without sharing intellectual capital. There would be ways in constructing acceptable communications from suppliers where they feel protected from sharing all their ideas."

Anonymous

Question 7. In which specific areas would you say TfL is the most open and receptive to change?



	Average answer option to Q7.				
	Very open	**Open**	**Moderately open**	**Not very open**	**Not open at all**
Average response	7%	28%	45%	18%	2%



This feedback needs to be considered in conjunction with the responses to question 6. This feedback indicates that suppliers believe you are less likely to be receptive to ideas that relate to the first adoption of a new product or method, or the introduction of alternatives. Generally suppliers believe you to be more open to ideas that have an impact on cost rather than those that improve supply chain efficiency. Across all of the areas where suppliers were asked how open to change TfL are, on average the majority found you moderately open. Whilst not a negative response, suppliers reluctance to score you positively suggests you are not found to be open or receptive to innovations. When compared to the Private sector and Public sector, TfL are found to be less open and receptive to the first adoption of new products or methods.

It's important to strike the correct balance between cost and other factors to ensure that genuine value is secured and that third party procured products and services are aligned to company strategy.

"They are less likely to adopt new things, and are more likely to like what they know. Some areas may be different, we have done some slightly different things with some projects. But as an organisation in general there is a risk averse outlook."

Anonymous

"In term of general improvements I don't see much, in the last few months, I've seen more. Ideas around different ways to save costs seem to fall on deaf ears."

Anonymous

"The thing about innovation is that we are in a market where TfL is very cost focussed, lowest cost focus which requires us to hold back our best ideas when we tender. What you really want to be able to do is brining those ideas forward and sharing them but that can't happen it's just a consequence of the way we tend to tender

Anonymous

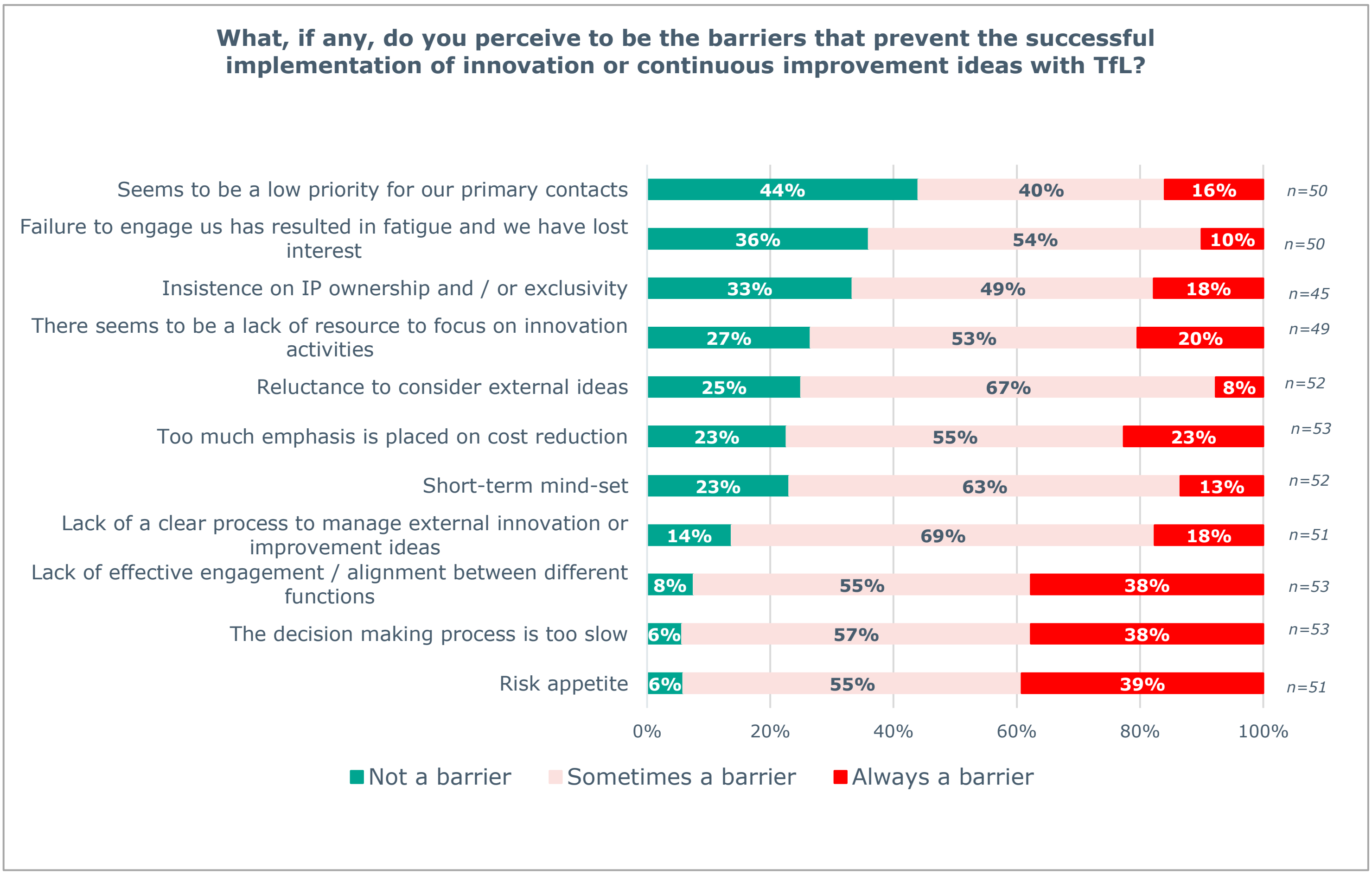
"[TfL should] be more open to constructive ideas that are not solely focused on cost saving."

Anonvmous

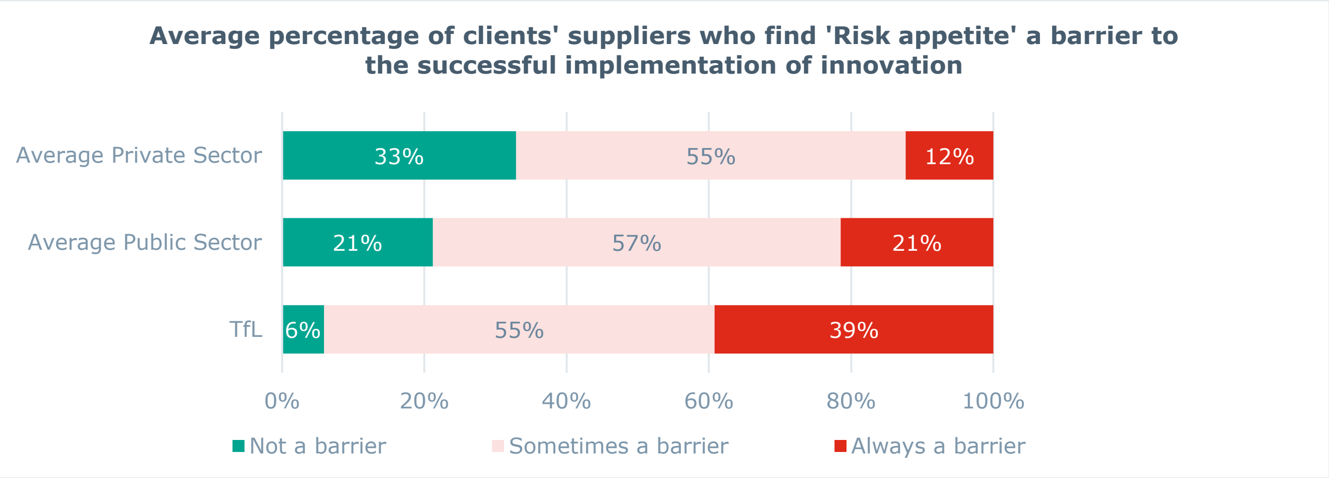
[TfL should provide] better opportunities to implement new ideas as part of the Continuous Improvement plan. At the moment, we propose an idea to improve the service or make it more efficient but then continue in the same way as before, as the supplier we are unable to implement without TfL support. We propose that the TfL Project/Region approves the idea/proposal and appoints a Senior Manager or Director to support the implementation."

Anonymous

Question 8. What, if any, do you perceive to be the barriers that prevent the successful implementation of innovation or continuous improvement ideas with TfL?



	Average answer option to Q8.		
	Not a barrier	Sometimes a barrier	Always a barrier
Average response	22%	56%	22%



On average, the majority of your suppliers feel that all of the barriers listed in the question can sometimes occur. Of the potential barriers that might prevent the successful implementation of innovation or continuous improvement ideas with TfL, your suppliers identified your risk appetite, slow decision making and a lack of effective engagement and alignment between functions as the most significant. There is also an indication that there is a lack of resources to focus on innovation activities and that you place too much emphasis on cost reduction. When benchmarked against the average response for the private sector and public sector, TfL's suppliers find that their risk appetite is more of a barrier.

These barriers are not uncommon and need to be overcome if an organisation is to truly tap into the capabilities that suppliers have to deliver value that exceed just contractual obligations

"The biggest challenge in TfL is the innovation thing and the ownership of decisions. If TfL could address that, it would really help them save money and do things better."

Anonymous

"They operate under a fear of making mistakes. They are extremely risk averse as there is a blame culture in the organisation. It is common to have dozens of signatures on a document and you could turn up to a meeting and there are loads of people in the room; everyone's fears have to be satisfied. We as a business know that if it this is how we operated, we would grind to a halt. You have to allow people to make mistakes and empower them. That is not how they operate and it's stifling."

Anonymous

"We have difficulty getting them to accept the material we build even 10 years after it's been proven. It's difficult to get TfL to accept things that customers worldwide are using. Non public sector are far more incentivised to innovate, TfL are quite risk averse."

Anonymous

"There are too many cooks, not a single person with accountability or responsibility – or that's the perception from our side, which could be a communication thing. It's not unique to TfL, but there are other authorities out there that want us to bring the best things we do and there is a genuine desire to make it the best."

Anonymous

"Whilst TfL commercial teams can discuss growth and innovation ideas, it is often other departments that control decision making process and it is usually very hard to speak with such individuals directly."

Anonymous

"They have lost so much experience recently and what happens is you lose the competence to make decisions and they are leaders. 'if so and so says it's okay to do that then everyone agrees as they have 20 years' experience' and now you have people who don't know how to make the right decision and they don't have the experience."

Anonymous

"The second thing is there are too many stakeholders with too many views and TfL are notoriously bad on managing their own stakeholders so they turn up to a meeting with 6 people with 6 different views."

Anonymous

Good practice

Question 12. What is it that the industry sector or companies you mentioned in your previous responses do particularly well?

Feedback from suppliers suggests that the activities and behaviours listed below are what differentiate the industry sectors and/or companies that are leading in growth and innovation. You might consider how you can replicate some of the positive practices and behaviours listed below:

What your suppliers think their other customers are doing well:
They collaborate as a team to drive and develop innovation ideas
They have a capacity and a willingness to invest in innovation
They have a defined and clear process for innovation
It is endorsed by executives, seen as a strategic theme and clearly expressed in their business strategy
They actively promote innovation and incentivise suppliers to participate in bringing innovation ideas

Questions 13 & 14. What are the main things that TfL does well in the way they interact with you on growth and innovation and what could they do/change that would make the most difference?

What suppliers think you are doing well:
- *TfL share and communicate their long term plans, budgets and forecasting of growth with their suppliers* - *TfL are gradually becoming more open and receptive to innovative ideas, and in particular those that drive efficiencies or improvements*
What suppliers want to see you do or change that would make the most difference:
- *More flexibility and incentives could be built into contracts which would allow suppliers to bring innovations to TfL* - *There is too much bureaucracy and people involved in the decision making process. TfL should consider a more centralised approach with one key person who is empowered to make decisions* - *Be more open to taking risks on innovation and ideas that do not just involve cost savings* - *Be more open to listening and trusting suppliers to bring ideas to you*

Summary

- Suppliers express some frustration at what appears to be an inconsistent approach to communication about growth and innovation. This will likely result in suppliers being less well aligned and able to support your goals.
- According to supplier feedback you are moderately open and receptive to change but this is largely restricted to ideas that have a cost impact. This feedback would suggest that you are risk averse and unlikely to be considered innovative by the majority of your suppliers.
- When asked to comment on what they saw as the barriers to better engagement on growth and innovation, suppliers cited risk appetite, slow decision making and a lack of effective engagement and alignment between functions as the most significant.
- When looking at industry sector comparisons the transport sector is generally thought to be more advanced. Irrespective of industry sector suppliers most often referred to Network Rail and Highways England as companies they regard as advanced in this area, however TfL also came out as one of the better companies to deal with amongst your suppliers.

Action areas:

- Create a supplier communication strategy (in conjunction with your communications or public affairs function) to ensure that appropriate information is shared with suppliers effectively and consistently;
- Develop the skills, competencies and processes to engage with suppliers effectively across innovation and continuous improvement to ensure that you are taking the maximum advantage of your suppliers' capability and expertise;
- Consider 'guided' innovation. Companies that are making the most of supplier innovation often engage proactively using a 'guided innovation' approach, have an effective process, defined roles and responsibilities, as well as management and facilitation capability;
- Review and streamline the decision making process that relates to change in these areas. Companies that lead in effective change execution and innovation have optimised decision making processes without sacrificing rigorous scrutiny;
- Explore the appetite that you have for change and innovation. Target those areas where business challenges can be addressed by gaining more supplier input and focus on these.

2. Responsible Procurement

This section focuses on your responsible procurement strategy and how you interact and engage with your suppliers in relation to it.

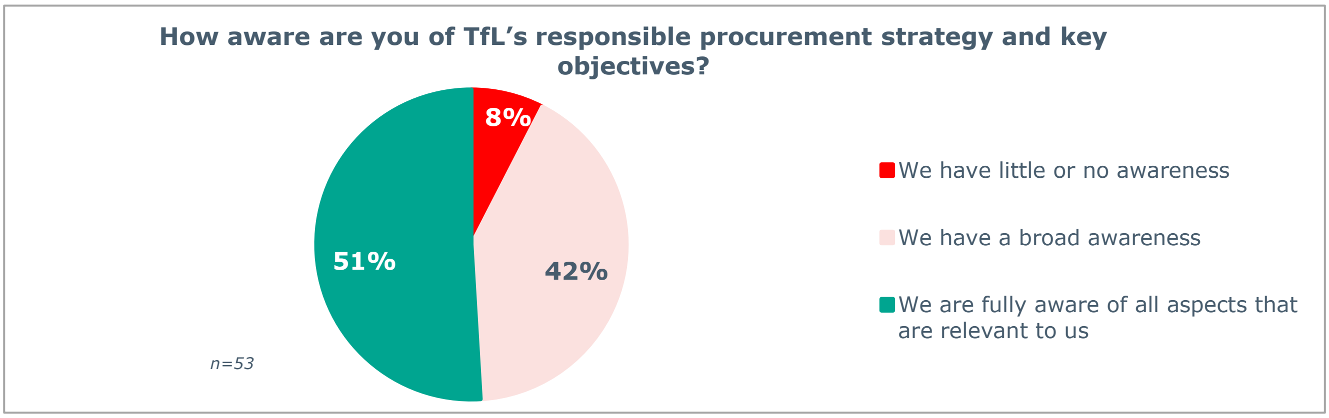
In the context of this questionnaire responsible procurement includes environmentally, socially responsible and ethical business practices, as defined below:

> *"For TfL, responsible procurement means pioneering socially, environmentally and economically sustainable procurement to deliver improved quality of life and better value for money. It involves working in partnership across London to provide sustained employment opportunities and improve working conditions. It means opening up access to contract opportunities for London's diverse businesses, and voluntary and community sector organisations, encouraging improved practices with our suppliers and promoting greater environmental sustainability to make London a better place to live and work."*

The questionnaire scoring for TfL on this attribute was **3.40**

Analysis

Question 15. How aware are you of TfL's responsible procurement strategy and key objectives?



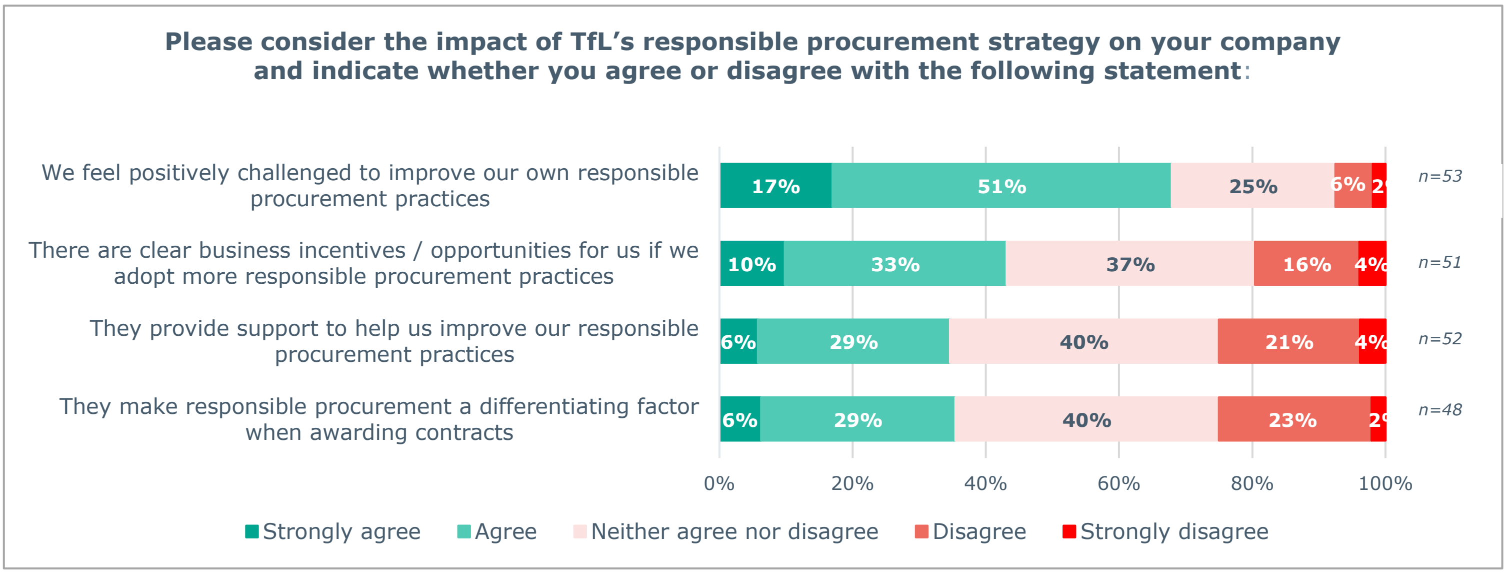
The majority of your suppliers (51%) report being fully aware of your responsible procurement strategy and key objectives. This was highlighted as a strength by a number of suppliers who were interviewed. A large proportion (42%) do however only have a broad awareness, and some interviewees felt responsible procurement is more of a tick box exercise in the tender, so it is important that TfL ensures their strategy is communicated completely.

Across all industry sectors the way in which customers regard suppliers is increasingly influenced by their responsible business credentials. This applies no less in the public sector where positioning TfL as a responsible business is key. Many of the responsible procurement practices that you would wish to promote depend on both suppliers' understanding, implementation and ongoing management. This should start with you understanding where these key dependencies are, as well as effective communication.

> **"Back in the Boris days, he launched the responsible procurement agenda so we know it. Everything complements what they want to do. This is something initially TfL drove us to do, but now it's something we do and have brought to other clients. This is something TfL are very good at."**
>
> **Anonymous**

> **"We've had a relationship for 17 years now and we played a big part in a leadership programme and we drove the responsible procurement strategy then and we were close to the responsible procurement team. In terms of other responsible procurement, we have a supplier relationship manager who we met with monthly and we could keep abreast of all issues there as well… Since the transformation though, this involvement has fallen away a little bit, but they are up there with other clients."**
>
> **Anonymous**

Question 16. Please consider the impact of TfL's responsible procurement strategy on your company and indicate whether you agree or disagree with the following statements:



The feedback suggests that a proportion of your key suppliers (25%) do not feel that you reflect your responsible procurement strategy adequately when making decisions about awarding contracts, and you do not always provide support to improve suppliers' responsible procurement practices. However the majority (68%) do feel positively challenged by you to improve their own responsible procurement practices.

Responsible procurement practices in the supply chain both represent a risk and an opportunity. Both need to be examined and effectively managed, therefore as well as challenging your suppliers, you could also provide more support to help them improve their responsible procurement capabilities. This, as well as clear business incentives for when they adopt responsible practices, will further increase suppliers trust in your commitment to responsible business.

These results indicate that your current responsible procurement strategy, as far as it is applied to your supplier base, does not currently represent a risk in a way that they may inadvertently breach it. However standards should be continued to be maintained.

"Responsible procurement is not a barrier. It's easy to get through on that. If I compare to another client, suppliers have to seriously upskill. If TfL want to drive changes to society then using responsible procurement is a great way to do it. They've dumbed it down a lot over the years and it's not really a differentiating factor. The last couple of tenders, it's more of a tick box exercise."

Anonymous

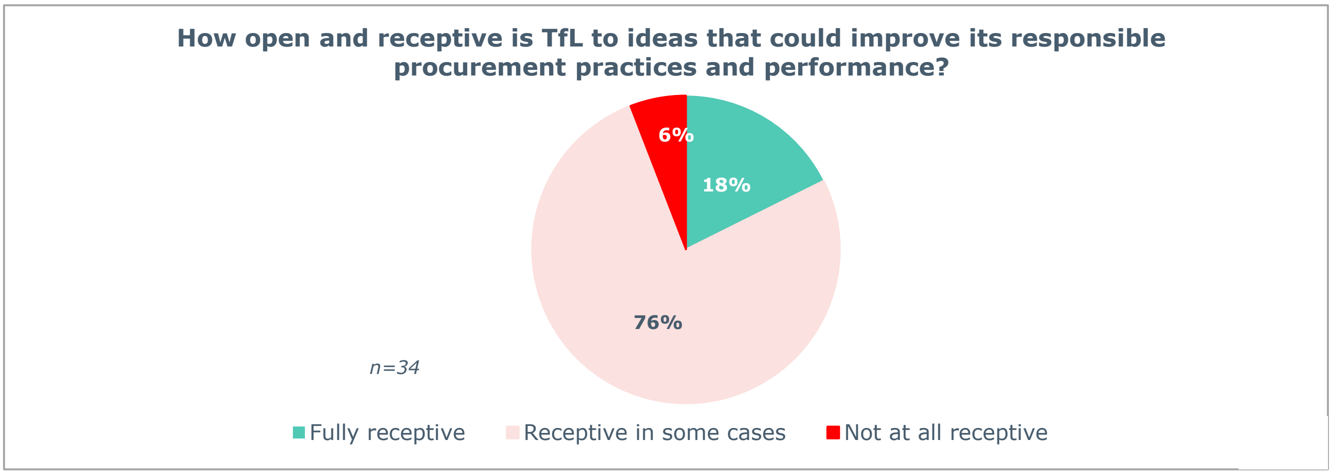
"If TfL committed to responsible procurement, they need strong and proactive leadership with them pushing it."

Anonymous

"In the current crisis, it is key we have a responsible approach. I think they do cover responsible business in their procurement process, as suppliers are selected if they are responsible suppliers, but I don't think it is the key thing. The differentiating factor seems to be price."

Anonymous

Question 17. How open and receptive is TfL to ideas that could improve its responsible procurement practices and performance?



While most suppliers regard you as open to ideas in some cases only 18% believe you to be fully open.

This reflects earlier feedback that suggests you could be giving suppliers more support in improving their responsible business practices and could make it more integral when seeking to develop relationships and drive improvement.

Good practice

Question 21. What is it that the industry sector or companies you mentioned in your previous responses do particularly well?

Feedback from suppliers suggests that the activities and behaviours listed below are what differentiate the industry sectors and/or companies that are leading in responsible procurement. You should considered trying to understand how you can replicate some of the positive practices and behaviours listed below:

What your suppliers think their other customers are doing well:
They have clearly defined requirements, procedures and best practices that support a high degree of responsible procurement

- *There is strong communication of the responsible procurement strategy and working more collaboratively and openly*
- *They make responsible procurement a key element of differentiating when awarding contracts and do not focus solely on cost*

Questions 22, 23 & 24. What are the main things that TfL does well in the way they interact with you on responsible procurement, what change could TfL make that would lead to the biggest improvement in how they interact with you and what could TfL do to support you making responsible procurement more prevalent within your supply chain?

What suppliers think you are doing well:

- *Generally, TfL have a defined and clearly articulated responsible procurement requirements and process*
- *TfL are transparent and open in sharing processes around responsible procurement*
- *Social responsibility, health and safety are seen as at the forefront of what you do*

What suppliers want to see you do or change that would make the most difference:

- *Consider making responsible procurement a key element or differentiating factor when awarding contracts or provide more weighting to it in tendering decisions*
- *Whilst responsible procurement is valued at a top level, this message is not always filtered down to the operational levels*
- *Provide a greater level of interaction and collaboration by sharing regular updates and best practice from the supply chain*

What suppliers think you could do to support them making responsible procurement more prevalent within their Supply Chain:

- *Provide more support to SMEs on meeting TfL's responsible procurement requirements*
- *Consider sharing the cost of suppliers procuring higher quality or more responsible services*
- *Provide suppliers with examples of best in class responsible procurement*

Summary

- Almost all of your suppliers have some awareness of your responsible procurement strategy and key objectives and over 50% are fully aware of all aspects relevant to them;
- The majority of suppliers feel that you challenge them to improve their own responsible procurement practices and most feel that they are incentivised to adopt more responsible procurement practices. There is a feeling amongst your supplier base, however that you could provide more support to help suppliers improve their responsible procurement practices and that responsible procurement could be made more of a key element of how you award your contracts;
- When looking at industry sector comparisons the transport sector is generally thought to be more advanced. Irrespective of industry sector suppliers most often referred to Network Rail and HS2 as companies they regard as advanced in this area. TfL however, is the company suppliers generally considered as strongest in responsible procurement.

Action areas:

- Consider how your responsible business procurement and standards can be even more effectively positioned with key suppliers via a more continued active dialogue in strategic discussions and joint initiatives;
- Look at the way responsible procurement requirements are reflected in RFPs. Avoid it being a minimum compliance 'tick box' exercise but instead work with the appropriate business area to develop meaningful requirements that will advance your responsible procurement agenda;
- Ensure that the weighted decision making criteria in the procurement process adequately reflect the importance of the supplier's response to responsible procurement requirements.

3. Contract and Commercial

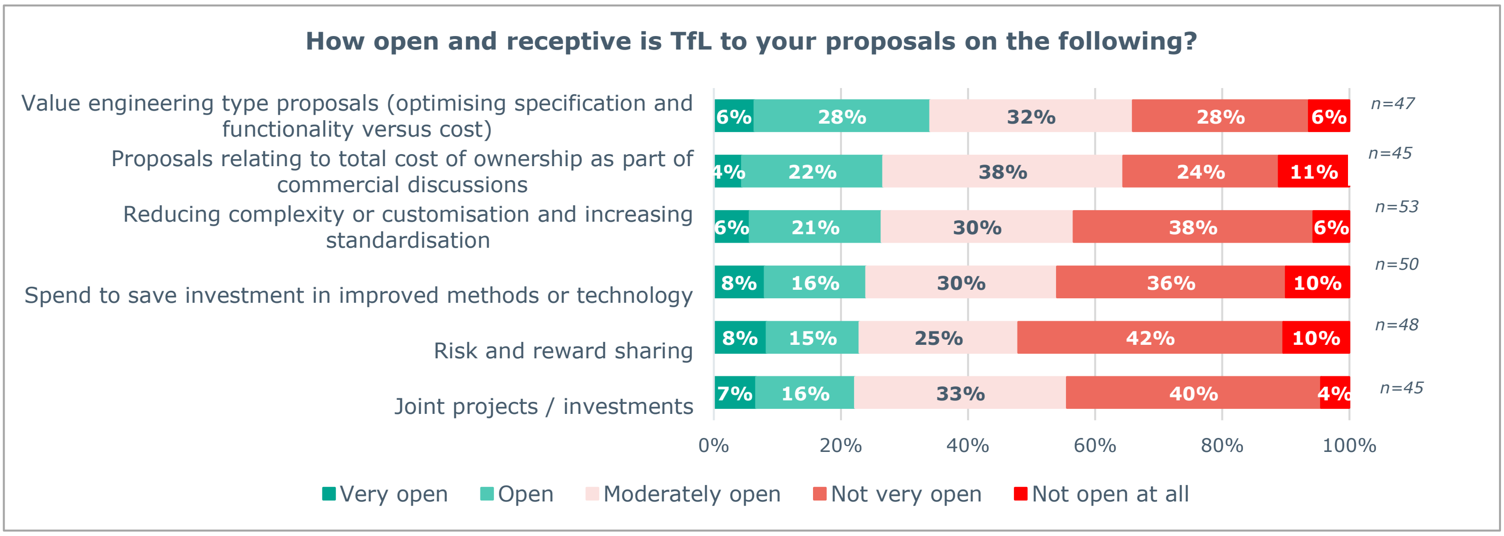
This section focuses on the following aspects of TfL approach to the contract and commercial aspects of the relationship:

- Commercial flexibility and receptiveness to alternative commercial proposals;
- How tendering and negotiation is conducted;
- Contracts and contract management;
- Suppliers' view of your payment practices.

The questionnaire scoring for TfL on this attribute was **3.35**

Analysis

Question 25. How open and receptive is TfL to your proposals on the following?



	Average answer option Q25.				
	Very open	**Open**	**Moderately open**	**Not very open**	**Not open at all**
Average response	7%	19%	31%	35%	8%

Although most suppliers acknowledge a small degree of receptiveness to their proposals, it is mostly those with a more direct cost impact that are better received. In general your suppliers do not find you receptive to their proposals, with on average 35% finding you not very receptive. In particular those proposals that require more thought and possibly a longer term payback such as risk and reward sharing, joint projects and investment to improve methods and technology, are not considered very readily.

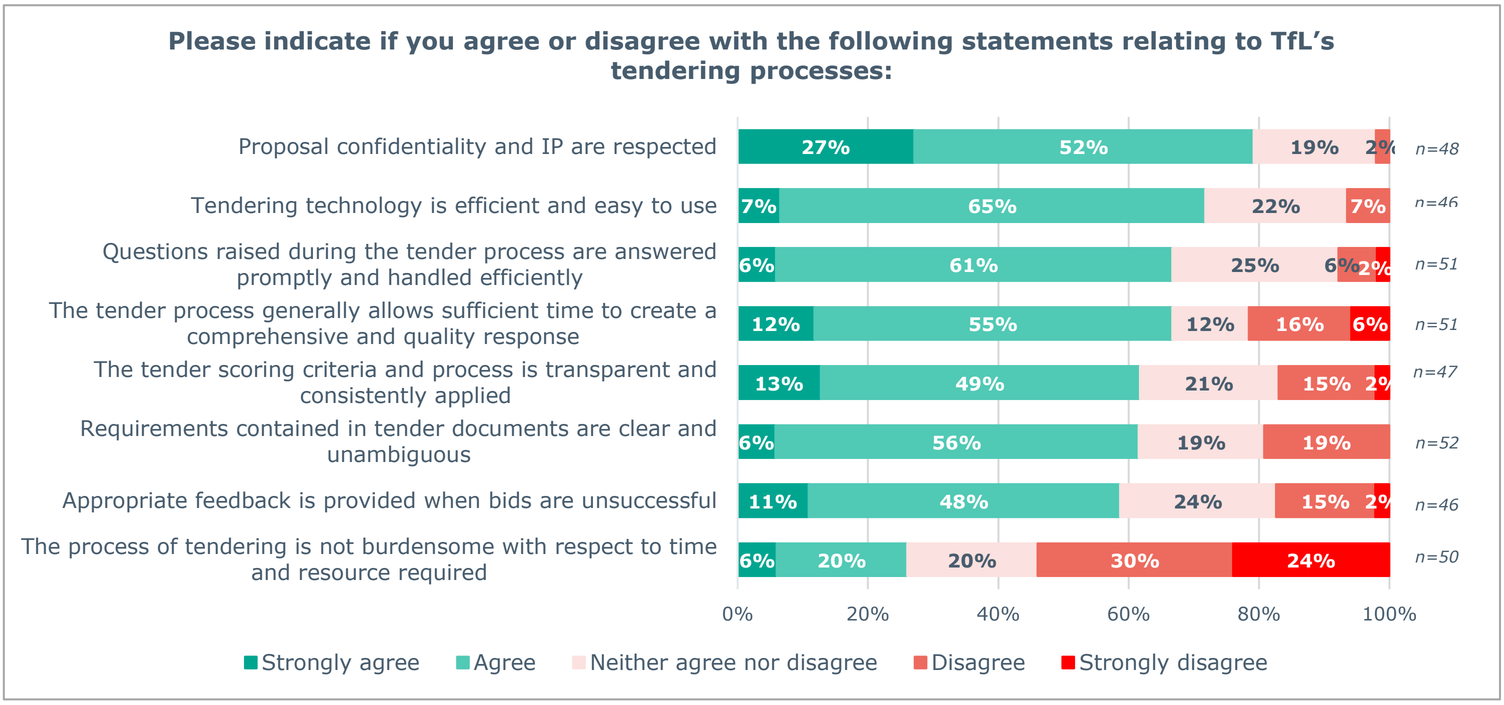
"Before it was like speaking to a brick wall, but in the last month I've seen moves towards them understanding the need to share risk and reward."

Anonymous

"TfL are reluctant to accept projects with a risk reward element because they think we'd make too much money. We had to disengage completely from risk and reward. Everything is our risk at the moment and increasingly so. They're pushing risk really hard on the supply chain.

Anonymous

Question 26. Please indicate if you agree or disagree with the following statements relating to TfL's tendering processes.



Suppliers were positive about most aspects of the tendering process, responding that proposal confidentiality and IP are well respected, tendering technology is efficiently and easy to use, and questions raised during the process are answered promptly and handled efficiently. Additionally, fairly positive feedback was received on clear requirements and the time allowed to respond.

On a less positive note, a significant proportion of suppliers are unhappy with the time and resource that is needed for TfL's tendering process; a number of interviewees commented that TfL's expectation for turnaround of tender responses can be too quick, and some described the process as burdensome. It's also clear that feedback following unsuccessful bids, although largely sufficient, is not always provided.

"It's not always burdensome, but sometimes. The tender requirements for a small job can be very similar to requirements for a big job. I feel that for certain relatively small jobs, they have a burdensome tender process. It can be disproportionate to the size of job."

Anonymous

"The really big one is the burden of tendering. To give you an example, there is one contract we've been tendering for 2.5 years, it is now nearly a year late, we've had to keep a team in place, and we don't know if we will be successful."

Anonymous

"TfL are very good during their tendering and procurement and a very responsible with this. Tendering is good, it's very good and it always has been. I don't think any bus operator could complain about not understanding the rules."

Anonymous

"We have a short amount of time to turnaround a contract. It's very tight. The process works well though."

Anonymous

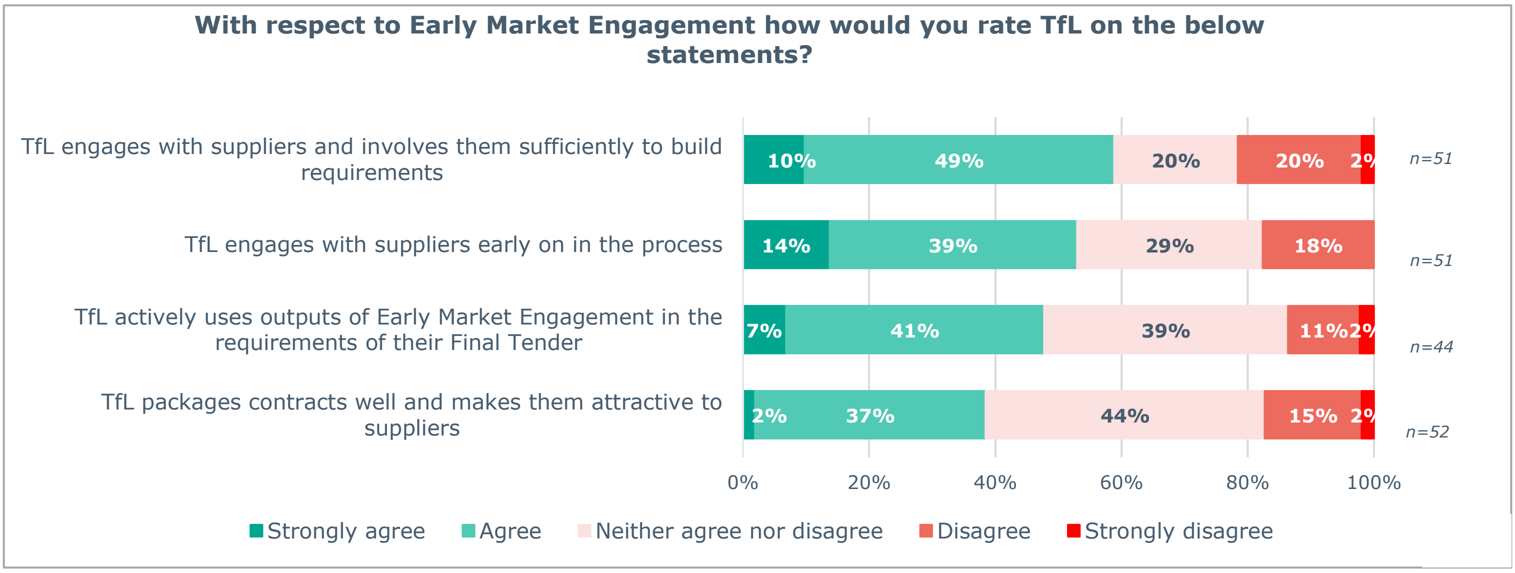
"One tender was due to be issued to the market on November '16, it didn't get issued and was revised to March '17. It didn't get issued. They are quite long processes that drive a lot of cost. Public sector does tend to be longer than commercial sector, but when it's over a year later than the plan, I don't have many examples of that."

Anonymous

"They expect a lot out of suppliers compared to themselves. There seems to be no concern when the tender slips every year and it's a month late - that seems fine to them. Whereas if we were doing the same we would be penalised."

Anonymous

Question 27. With respect to early market engagement how would you rate TfL on the below statements?



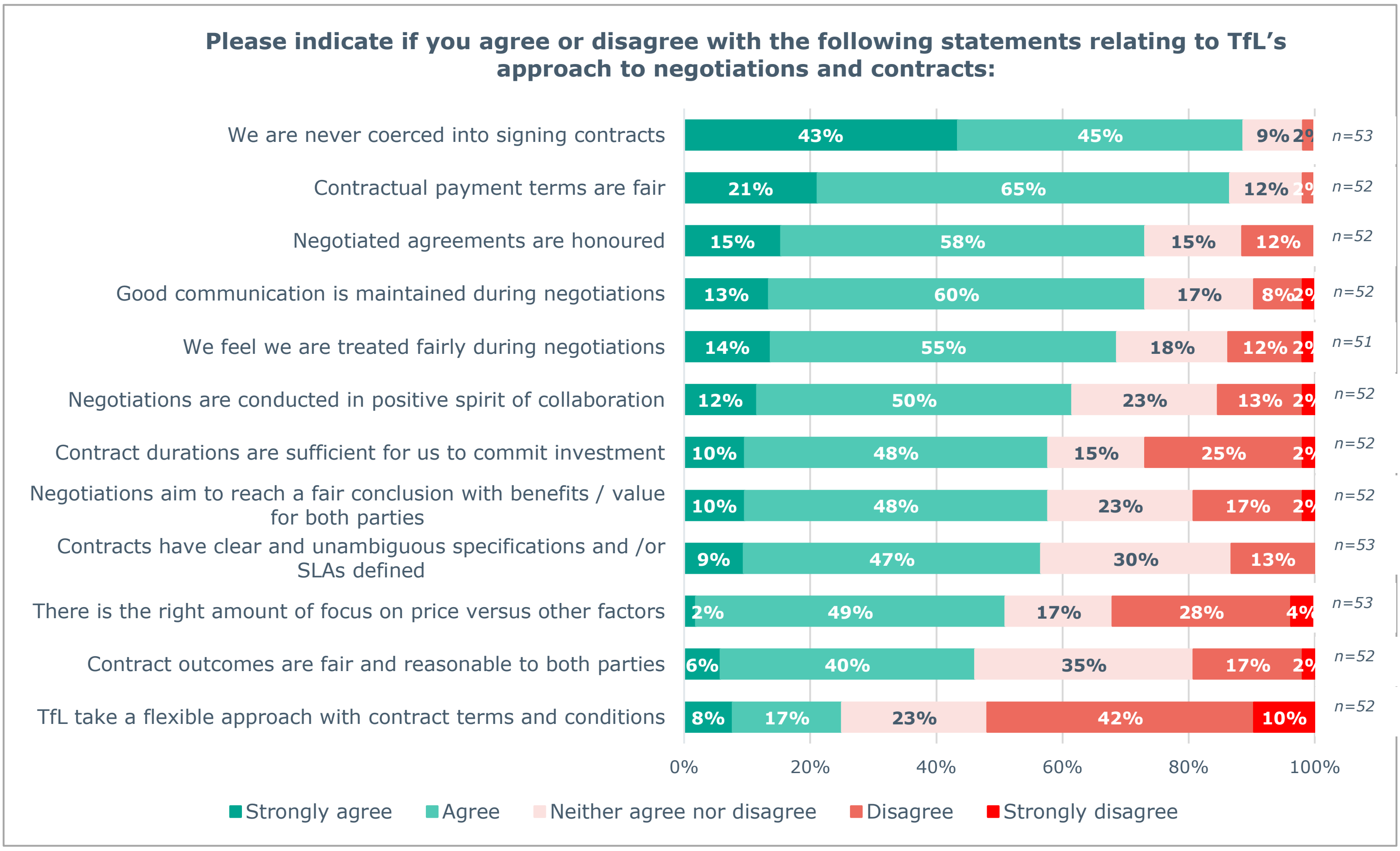
The majority of respondents were fairly positive with respect to early market engagement. They also responded fairly positively when asked if TfL collaborates with them to build requirements and that they are brought in early in the process. Although still relatively positive, less suppliers feel that you make contracts attractive to them and over 50% of respondents do not always feel that requirements in the final tender match the early market engagement.

> **"It's quite transactional. Where we have been successful is where we've been engaged sooner in the process. But the times we've been able to do that are very few and far between. If we can do this, it means we can understand where they are coming from and how they want to deliver the projects. With other clients we tend to be engaged early on."**
>
> **Anonymous**

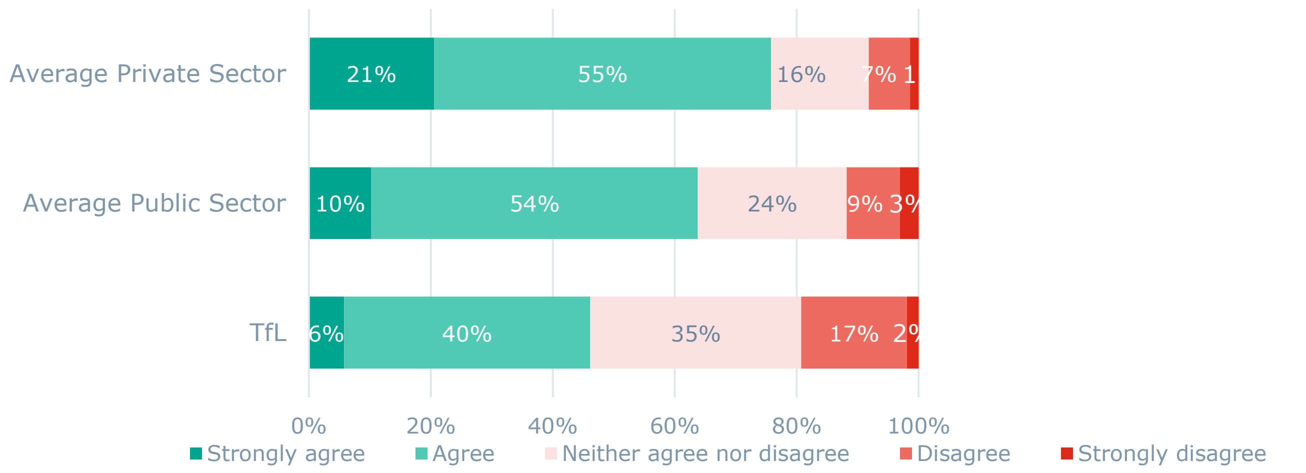
> **"[As an area of improvement, TfL should] Use more collaborative forms of contract and have earlier engagement / appointment in the project life cycle - this should lead to more successful project outcomes."**
>
> **Anonymous**

> **"Whilst the initial engagement is focused and well received, after the initial enthusiasm there is no continued dialogue and it's proved very difficult to obtain answers to our queries. Whilst contracts are quickly established, supporting PO's take months to materialise."**
>
> **Anonymous**

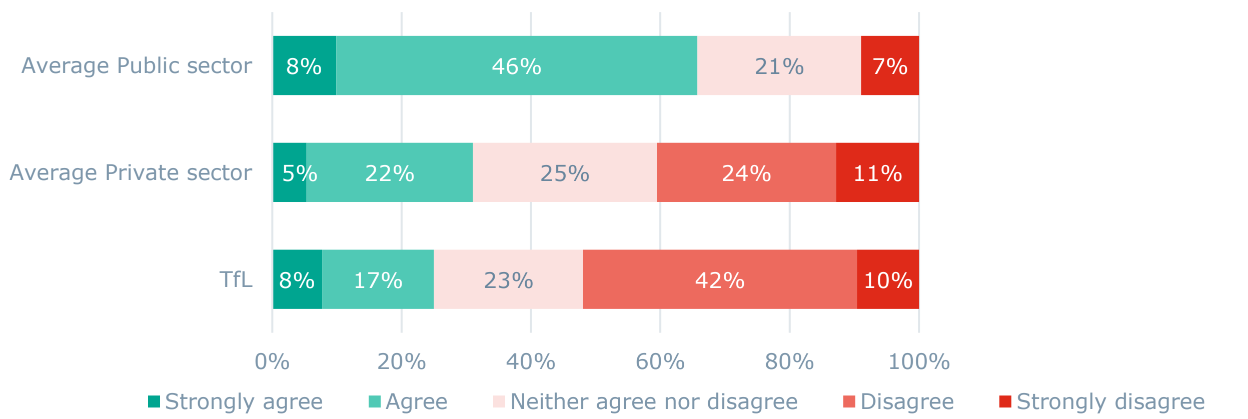
Question 28. Please indicate if you agree or disagree with the following statements relating to TfL's approach to negotiations and contracts:



Average percentage of clients' suppliers who feel that 'Contract outcomes are fair and reasonable to both parties'.



Average percentage of clients' suppliers who feel that they take a 'Flexible approach to contracts terms and conditions'.



This feedback indicates that generally you are considered as trustworthy in terms of how you honour agreements and your obligations under the contract and generally your contractual payment terms are seen as fair. On the negative side, the majority of your suppliers do not feel that you are sufficiently flexible in your approach to contract terms and conditions.

When compared to the average for the private and public sector, TfL also suppliers find you significantly more inflexible around your terms and conditions. Some suppliers also feel that there is too much focus on price at the expense of other factors important to the supply of goods and services. They also do not always feel that contract outcomes are fair and reasonable for both parties. When compared to the public and private sector TfL's suppliers also feel less positive about whether contract outcomes are fair for both parties.

"We have lots of instances where we have been asked to get on with a piece of work and when we come to sort it out financially afterwards, we are very harshly dealt with if things aren't in writing."

Anonymous

"My general experience of negotiating contracts with TFL is very confrontational. It's very one-sided and you get a lot of stuff thrown at you at the last minute, there's not much consideration of accepting the terms on the supplier. They often try and squeeze another element out of the supply chain."

Anonymous

"I've not had too many problems [in terms of negotiations]. There's always a bit of ambiguity if you have a complex contract, but they're a customer you can work with, they're not a customer that's awkward."

Anonymous

"What we have done recently is not bid for some large opportunities because of some various terms and conditions. We've had to no-bid and explained the reasons for it, but there has been little recognition for the issues we've had. Some of the issues around unlimited liabilities, or liquidated damages. These are issues that we see very little movement on."

Anonymous

"We have lots of instances where we have been asked to get on with a piece of work and when we come to sort it out financially and afterwards we are very harshly dealt with. If things are in writing but a lot of the time we spend a lot of time arguing about things but we are out of pocket. We could be doing so much more but we have to hold back out of concern that we won't get paid for it. You need to create an environment of trust…You need to put in place some fair terms and conditions, and a fair approach."

Anonymous

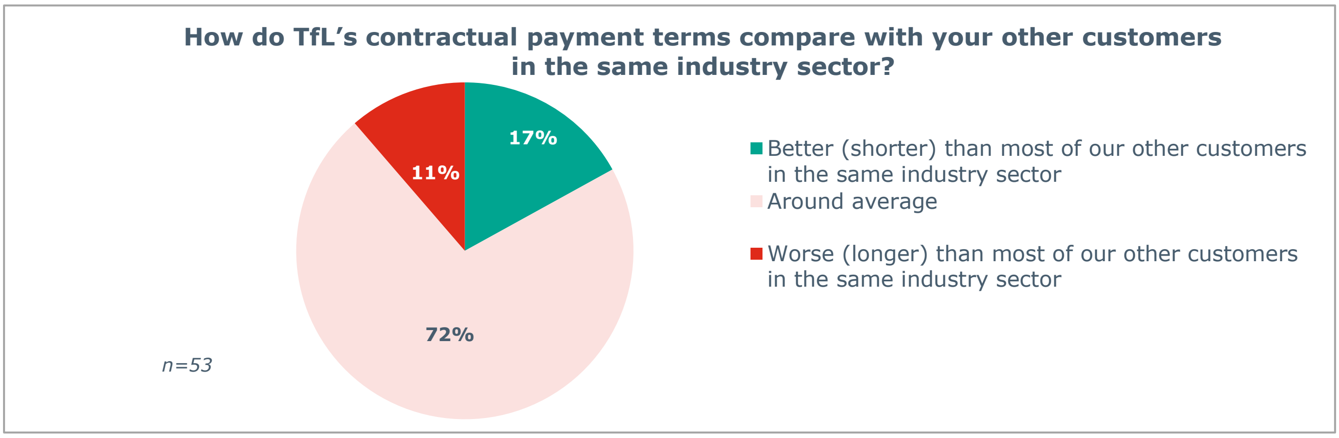
"[As an area of improvement, TfL should] Use more collaborative forms of contracts and have earlier engagement / appointment in the project life cycle - this should lead to more successful project outcomes."

Anonymous

"[Regarding negotiations] we've worked it through together, we're always working to find a solution, and it just takes forever because you have lawyers in the room who aren't connected. Everything takes too long. The people we work with are very good and it's positive, it's just the time."

Anonymous

Question 29. How do TfL's contractual payment terms compare with your other customers in the same industry sector?



The feedback provided would indicate that your contractual payment terms are the same as your peer companies. As payment is a hygiene factor, it is important that this high standard is continued to be maintained.

> **"Whatever terms TfL has for paying they are always on time. I can't see anyone criticising TfL. Some may not like the length of time before getting paid, but that's all in the terms and conditions you sign-up for. TfL are a blue-chip as far as that's concerned."**
>
> **Anonymous**

Good practice

Question 33. What is it that the industry sector or companies you mentioned in your previous responses do particularly well?

Feedback from suppliers suggests that the activities and behaviours listed below are what differentiate the industry sectors and/or companies that are leading in contract and commercial engagement. What lessons can be learned from the way these companies interact with their suppliers? You should consider replicating some of the positive practices and behaviours listed below?

What your suppliers think their other customers are doing well:

- *They take a collaborative and open approach to contract and commercial negotiations*
- *They are clear regarding their desired goals and outcomes but also have an understanding that both parties need the best possible outcome*
- *Terms and conditions are consistently applied and understood by experienced staff*
- *They understand us and work closely with us to mitigate any issues and to manage risk efficiently for both parties*

Questions 34, 35 and 36. What are the main things that TfL do well in the way they you interact with you on contract and commercial matters, what could they do/change that would make the most difference, and what they want to see you do or change in technical, engineering and operational matters.

What suppliers think you are doing well:
TfL engages suppliers early on in the process and consults them on proposed contracts and projects
You generally take a fair and reasonable approach to contractual terms and agreements
You actively seek to develop contracts and engage in dialogue that results in a reasonable outcome for both parties
Sufficient and knowledgeable resources are allocated to contractual and commercial discussions and engagements
What suppliers want to see you do or change that would make the most difference:
Be clearer with priorities and how suppliers can help deliver these using the commercial framework
Take a more flexible approach to interpretation of minor contract details
Consider providing more regular and faster communication and feedback both pre and post tender submission
What suppliers want to see you do or change in technical, engineering and operational matters:
Better and more frequent communication allowing suppliers to understand long term plans and enabling the supply chain to work with TfL more effectively
Ensure that a key decision maker is both appointed and empowered to facilitate innovations, improvements and ultimately make decisions
Facilitate better alignment between different business functions to ensure a consistent approach throughout the organisation

Summary

- According to supplier feedback you are not very open and receptive to different types of commercial proposals. Those proposals that you are more receptive to, are largely restricted to those that have a cost impact. Proposals that require more time, resource and collaboration such as risk and reward sharing, and joint projects and investments, are not considered so readily.
- Suppliers generally find most aspects of your tendering process to be efficient. They feel that their IP is well respected and the technology used during the tendering process works well. Despite this, suppliers were less happy about the time and resource that is needed to address TfL's tenders - with some commenting that it can be burdensome.
- When asked to comment on TfL's early market engagement, the majority of suppliers feel TfL engage with them to build requirements and that they are brought in early into the process. They responded more neutrally however, when asked if TfL package their contracts well and make them attractive to suppliers.
- With regards to TfL's behaviours in contracting and negotiations, generally suppliers find you trustworthy and honourable with regards to negotiated agreements. They feel contracting is a collaborative experience and that they are treated fairly. That having been said, suppliers were less

positive when asked if TfL takes a flexible approach to contract terms and conditions, and that there can be too much focus on cost at the expense of other factors.

- When looking at industry sector comparisons the transport sector is generally thought to be more advanced. Irrespective of industry sector suppliers most often referred to Network Rail and Highways England as companies they regard as advanced in this area, however TfL also came out as one of the better companies to deal with amongst your suppliers.

Action areas:

- Be more open to proposals on risk and reward sharing and joint projects, where appropriate;
- Rather than focusing solely on price, consider demonstrating to suppliers that factors such as performance, quality, safety and long-term commitment are being considered for supplier selection and relationship development;
- Consider how the procurement function is measured and incentivised with relation to supplier proposals that do not simply relate to price;
- Review the tendering process and tighten where necessary;
- Review both the tendering process and negotiations to ensure that practitioners understand the value of non-price benefits and are able to balance negotiated outcomes to reflect both. Review your approach to negotiation planning and, where appropriate, take a more flexible approach to terms and conditions.

4. Operational and Transactional

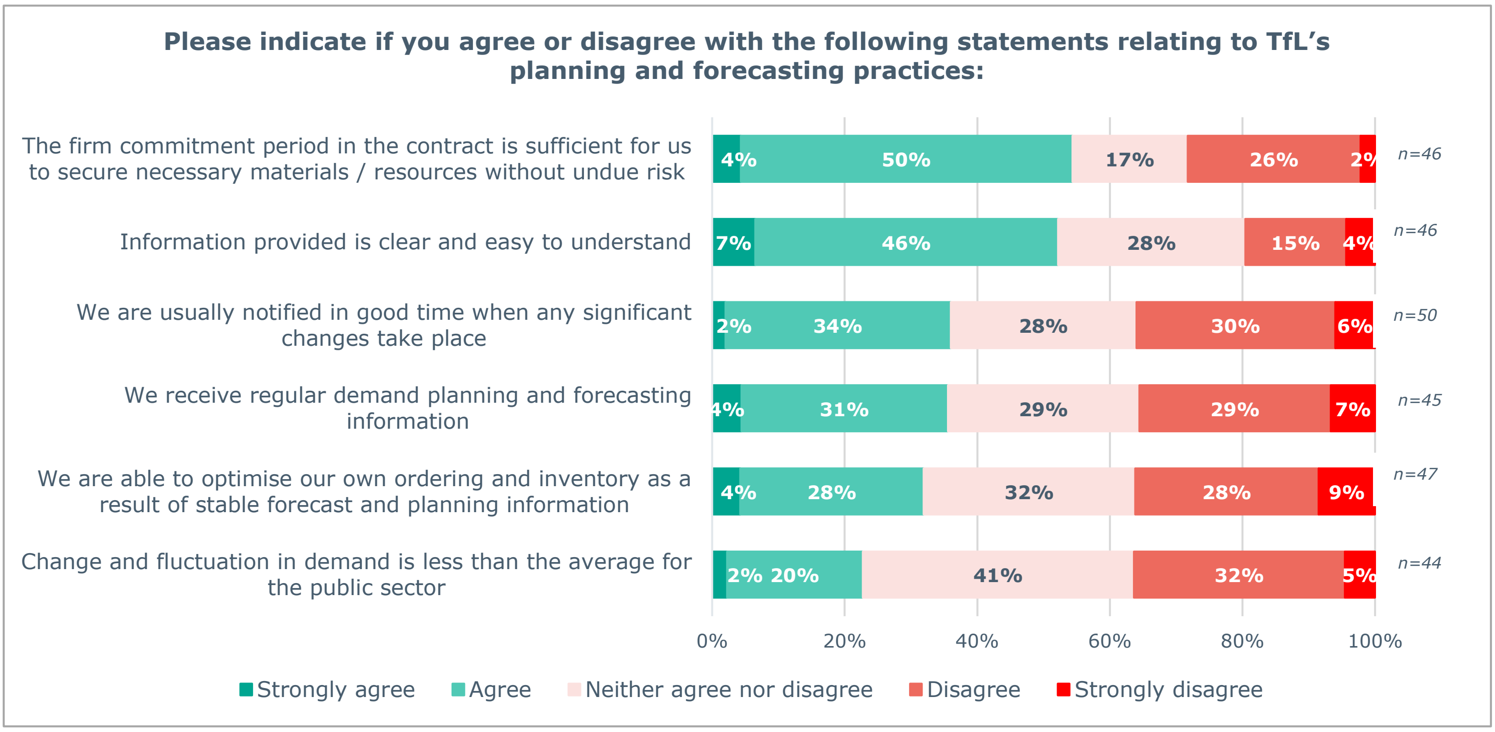
This section focuses on the following aspects of TfL's approach to the operational and transactional aspects of the relationship:

- Interaction at an operational level with your suppliers;
- How accurate your planning and forecast practices are;
- How well you engage your suppliers in risk and performance management.

The questionnaire scoring for TfL on this attribute was **3.36**

Analysis

Question 37. Please indicate if you agree or disagree with the following statements relating to TfL's planning and forecasting practices:



These responses indicate that you are potentially experiencing a detrimental impact on operational efficiency and are incurring additional costs as a result of sub-optimal planning and forecasting.

Most noticeable is the feedback that relates to not receiving regular demand planning and forecasting information, resulting in your suppliers being unable to optimise their own ordering and inventory. Change also appears to be an issue, with a number of suppliers reporting that it is excessive.

Planning and forecasting is a hygiene factor in supplier relationships that can have a disproportionate effect if not well managed. In addition, it can add significantly to cost, as suppliers build contingencies into their pricing models.

> **"We get a supplier brief. We'll pick over the things in the press, but it's very difficult to understand where TfL business is going. We're never given a clear statement of current projects, future projects etc."**
>
> **Anonymous**

"The SRM process as it currently stands, pretty non-existent within TfL from a [redacted] perspective. We have ad hoc meetings that we largely take things to the table to talk about that are pretty well known to both parties, but nothing with the future and the pipeline and how we can plan together. The best planning tool we have at the moment is a TfL 3/5 year plan and the mayors transport strategy. That's the best planning tool which when you're talking about SRM is pretty poor… We've been waiting 2 years for a tender which is a £1bn programme. You can't put an org on hold for 2 years and then expect them to perform as well as if they hadn't been put on hold.

Anonymous

"We would like to see improved visibility of TFL project planning and improved forecast accuracy."

Anonymous

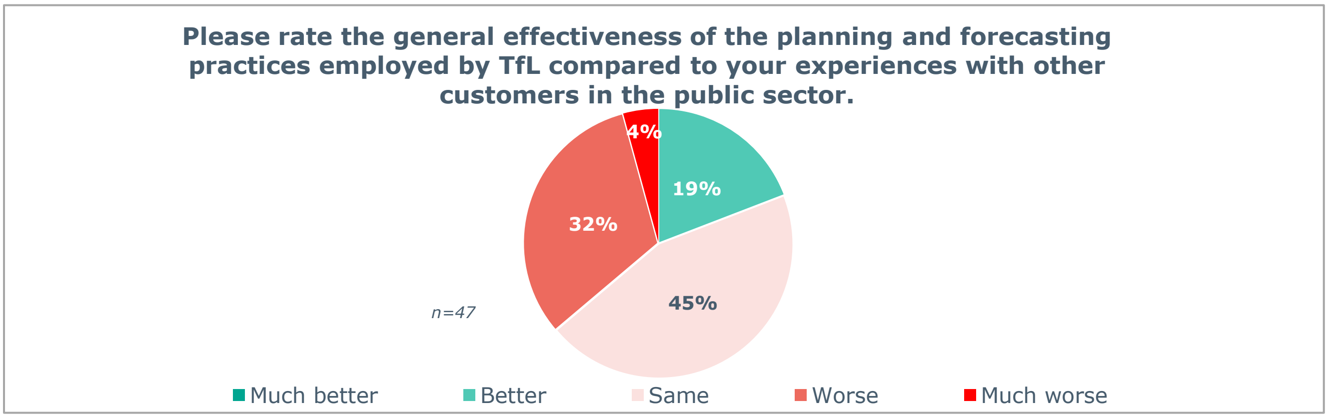
"Dialogue regarding proposed road works has improved considerably over the last few years, however there is still a way to go given the severe impact these works can have on our business."

Anonymous

"Better forward planning, quicker decisions on contractual matters."

Anonymous

Q38. Please rate the general effectiveness of the planning and forecasting practices employed by TfL compared to your experiences with other customers in the public sector.



The majority of feedback suggests that your planning and forecasting capability is at least on a par with the other customers your key suppliers work with. However, a significant proportion (36%) of suppliers that responded to this question, rated TfL as worse, or much worse than other customers in the public sector when asked about their experiences of planning and forecasting.

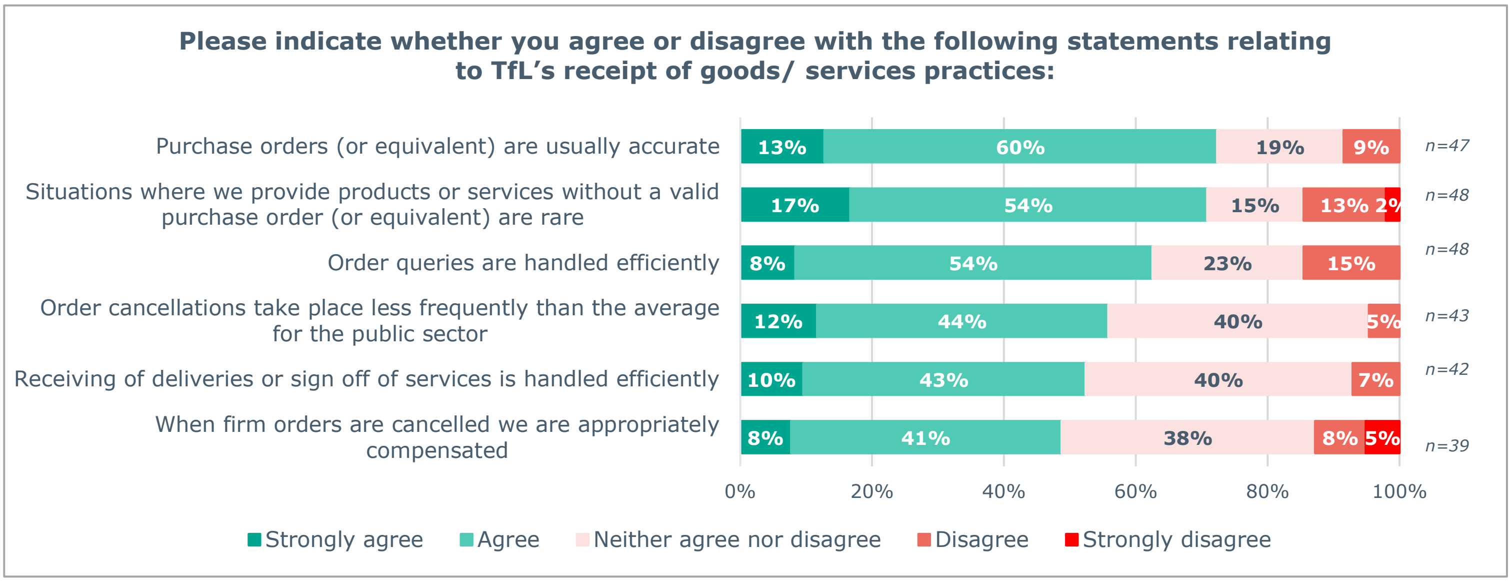
Accuracy and stability of planning and forecasting is a cost driver and an important customer of choice consideration for suppliers.

"Involve suppliers in the planning process, using their expertise, particularly at site / depot level. This would result in a more inclusive, safe and efficient product."

Anonymous

> **"On the major projects we do see plans and forecasts; we're as embedded as TfL in that process. But for everything else, I would disagree."**
>
> **Anonymous**

Question 39. Please indicate whether you agree or disagree with the following statements relating to TfL's receipt of goods/services practices:

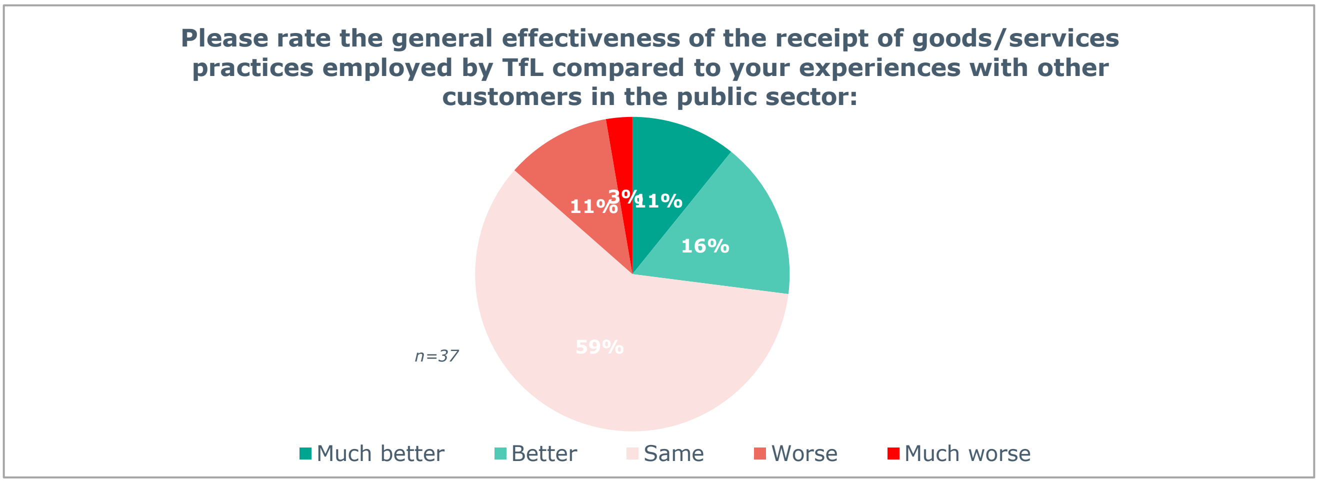


These results indicate that generally suppliers are positive about your ordering and fulfilment practices. The exception is the relatively high proportion of those responding who indicate that appropriate compensation is not provided when orders are cancelled. Furthermore, although this does not score too poorly, some suppliers mentioned that POs can take a long time to be issued.

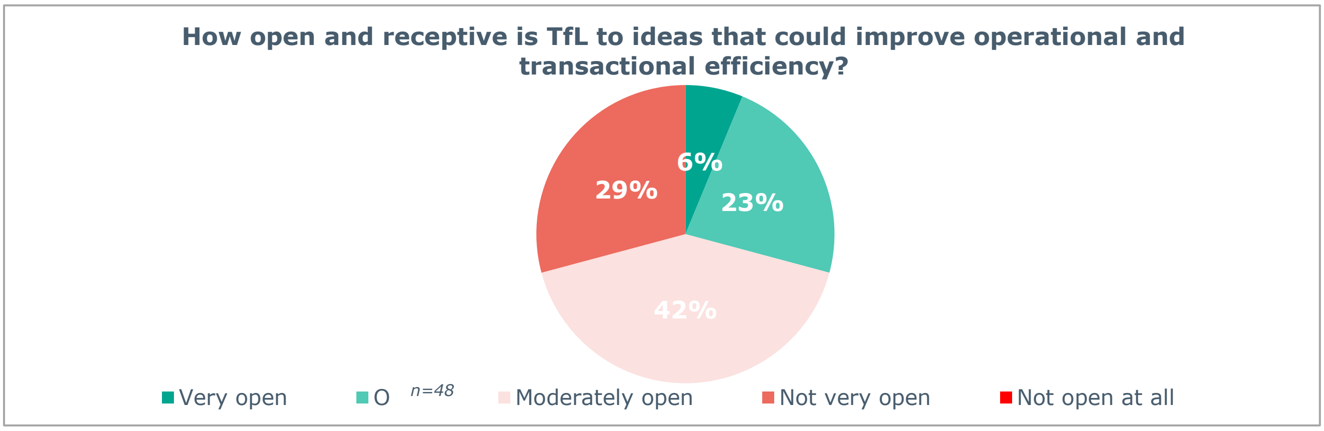
> **"I suppose it's your definition of "firm orders" we work on variations of contracts. There have been examples where we think a variation is agreed and firm and then they pull the plug on it."**
>
> **Anonymous**

> **"[TfL should] stipulate KPIs as to when we can expect purchase orders, reducing the time that we work at risk."**
>
> **Anonymous**

Question 40. Please rate the general effectiveness of the receipt of goods/services practices employed by TfL compared to your experiences with other customers in the public sector.



Question 41. How open and receptive is TfL to ideas that could improve operational and transactional efficiency?



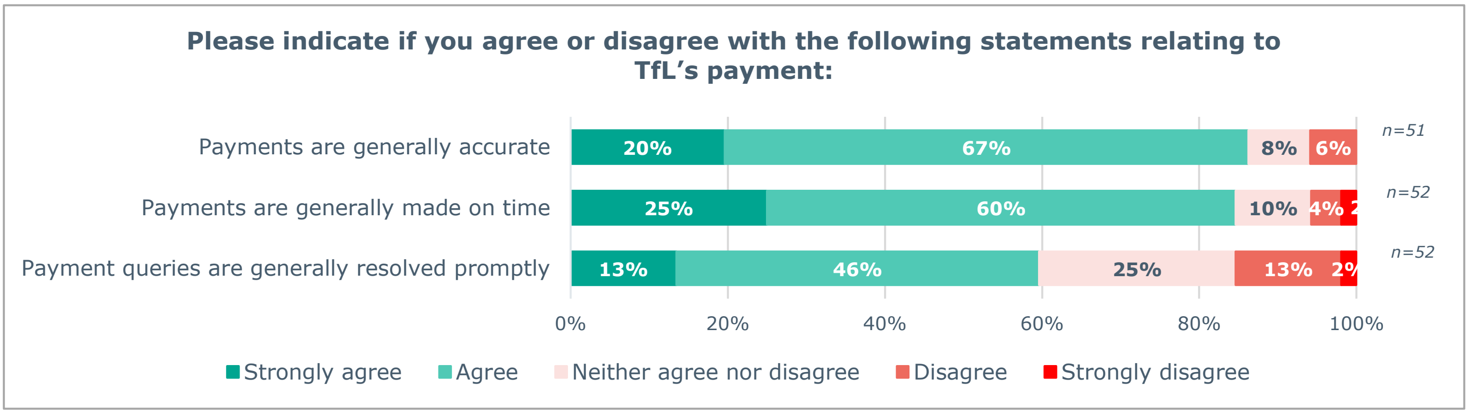
This feedback would indicate your receipt of goods / services practices compare similarly, if not slightly favourably (from your suppliers' perspective) with your peer companies.

Responses indicate that TfL could be more open to supplier ideas that could improve operational and transactional efficiency as the majority of suppliers feel TfL is only moderately open.

> **"[TfL should] treat us fairly and be receptive to new ideas."**
>
> **Anonymous**

> **"[TfL should] take on board our own internal processes more and understand that there will be differences in how the two business operate at times."**
>
> **Anonymous**

Question 42. Please indicate if you agree or disagree with the following statements relating to TfL's payment practices.



The vast majority of suppliers were happy with TfL's payment practices. This was also something that was expressed in the majority of interviews. However, a small minority of suppliers did indicate a neutral response or disagree to the statements. Payment is a hygiene factor and it is key that TfL continue doing this well as suppliers will soon become frustrated if payments are not timely and accurate.

> **"Timely payments are much appreciated!"**
>
> **Anonymous**

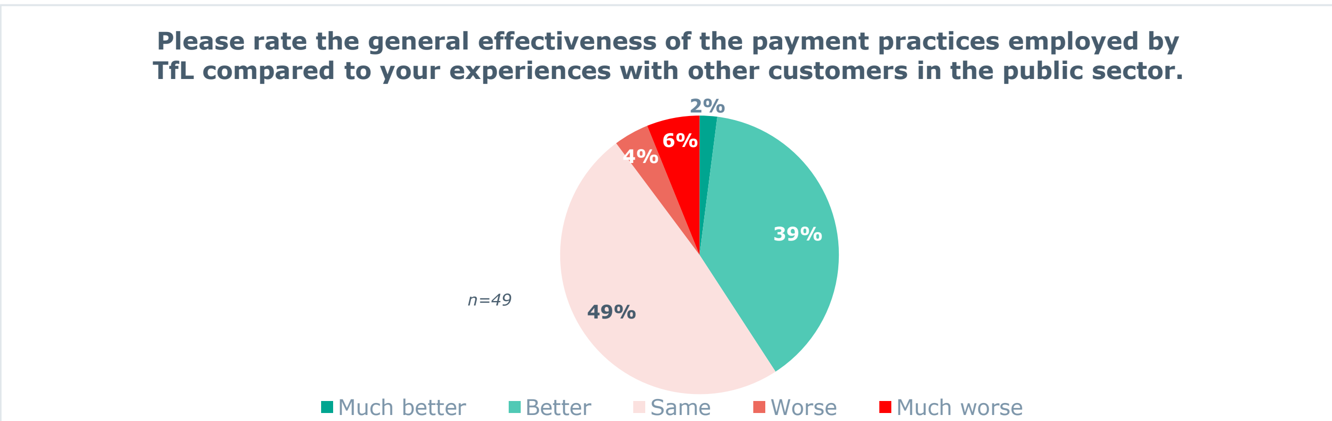
> **"Payment and VoWD processes are generally very effective."**
>
> **Anonymous**

> **"Good access to financial teams if there are payment/invoice/PO problems."**
>
> **Anonymous**

> **"They are absolutely 100% honourable with paying."**
>
> **Anonymous**

> **"No issues at all with payment, they're very good and if there's a dispute it is very clear what they're disputing."**
>
> **Anonymous**

Question 43. Please rate the general effectiveness of the payment practices employed by TfL compared to your experiences with other customers in the public sector.



The feedback in relation to this question is overwhelmingly positive and suggests that the majority of your suppliers would rank payment practices as the same or better than other customers. This feedback was also echoed in the majority of interviews.

Good practice

Question 47. What is it that the industry sector or companies you mentioned in your previous responses do particularly well?

Feedback from suppliers suggests that the activities and behaviours listed below are what differentiate the industry sectors and/or companies that are leading in operational and transactional interactions. What lessons can be learned from the way these companies interact with their suppliers? You should consider replicating some of the positive practices and behaviours listed below?

What your suppliers think their other customers are doing well:
Suppliers are engaged early
There is good communication and sharing
Payment practices and processes work well
Decision making is quick
Long-term contracts are in place

Questions 48 & 49. What are the main things that TfL do well in the way they you interact with you on operational and transactional matters, and what could they do/change that would make the most difference?

What suppliers think you are doing well:
Timely payment and resolution of issues
Good management and resolution of operational issues
Contracts are clear and unambiguous
What suppliers want to see you do or change that would make the most difference:
Provide suppliers with more visibility forecasts and plans
Improve communication between departments as they can work in silos
Improve efficiency of operational processes (e.g. quicker issuing of POs with correct information included)

Summary

- According to supplier feedback, TfL does not provide regular demand planning and forecasting which would enable suppliers to optimise their own inventory. Change and fluctuation in demand also appears to be an issue;

- Suppliers tended to agree that the effectiveness of TfL's planning and forecasting is at least on par with other key customers;
- Suppliers were generally positive about TfL's ordering fulfilment practices. However, there was a relatively high proportion of suppliers responding who indicated that appropriate compensation is not provided when orders are cancelled;
- Feedback would indicate that TfL's receipt of goods / services compare similarly, or slightly favourably to other peer companies;
- Responses indicate that TfL could be more open to supplier ideas that could improve operational transactional efficiency – currently it is felt by the majority of suppliers that TfL is only moderately open;
- The vast majority of suppliers were happy with TfL's payment practices, and the majority of your suppliers would rank TfL's payment practices as the same or better than other customers;
- When looking at industry sector comparisons the transport sector is generally thought to be more advanced. Irrespective of industry sector suppliers most often referred to Network Rail as a company they regard as advanced in this area. TfL however, was also selected as one of the companies that suppliers generally considered as strongest in operations and transactions.

Action areas:

- Review forecasting and ordering process to ensure notice of varying volume is sufficient and lead times are followed. Some training and awareness might be required to ensure operational staff are aware of lead time constraints and the impact this can have on suppliers;
- Focus on the stability of the forecasting and the planning information that is being communicated to the suppliers; helping them to optimise their own ordering and inventory would lower their cost of doing business with you;
- Some levels of change in demand is unavoidable but efforts should be made to minimize this. The impact of change can be mitigated by good communication related to planning and forecasting and put more emphasis on this in performance meetings.

5. Relationship Management

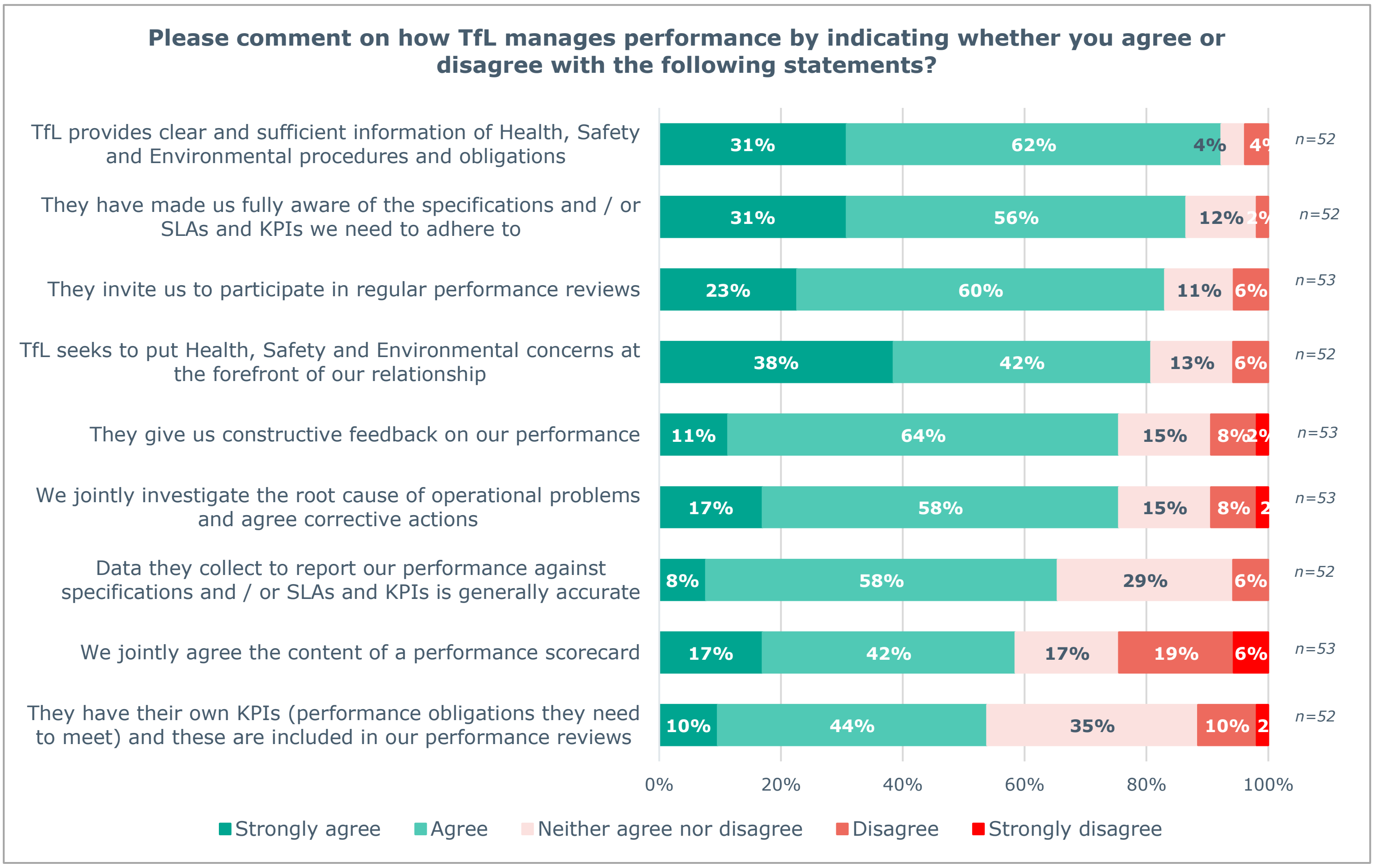
This section focuses on the following aspects of the way TfL manages the relationship with its suppliers:

- Governance of the relationship and how suppliers are engaged;
- What regular meetings take place and how they are conducted;
- What kind of reporting is in place.

The questionnaire scoring for TfL on this attribute was **3.79**

Analysis

Question 50. Please comment on how TfL manage performance by indicating whether you agree or disagree with the following statements.[3]



These questions relate specifically to the fundamentals of good performance management. Across the range of these questions, on average 75% of the suppliers who completed the survey were positive about how performance is currently managed. While all areas require examination, the areas where feedback suggests there is most room for improvement include:

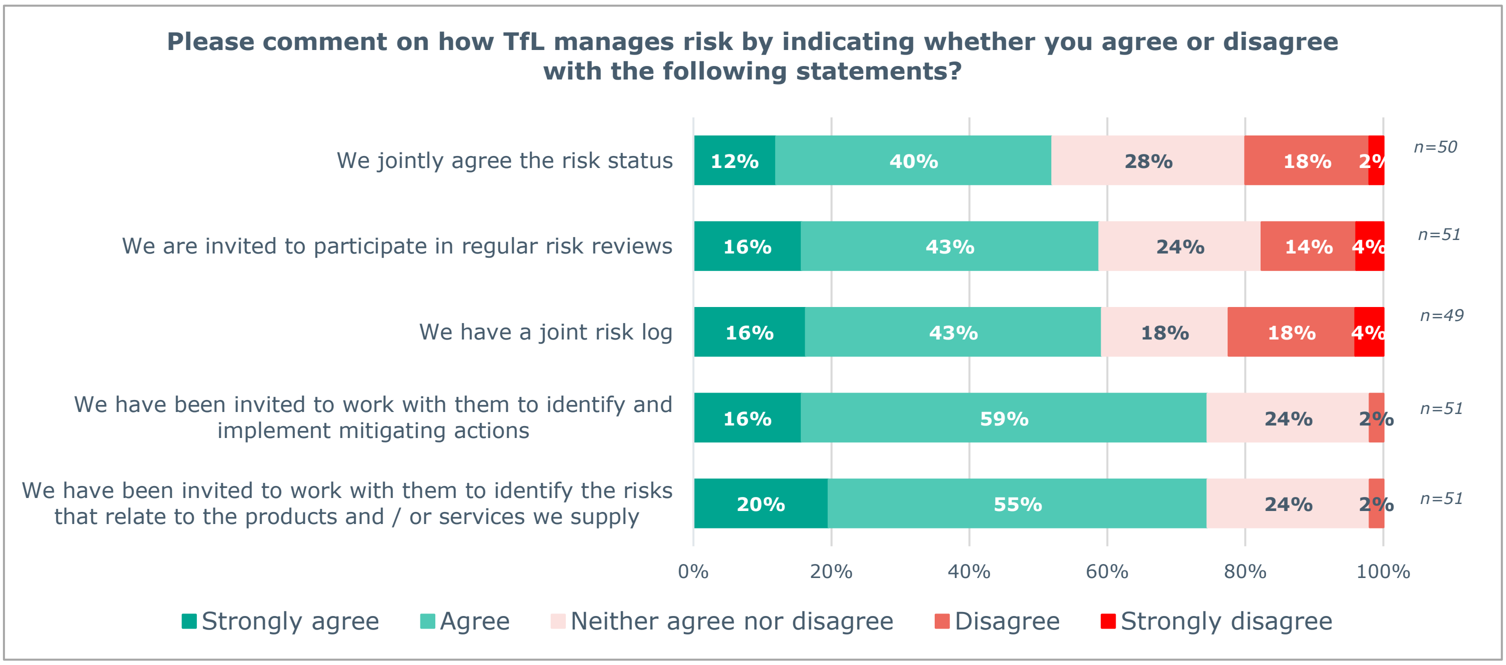
- The inclusion of KPIs for TfL in performance reviews;

[3] *Please see Appendix IV – Additional information for more information on the averages for the sub questions compared to the private and public sectors.*

- Joint agreement of scorecard content;
- The accuracy of data to reflect the suppliers' performance against specification, KPIs and SLAs;
- Jointly investigating root causes of operational problems and agree corrective actions;
- Providing constructive feedback of a supplier's performance.

> **"Take constructive feedback and be open with us about our performance and helping us to get better. As a supplier we are a long way from perfect but TfL can work with us to help us deliver better for all our benefit."**
>
> **Anonymous**

Question 51: Please comment on how TfL manages risk by indicating whether you agree or disagree with the following statements.



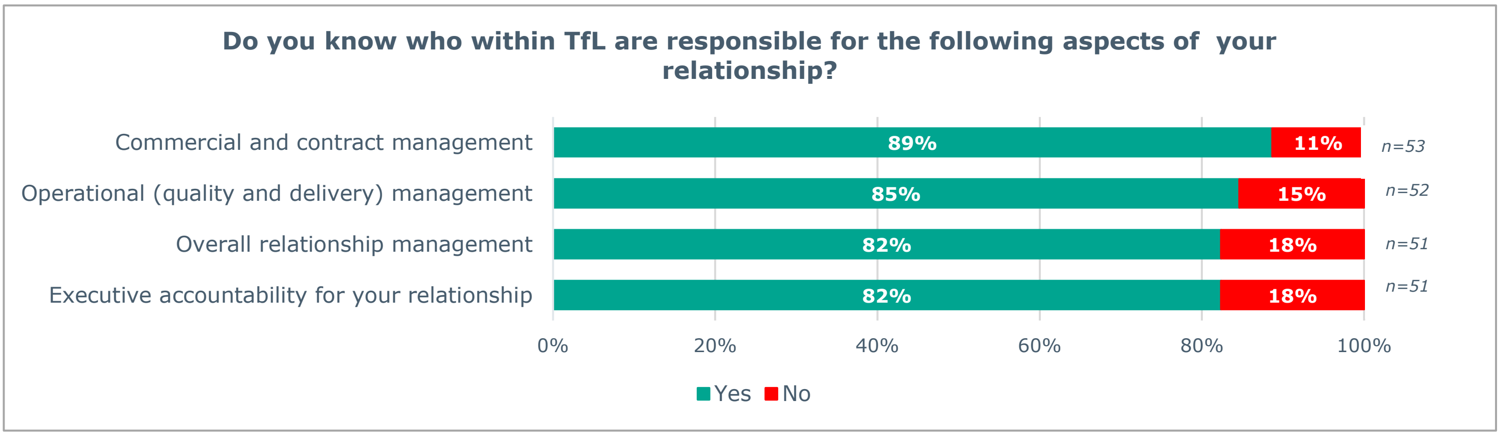
These questions relate specifically to the fundamentals of good risk management. Across the range of these questions, on average 64% of the suppliers who completed the survey were positive about how risk is currently managed. While all areas require examination, the areas where feedback suggests there is most room for improvement include:

- Agreeing joint risk status with the suppliers and running a joint risk log;
- Suppliers invited to participate in regular risk reviews.

> **"On a project level, risk works well. We haven't had the supplier relationship manager so we don't look at overall risk, but we do have strong delivery teams and work very closely with TfL to manage risks on projects."**
>
> Anonymous

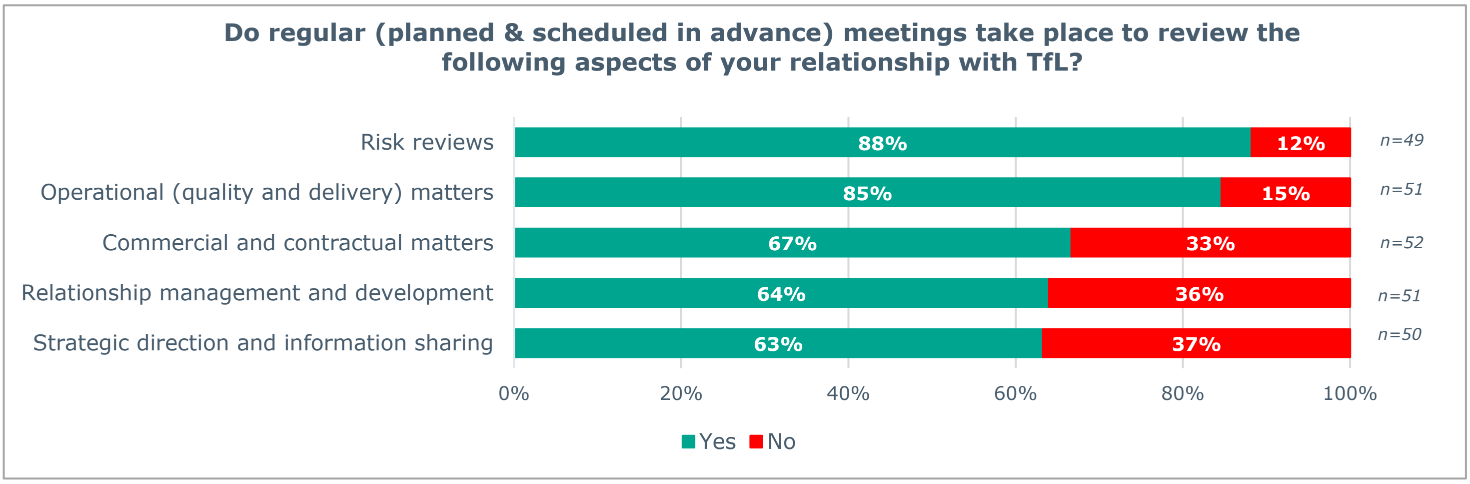
> **"Each project has its own risk register which works well. But as a contract, we used to have a risk register which we reviewed, but for the past two to three years this hasn't been done."**
>
> Anonymous

Question 52. Do you know who within TfL are responsible for the following aspects of your relationship?



For the most part, suppliers report a good understanding of who in your organisation is responsible for various aspects of their relationship.

Question 53. Do regular (planned & scheduled in advance) meetings take place to review the following aspects of your relationship with TfL?



This feedback suggests that some work needs to be done to identify and set up the appropriate review meetings with suppliers. The feedback reflects the current supplier relationship management maturity in that 'strategic' and 'relationship development' type meetings are less frequent. However, it should also be noted that these meetings will not be appropriate for all suppliers.

"Regular and meaningful meetings where 'what works best' is established by the team. At present meetings can suffer from simply going through the motions with little or no positive outputs."

Anonymous

"[TfL should] Have regular structured 1-2-1 feedback evaluation sessions. Have regular executive relationship meetings."

Anonymous

"[TfL should] Provide an empowered project sponsor, regular SRM Meetings and bring best practice from other sectors - through supply chain engagement. "

Anonymous

"[TfL should] Actually speaking to us openly and honestly about future plans, taking constructive feedback and being open with us about our performance and helping us to get better. As a supplier we are a long way from perfect but TfL can work with us to help us deliver better for all our benefit."

Anonymous

"One part of our organisation thought meetings were extremely well run, actions followed up and the other half of our organisation said what actions, what minutes? It's just not consistent."

Anonymous

"We haven't had a supplier relationship meeting for many months now. I think this is because they are trying to work out how they will be engaging with their supply team. I have tried to arrange these meetings, but without success."

Anonymous

"I have never had them turn around and say can we do a 360 with you. It is very one sided. We used to say to them we are having a team briefing do you want to come along, and they used to say no. they never understood the duplicity. They are not open, they don't want the feedback and they don't want the criticism."

Anonymous

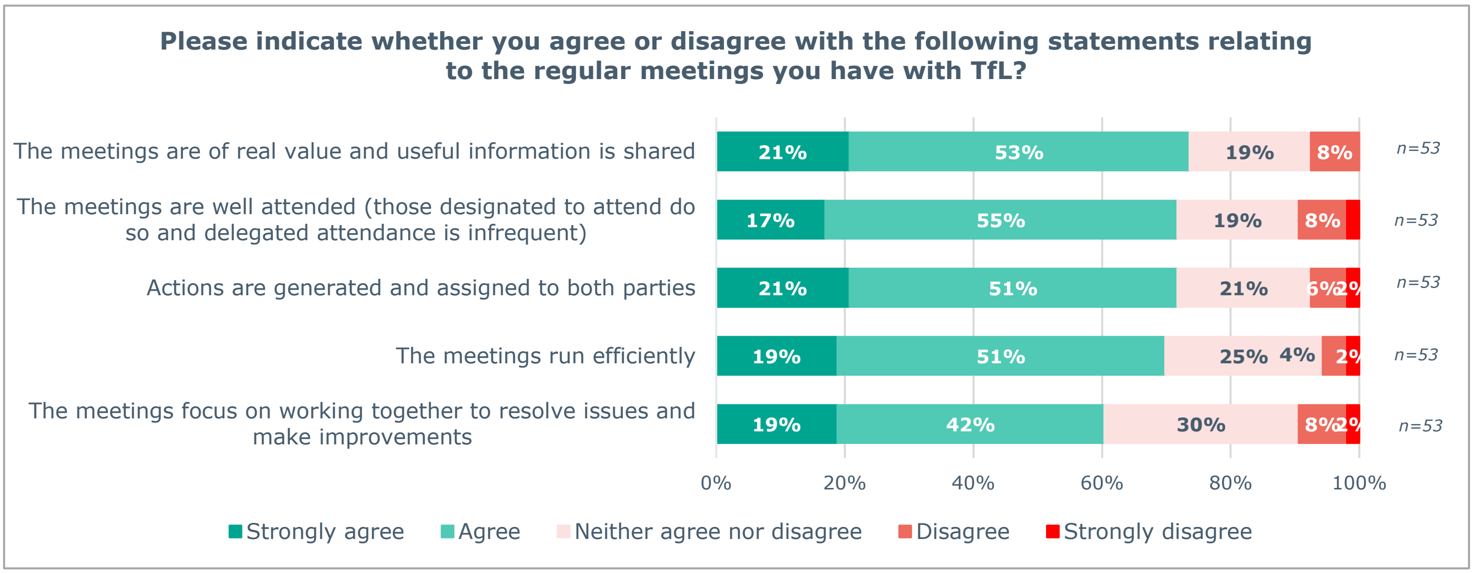
"There is no one driving it on the relationship side. It is very transactional. You come in, you do a job for us, and then you go away again."

Anonymous

"[TfL should] establish clear relationships and hold regular and consistent sessions for engagement. "

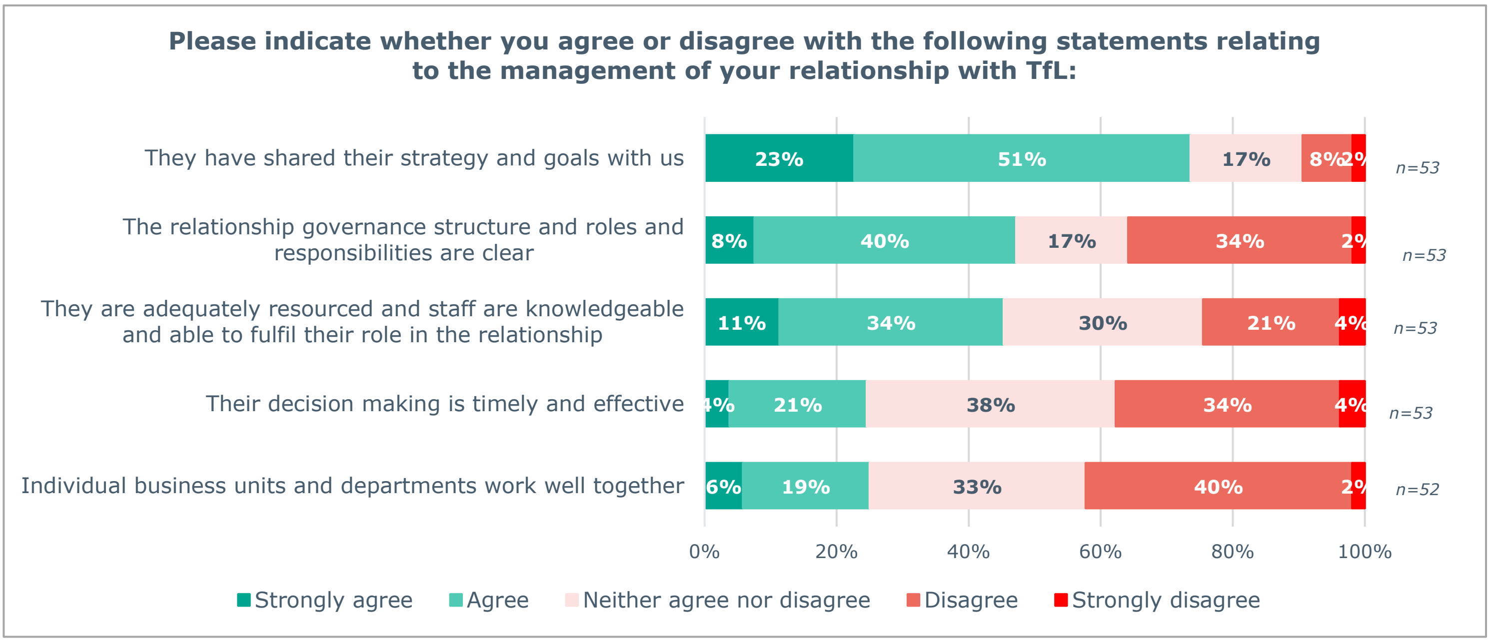
Anonymous

Question 54. Please indicate whether you agree or disagree with the following statements relating to the regular meetings you have with TfL.



The feedback on supplier meetings when they take place is generally positive, although the number of replies from suppliers that are non-committal or negative suggests that the efficiency of the meetings, action generation, and the focus on working together to resolve issues and make improvements, could be improved.

Question 55. Please indicate whether you agree or disagree with the following statements relating to the management of your relationship with TfL.



Feedback suggests that your decision making process is not timely and effective and that individual business units and department could work better together. Responses to the survey suggest that suppliers are generally happy that strategies and goals are shared, and that roles and responsibilities are clear. However, some interviewees did comment that they know of these strategies and plans because they are in the public domain, and that roles and responsibilities could be clearer.

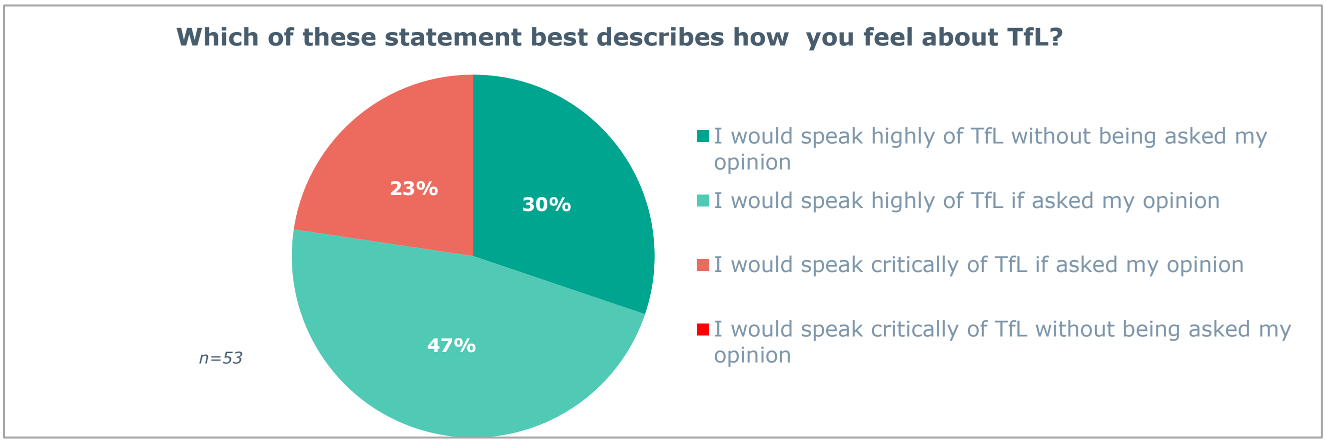
"Each department isn't consistent. The way we are treated in some compared to others, we may as well be working for a different client. Some are happy to do lessons learnt, whereas others will just keep doing the same thing again and again."

Anonymous

"Speak to us openly and honestly about future plans."

Anonymous

Question 56. Which of these statement best describes how you feel about TfL?



Although feedback here is generally positive, the fact that almost a quarter of suppliers that responded to this question responded negatively could be a cause for concern.

"Our relationship is excellent on existing contracts, it's very difficult to engage at a more Strategic level to assist TfL in the challenges they have shared openly and we believe we can help them with. Overall very good senior relationships."

Anonymous

"TfL used to be our prime client that we would drop anything for. They were fair, they were reasonable, they were firm. There was mutual respect. But over the past four or five years, it's moved to a whole new organisation that I don't even recognise. It won't be good for TfL in terms of price, as it's a small industry and people talk."

Anonymous

"Strong but different experience working with different parts of TfL so I have had to find an average to complete the survey. I believe parts of TfL represent industry best practice for innovation and forward thinking and if this could be replicated it could really help TfL meet the current budget challenges and transform the approach to innovation and continual improvement."

Anonymous

"In many areas the relationship is excellent although there would be a benefit in more consistency. Partnering and collaboration now seems to be of slightly less importance to TfL than in recent years."

Anonymous

"I really enjoy working with TfL. TfL is a massive organisation but a trustworthy one that communicates well in my experience at all levels with myself as a supplier. Issues have arisen when there have been TfL disconnects internally which can sometimes lead to two views, but this has improved to the point it is not really something I see anymore based on recent structural changes at TfL which have centralised many functions for the better, this is constantly improving and given the size of TfL this is to be commended.

In terms of day to day dealings, these are straight forwards and professional and where we have differences they are resolved with integrity. Sometimes TfL's expectation of us as a supplier can be over optimistic based on internal TfL programme requirements versus what we can actually provide based on resource and process, however this is resolved fairly and thanks to the open nature between the two companies at all levels from Senior management down to Sales and Engineering this does not become a limiting factor to doing business. In general where we have had [redacted] issues on delivery or quality TfL have been understanding and worked with us to resolve, there is an understanding in general that joint teamwork is crucial to success, even where things go wrong. Whilst accountability has to be maintained it is managed and only escalated once all avenues to resolve locally are exhausted. In comparison to many companies TfL is complex to deal with, but again less and less these days."

Anonymous

"It feels like we're not fulfilling our potential, that's the essence of my thoughts. My big message would be, please do something with the results of this. I did one last year and I didn't see much change."

Anonymous

Question 57. What would you consider to be TfL's top four priorities for delivering its services through the supply chain?

The table below provides some of the priorities suppliers provided for this question.

What would you consider to be TfL's top four priorities for delivering its services through the supply chain:
Value for money
Cost reduction
Quality of products
Health and safety
Sustainability and environment

Good practice

Question 61. What is it that the industry sector or companies you mentioned in your previous responses do particularly well?

Feedback from suppliers suggests that the activities and behaviours listed below are what differentiate the industry sectors and/or companies that are leading in operational and transactional interactions. What lessons can be learned from the way these companies interact with their suppliers? You should consider replicating some of the positive practices and behaviours listed below?

What your suppliers think their other customers are doing well to be doing well:
Regular and structured meetings
They work with suppliers in a partnership
Contracts are long enough to commit investment
There is a good level of communication and engagement
There are open and honest discussions
Request and act upon feedback

Questions 62 & 63. What are the main things that TfL do well in the way they manage the relationship they have with you? And what could they do/change that would make the most difference?

What suppliers think you are doing well:
Good levels of engagement and communications are open and honest
Good governance and we know who to speak to within TfL
TfL has a desire to improve and drives standards
Regular meetings are held
TfL works collaboratively
What suppliers want to see you do or change that would make the most difference:
Be more open about requirements and share future plans
Engage suppliers earlier in decisions
Listen to suppliers more
Improve decision making speed and empower more individuals to make decisions
Improve communication between TfL departments

Summary

- Across the range of questions relating to good performance management, 75% of suppliers were positive about how performance is currently managed. Areas where feedback suggests there is most room for improvement include:
    - The inclusion of KPIs for TfL in performance reviews;
    - Joint agreement of scorecard content;
    - The accuracy of data to reflect the suppliers' performance against specification, KPIs and SLAs;
    - Jointly investigating root causes of operational problems and agree corrective actions;
    - Providing constructive feedback of a supplier's performance.

- Across the range of questions relating to risk management, 64% of suppliers were positive about how risk is currently managed. The areas where feedback suggests there is most room for improvement include:
    - Agreeing joint risk status with suppliers and running a joint risk log;
    - Suppliers invited to participate in regular risk reviews.

- For the most part, suppliers report a good understanding of who in TfL is responsible for various aspects of the relationship;
- Feedback suggest that some more could to be done to identify and set up the appropriate review meetings with suppliers. 'strategic' and 'relationship development' type meetings are less frequent, however these meetings will not be appropriate for all suppliers;
- Feedback on supplier meetings when they take place are generally positive, although the level of non-committal or negative responses indicate that attendance and efficiency of the meetings, action generation, and the focus on working together to resolve issues and make improvements, could be improved;
- Suppliers generally feel that decision making could be more timely and business units could work together more effectively. Suppliers were generally positive about TfL's strategy sharing and the governance structure and roles and responsibilities;
- Feedback was generally positive when suppliers were asked whether they would speak critically of TfL, with 77% of suppliers stating that they would speak highly of TfL. However, the fact that almost a quarter of respondents to the question responded that they would speak critically of TfL if asked their opinion, could be a cause for concern;
- When looking at industry sector comparisons the transport sector is generally thought to be more advanced. Irrespective of industry sector suppliers most often referred to Network Rail and Highways England as companies they regard as advanced in this area. TfL however, was also selected as one of the company suppliers generally considered as strongest in relationship management.

Action areas

- Review performance management processes from requirements definition where standards, specifications, service levels, etc. should be set through transitioning these into an approach to market and contracts. The design of KPIs should be effective, efficient and working collaboratively with business areas and suppliers to implement effective performance management reviews and reporting;
- As part of creating best practice governance structures for supplier relationships, develop a RACI matrix with clear roles and responsibilities for your most strategic supplier relationships;
- As part of creating best practice governance structures for supplier relationships, develop a set of meetings with a clear purpose and required outcomes for your most strategic supplier relationships;
- Design standard agendas and increase the use of technology to manage information and actions;
- Rationalise meetings to make them as efficient as possible;
- Review decision making and where possible streamline processes.

6. Customer of Choice

"A customer of choice is a company that, through its practices and behaviours, consistently positions itself to receive preferential access to resources, ideas and innovations from its key suppliers"

This section focuses on the overall quality of relationships with suppliers and aims to gather supplier feedback on the attributes and behaviours they consider most important in their customers of choice. It then goes on to ask the extent to which their best customer (excluding you) currently demonstrates them. Finally it asks suppliers the extent to which you demonstrate those same attributes. This enables us to determine if you are likely or otherwise to be a customer of choice and where the areas for improvement lie.

You scored **3.48** out of 5.00 in the Customer of Choice section.

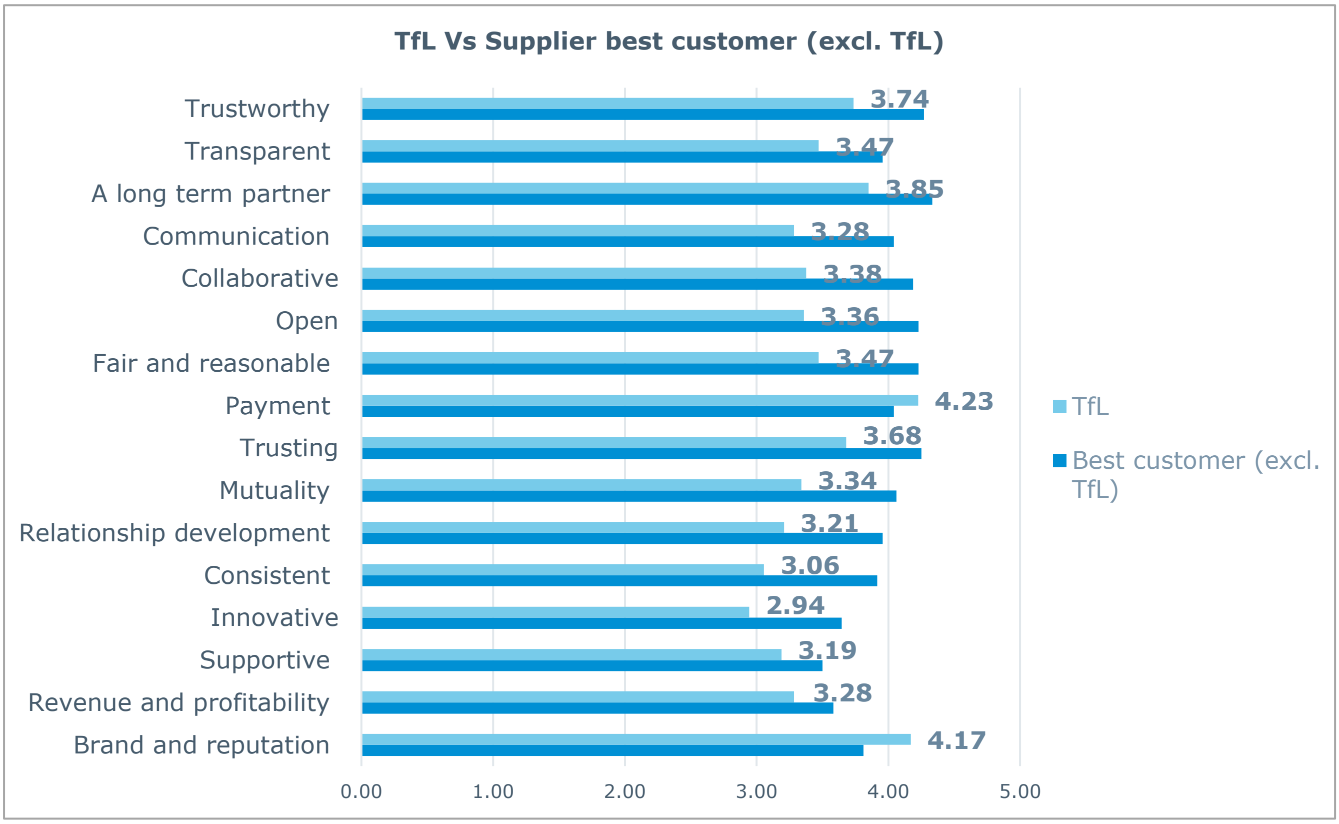
Q64. What attributes are the most important for a customer to display in order to create a great relationship?

- **Trustworthy** – *They act with integrity, are reliable and stick to agreements*
- **Transparent –** *They go out of their way to be honest and open. They give you access to information and do not deliberately hide the facts*
- **A long term partner** – *They are able to offer you the chance of an extended and mutually beneficial business relationship*
- **Communication** – *Communication is clear, concise and two way (they listen)*
- **Collaborative** – *They work with you as a team*
- **Open** – *They are open-minded and open to new ideas and ways of working. They ask for feedback and are not afraid to be challenged*
- **Fair and reasonable** – *They are a customer that is fair and reasonable in its dealings and treats me with respect*
- **Trusting** – *They have confidence in you and trust you to do your job*
- **Payment** - They pay on time
- **Mutuality** – *They work in a way that acknowledges that the relationship needs to work for both parties*
- **Relationship development** – *They are interested in developing our relationship beyond current contractual scope*
- **Consistent** – *They demonstrate consistent working and behaviours across all areas of the business and throughout the business cycle (i.e. in good times and bad)*
- **Innovative** – *They are innovative and open to innovative ideas and able to manage them effectively*
- **Supportive** – *They are a customer that is able and willing to help me develop as a company*
- **Revenue and profitability** – *They are a customer that represents an above average revenue and profitability stream*
- **Brand and reputation** – *They have a prestigious brand and reputation*

Our global research has increasingly revealed that these relationship attributes, when achieved, deliver tangible value to organisations, contributing to optimised performance and the achievement of strategic goals. Advantages of the *customer of choice* status include first refusal on innovations, priority access to the best resource, willingness to accept and manage risk, continuous improvement and improved account management.

Being regarded as a *customer of choice* (which can be gained by working well across the most important attributes) by as many of TfL's key suppliers as possible will mitigate risk and unlock advantages over its competitors. In this context, TfL's competitors may be organisations in different industry sectors that also consume the goods and services its suppliers deliver to.

Question 65 – How suppliers rate these attributes in their best (excluding TfL) customer. Question 66 – How suppliers rate these attributes in TfL.



Note: attributes in the graph are ordered from the attributes your supplier selected as the most important (starting with trustworthy at number 1), through to the attributes they considered least important (brand and reputation).

Despite being rated as at least good in all attributes you are still generally rated lower than your supplier best customers.

Your strongest attributes are[4]:

- **Payment (8)** – *Suppliers feel you pay on time*
- **Brand and reputation (16)** – *Supplier believe you have a prestigious brand and reputation*
- **Long term partner (3)** – *Suppliers believe you are able to offer the chance of an extended and mutually beneficial business relationship*

[4] *The figure in brackets represent the importance ranking placed on this attribute by suppliers*

- **Trustworthy (1)** – *suppliers believe you act with integrity, are reliable and stick to agreements*
- **Trusting (9)** – *you demonstrate confidence in suppliers and trust them to do their job*

Your strongest attributes match with **2** of the top **5** considered most important by your suppliers.

Your weakest attributes are:

- **Innovative (13)** - *You are innovative and open to innovative ideas and able to manage them effectively*
- **Consistent (12)** – *You demonstrate consistent working and behaviours across all areas of the business and throughout the business cycle (i.e. in good times and bad)*
- **Supportive (14)** – *You are a customer that is able and willing to help me develop as a company*
- **Relationship development (11)** – *You are interested in developing our relationship beyond current contractual scope*
- **Communication (4)** - *Communication is clear, concise and two way*
- **Revenue and profitability (15)** - *You are a customer that represents an above average revenue and profitability stream*

Your weakest attributes match with **1** of the top **5** most important identified by your suppliers.

The largest gaps between how your suppliers rate you and their best customer are in the following attributes:

- **Open (6)** – You *are open-minded and open to new ideas and ways of working. They ask for feedback and are not afraid to be challenged*
- **Consistent (12)** - *You demonstrate consistent working and behaviours across all areas of the business and throughout the business cycle (i.e. in good times and bad)*
- **Collaborative (5)** – *you work with suppliers as a team*
- **Communication (4)** - *Communication is clear, concise and two way (they listen)*
- **Fair and reasonable (7)** - *You are a customer that is fair and reasonable in its dealings and treats me with respect*

The largest gaps correspond with **1** of the top **5** most important attributes identified by your suppliers.

TfL compares better than suppliers best customer in two of the attributes:

- **Brand and reputation (16)** – *Supplier believe you have a prestigious brand and reputation*
- **Payment (8)** – *Suppliers feel you pay on time*

Customer of choice status is not enhanced overnight and will be the result of a number of actions relating to processes, practices and probably most important behaviours over time.

Whilst it is not possible to be **'the'** customer of choice for all of your key suppliers, being highly preferred as a customer can still generate significant value.

Our research and other studies have revealed three aspects of the customer that make them attractive to a supplier:

a) **Brand** – suppliers will aspire to work with well-known companies that are well positioned in their market and can provide long term business continuity and stability;
b) **Revenue and profitability** – suppliers will be attracted by companies that have budgets and demand that will create a good revenue stream and a reasonable margin;
c) **Ease of doing business** – suppliers will value relationships where it is easy to do business with, where the cost to serve is minimized and they can work in partnership with their customer.

Of these, it is generally considered that '**ease of doing business**' is the one that will sustain a healthy relationship and contribute the most towards being a customer of choice.

Our global SRM research report has revealed that the organisations that are leaders in SRM are more than twice as likely to be a customer of choice for the majority of their key suppliers. It also revealed that for most organisations, the realisation that they may not actually be a customer of choice for many of their key suppliers is difficult to absorb and in some cases even more difficult to address.

Financial benefits are not the only reason you should consider improving your customer of choice status. State of Flux research with more than 1,800 companies over the last nine years, has seen increasing evidence of incremental value over and above the contract, generated as a result of developing more customer of choice attributes. This value takes many forms, including:

- Access to supplier innovation and more proactive ideas for continuous improvement;
- Better account management and support from supplier executives;
- Higher levels of collaboration;
- Better risk mitigation;
- Initial allocation to you, and also the retention of the best supplier talent;
- Prioritisation for scarce capacity, products or raw materials;
- Supplier side investment in the relationship;
- Additional commitment and willingness to 'go the extra mile';
- Preferential pricing.

Action areas:

- While overall you are not considered a customer of choice for any of the key relationship attributes identified it is clear that the gap is greater in some areas compared to others. It is recommended that those attributes considered the most important by suppliers and where the largest gap exists are the focus of your attention.
- Taking this into consideration, and focusing on the top five attributes, you should pay particular attention to continuing to act in a trustworthy manner; improving transparency and communication, as well as looking to work with suppliers collaboratively and as a long-term partner.

BENCHMARKING

Our ability to benchmark your result is linked to the industry sectors represented by the global companies for whom we have conducted Voice of the Supplier studies. The highlighted cells are industry sector averages that are better than TfL.

Client	Industry	Growth & Innovation	Responsible Procurement	Contract & Commercial	Operational & Transactional	Relationship Management	Customer of Choice	VoS Index (average of the 6 sections)
TfL	**Public sector / public services**	**3.01**	**3.40**	**3.35**	**3.36**	**3.79**	**3.48**	**3.40**
	Public sector / public services average	***3.35***	***2.93***	***3.44***	***3.36***	***3.64***	***3.68***	***3.40***
	Aerospace and Defence	3.33	2.56	3.29	3.49	3.75	4.09	3.42
	Automotive	2.75	2.10	3.06	2.98	3.46	3.32	2.95
	Education	3.58	2.77	3.27	3.19	3.59	3.82	3.37
	Financial services	3.40	2.92	3.55	3.33	3.71	3.96	3.50
	FMCG	3.57	3.15	3.63	3.61	4.52	3.96	3.62
	Media & entertainment	3.50	2.81	3.75	3.78	4.06	3.48	3.62
	Nuclear energy average	3.11	3.63	3.48	3.36	3.74	3.84	3.51
	Oil and gas	3.31	3.15	3.37	3.58	3.68	3.82	3.47
	Pharmaceuticals	3.26	2.73	3.46	3.38	3.75	3.77	3.39
	Telecommunications	3.54	3.69	3.70	3.39	-	-	3.58
	Travel / leisure	3.29	3.00	3.22	2.92	3.59	3.84	3.26
	Utilities	3.36	3.23	3.31	3.37	3.55	3.76	3.42

SUMMARY AND NEXT STEPS

The content of this report supports the assessment based on an overall Voice of the Supplier score of **3.40** that TfL supplier relationships have challenges that are probably inhibiting performance and increasing risk. There will be significant room for improvement and the need to focus on both operational improvement and developing more positive behaviours.

Overall you perform strongest in **relationship management** and the area requiring the most improvement is **growth and innovation**.

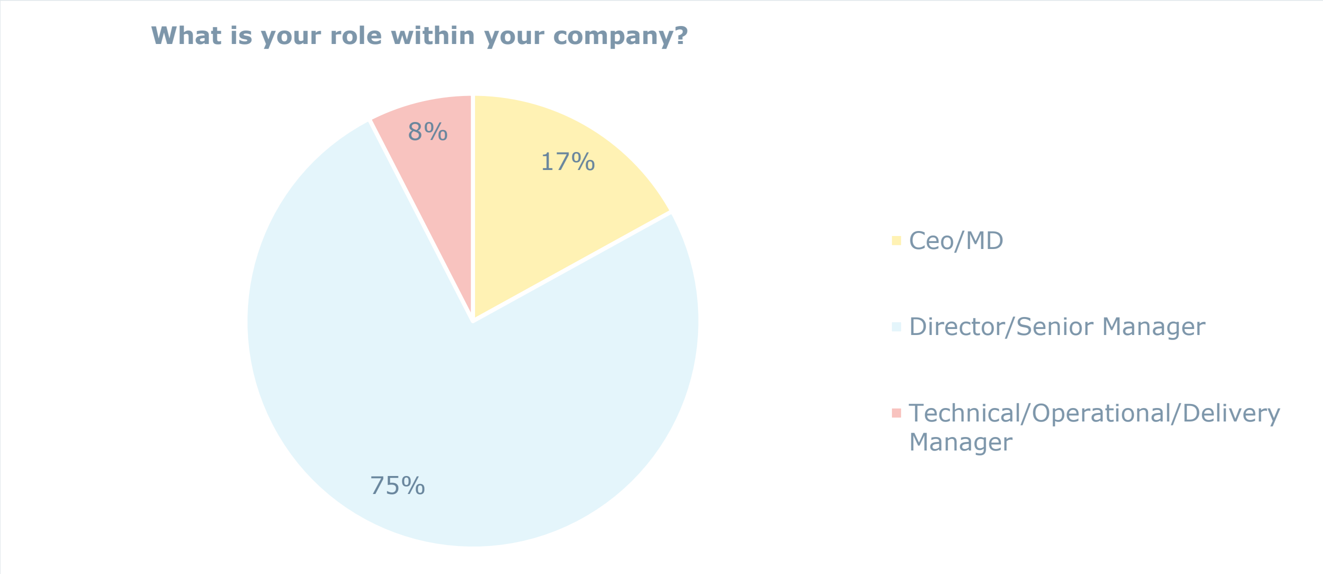
We recommend that a planned approach to next steps is adopted including the following activities;

- Participating suppliers are thanked for their participation and given an overview of next steps;
- This report is shared with senior management as positive feedback, in that it provides a comprehensive overview of the current perception of TfL from the supplier perspective and can be used to support the case for change in approach to supplier management in general and strategic supplier specifically;
- The findings of this report are examined and the root causes of the issues highlighted by supplier feedback are identified. This could be done via a problem solving workshop;
- Corrective actions are identified and prioritised and a programme of work consisting of firm 30, 60 and 90 day commitments agreed, along with any budget and resource requirements. This programme of work needs to be sponsored by the senior leadership team and supported by an effective change management and communication strategy.

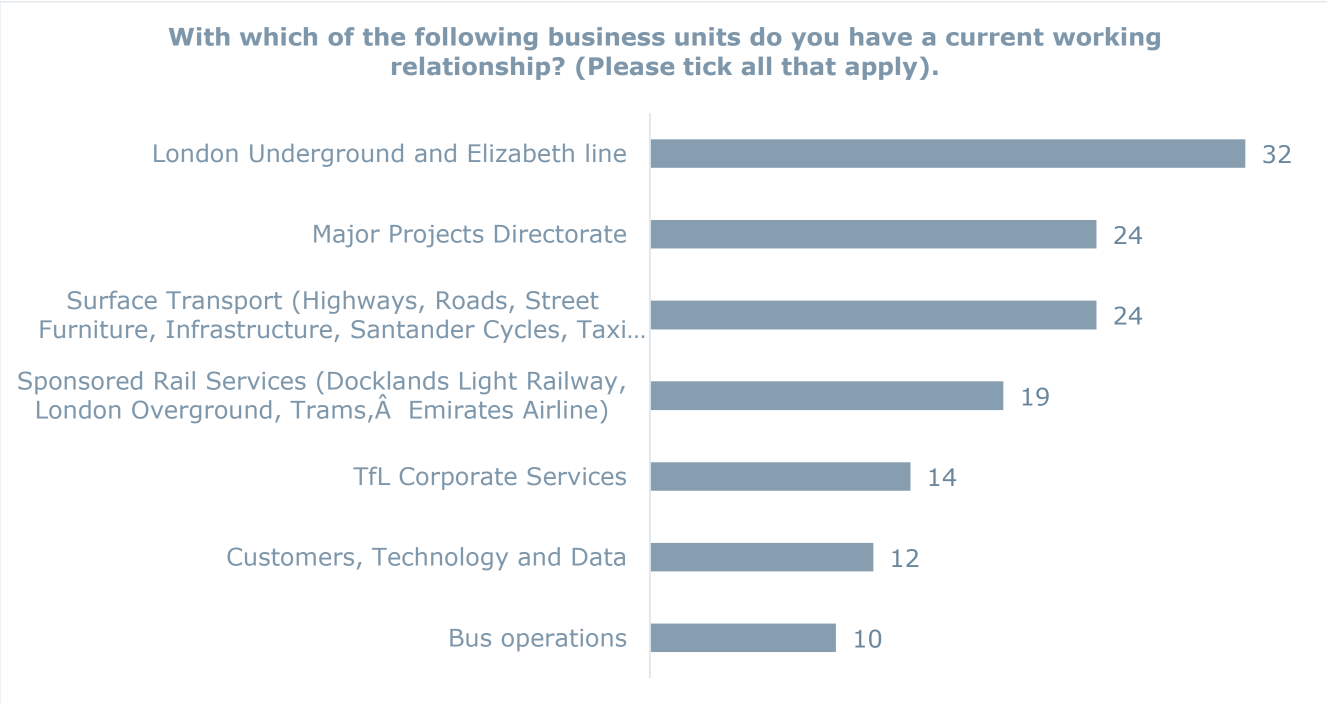
State of Flux are pleased to have been able to conduct this study and complete this analysis. We would be delighted to offer any further support we can in terms of action planning, change management or any other aspect of supplier management.

APPENDIX I – RESPONDENTS' DEMOGRAPHICS

Q3. What is your role within your company?



Q4. With which of the following business units do you have a current working relationship[5]?



[5] Examples of Major Projects Directorate were:
(4LM, Deep Tube Upgrade Programme, Barking Riverside Extension, Northern Line Extension, Silvertown Tunnel, Bank Congestion Relief, Victoria Station Upgrade, Victoria Line Upgrade 2, Bond Street Station Upgrade, TCR Station Upgrade, Bank Bloomberg, Paddington Bakerloo Line Link)

APPENDIX II – SURVEY RESPONDENTS

Redacted

APPENDIX III – COMPARISONS

Growth and Innovation industry comparisons

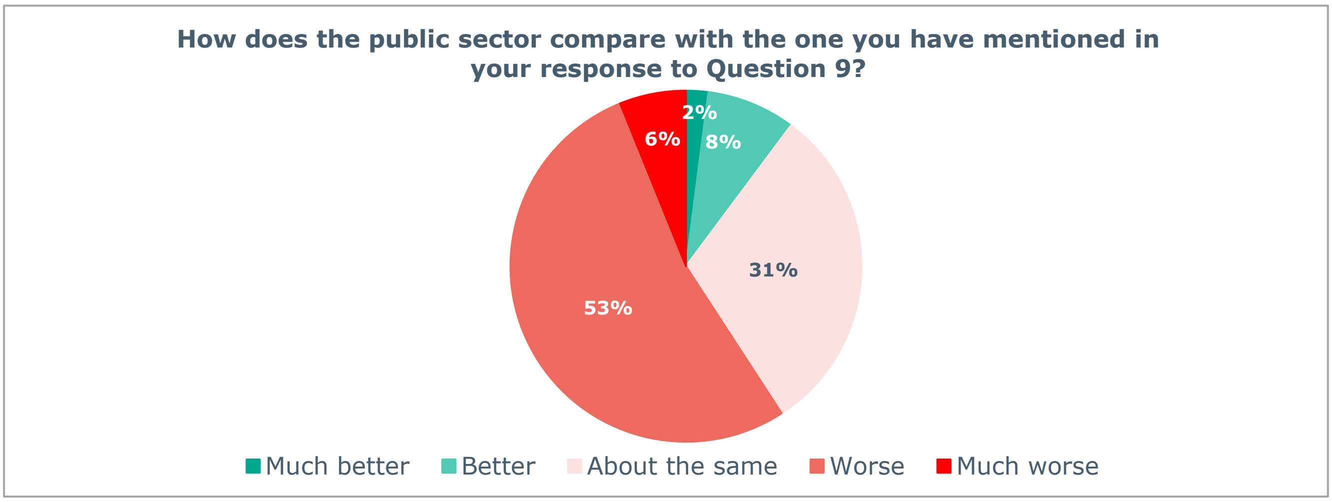
Question 9. Of the different industry sectors, excluding your industry*, represented by your current customers, which would you say engages you most positively on growth and innovation?

The industry sectors most frequently mentioned were:

- Transportation;
- Other;
- IT / high.

**Your industry sector is excluded as it will be over represented amongst the respondents.*

Question 10. How does the public sector compare with the one you mentioned in question 9?



10% of respondents believe that the public sector is the best industry they work with in terms of engagement with growth and innovation.

59% of respondents believe that the public sector is worse than the one they mentioned in their response to question 8.

The public sector is thought by most suppliers to be generally weaker in the way it engages suppliers to support growth and innovation. This means that other companies using your suppliers are engaging them more positively and therefore will be challenging you as a customer of choice.

Growth and Innovation competitor comparisons

Question 11. Irrespective of industry sector, which of the companies you currently work with would you rate as the strongest on growth and innovation?

The companies most frequently mentioned were:

- TfL;
- Network Rail;
- Highways England.

Despite some negative feedback received by TfL in responses to the other questions in this section you are still thought to be one of the better companies to deal with amongst your suppliers. However, this feedback should be tempered by recognising that this question is getting very close to a direct 'do you like your customer' question. Suppliers will often feel reluctant to respond negatively when asked such a question, even anonymously.

Responsible Procurement industry comparisons

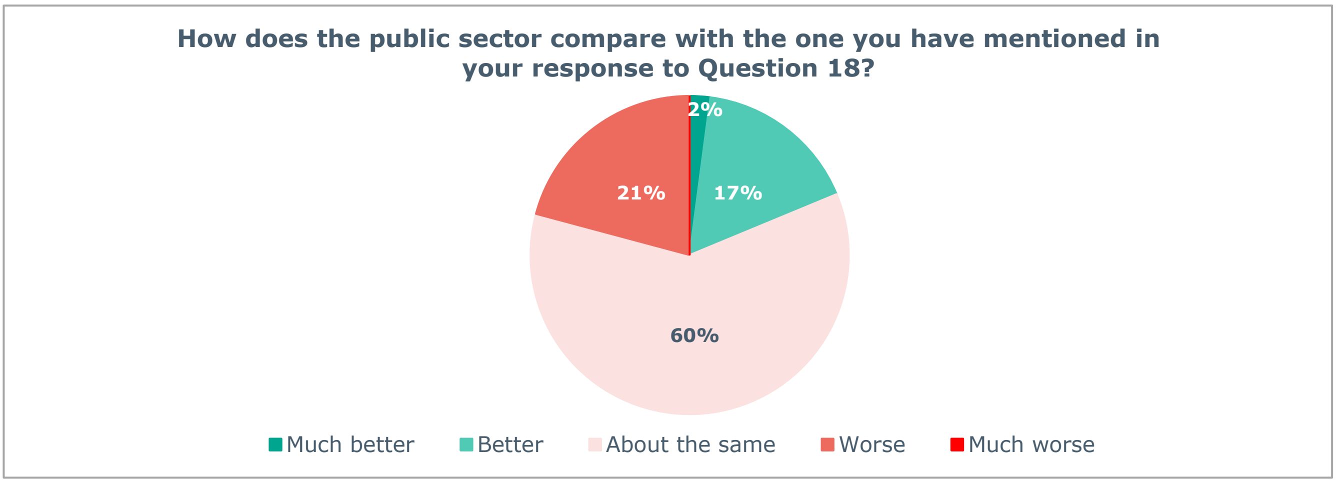
Question 18. Which industry sectors excluding the public sector* engages with you most positively on responsible procurement?

The industry sectors most frequently mentioned were:

- Transportation;
- Construction;
- Engineering.

**Your industry sector is excluded as it will be over represented amongst the respondents.*

Question 19. How does the public sector compare with the one you mentioned in question 18?



19% of respondents believe that public sector is the best industry they work with in terms of engagement with responsible procurement.

21% of respondents believe that public sector is worse than the one they mentioned in their response to question 18.

As can be seen by these figures, the public sector is thought to be the one of the best in how it engages with suppliers to support responsible procurement. If it is not the best sector, it is as good as suppliers' top sector on responsible procurement.

Responsible Procurement competitor comparison

Question 20. Irrespective of industry sector, which of the companies you currently work with would you rate as the strongest on responsible procurement?

The companies most frequently mentioned were:

- TfL;
- Network Rail;
- HS2.

Despite some negative and moderate feedback received by TfL in responses to the other questions in this section you are still thought to be one of the better companies to deal with amongst your suppliers. However, this feedback should be tempered by recognising that this question is getting very close to a direct 'do you like your customer' question. Suppliers will often feel reluctant to respond negatively when asked such a question, even anonymously.

Contract and Commercial industry comparisons

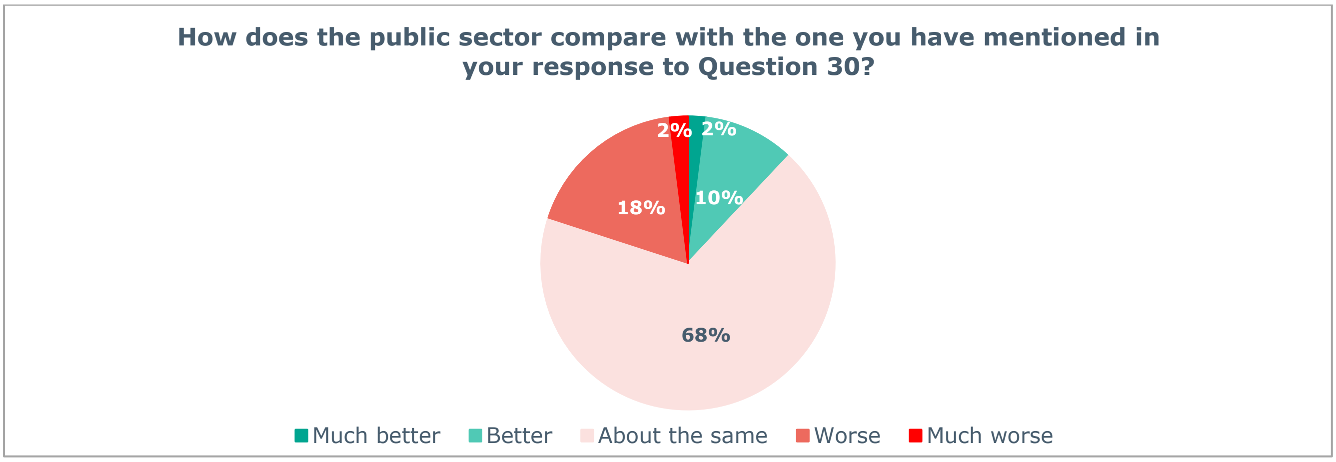
Question 30. Which industry sectors excluding public sector engages with you most positively on contract and commercial matters?

The industry sectors most frequently mentioned were:

- Transportation;
- Other;
- Construction.

**Your industry sector is excluded as it will be over represented amongst the respondents.*

Question 31. How does the public sector compare with the one you mentioned in question 30?



12% of respondents believe that the public sector is the best industry they work with in terms of engagement on Contract and Commercial matters.

20% of respondents believe that the public sector is worse than the one they mentioned in their response to question 30.

The public sector is generally thought to be the same as suppliers' other best industries in how it engages with suppliers on contract and commercial matters.

Contract and commercial competitor comparison

Question 32. Irrespective of industry sector, which of the companies you currently work with would you rate as the strongest in terms of contract and commercial engagement?

The companies most frequently mentioned were:

- TfL;
- Network Rail.;
- Highways England.

Despite some negative feedback received by TfL in responses to the other questions in this section you are still thought to be one of the better companies to deal with amongst your suppliers. However, this feedback should be tempered by recognising that this question is getting very close to a direct 'do you like your customer' question. Suppliers will often feel reluctant to respond negatively when asked such a question, even anonymously. It should also be noted that as a continual theme, Network Rail is close behind in terms of your suppliers' best customer.

Operational and Transactional industry comparisons

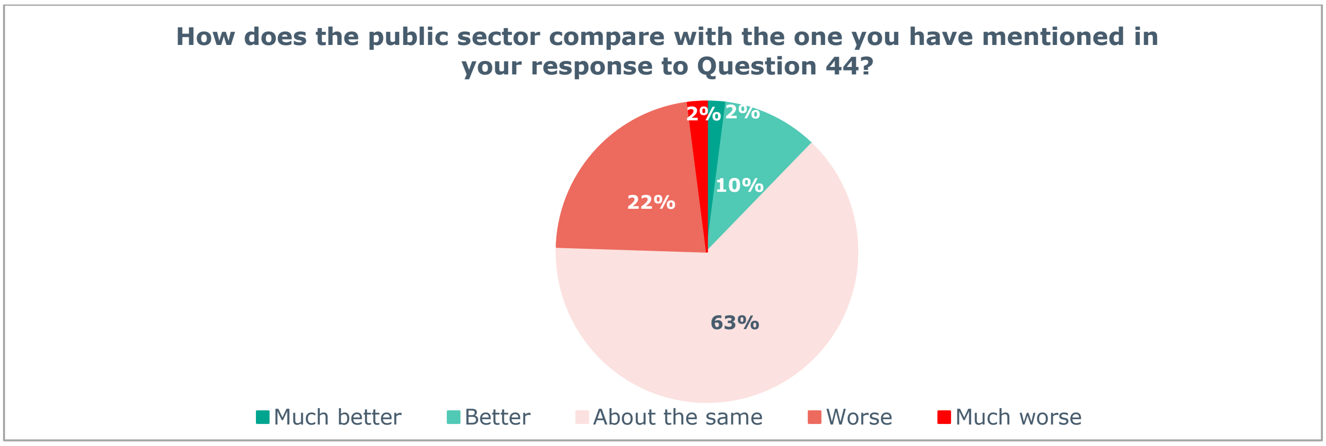
Question 44. Of the different industry sectors represented by your current customers, which would you say engages you most positively on operational and transactional practices?

The industry sectors most frequently mentioned were:

- Transportation;
- Engineering;
- Other.

**Your industry sector is excluded as it will be over represented amongst the respondents.*

Question 45. How does the public sector compare with the one you mentioned in question 44?



12% of respondents believe that the public sector is the best industry they work with in terms of operational and transactional processes.

24% of respondents believe that the public sector is worse than the one they mentioned in their response to question 44.

In general suppliers feel that the public sector is about the same as other sectors they work with. Although a slightly higher number of respondents erred towards worse or much worse, than better.

Operational and transactional competitor comparison

Question 46. Irrespective of industry sector, which of the companies you currently work with would you rate as the strongest in terms of operational and transactional interactions?

The companies most frequently mentioned were:

- Network Rail;
- TfL.

Despite some negative feedback to the other questions in this section you are still thought to be one of the better companies to deal with amongst your suppliers. However, this feedback should be tempered by recognising that this question is getting very close to a direct 'do you like your customer' question. Suppliers will often feel reluctant to respond negatively when asked such a question, even anonymously.

Relationship Management industry comparisons

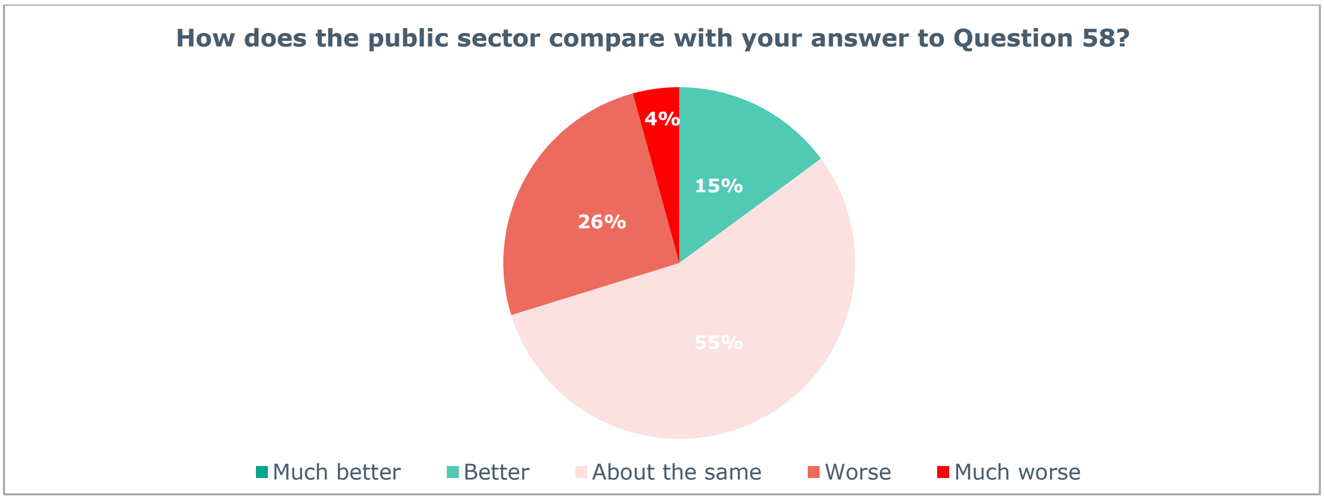
Question 58. Which industry sectors excluding public sector represent best practice relationship management?

The industry sectors most frequently mentioned were:

- Transportation;
- Engineering.

**Your industry sector is excluded as it will be over represented amongst the respondents.*

Question 59. How does the public sector compare with the one you mentioned in question 58?



15% of respondents believe that the public sector is the best industry they work with in terms of relationship management.

30% of respondents believe that the public sector is worse than the one they mentioned in their response to question 52.

The results indicate that the public sector is thought by most suppliers to be generally weaker or similar to other sectors in the way it manages relationships.

Relationship Management competitor comparison

Question 60. Irrespective of industry sector, which of the companies you currently work with would you rate as the strongest in terms of relationship management?

The companies most frequently mentioned were:

- TfL;
- Network Rail;
- Highways England.

Despite some negative feedback to the other questions in this section you are still thought to be one of the better companies to deal with amongst your suppliers. However, this feedback should be tempered by recognising that this question is getting very close to a direct 'do you like your customer' question. Suppliers will often feel reluctant to respond negatively when asked such a question, even anonymously.

APPENDIX IV – ADDITIONAL INFORMATION

Top 10 most negative sub questions

Question Number	Question	Sub question	Score (out of 5)
8	What, if any, do you perceive to be the barriers that prevent the successful implementation of innovation or continuous improvement ideas with TfL?	Risk appetite	2.33
		The decision making process is too slow	2.36
		Lack of effective engagement / alignment between different functions	2.40
26	Please indicate if you agree or disagree with the following statements relating to TfL's tendering processes:	The process of tendering is not burdensome with respect to time and resource required	2.54
25	How open and receptive is TfL to your proposals on the following?	Risk and reward sharing	2.69
28	Please indicate if you agree or disagree with the following statements relating to TfL's approach to negotiations and contracts:	TfL take a flexible approach with contract terms and conditions	2.71
25	How open and receptive is TfL to your proposals on the following?	Spend to save investment in improved methods or technology	2.76
7	In which specific areas would you say TfL is the most open and receptive to change?	First adoption of new products or methods	2.76
38	Please rate the general effectiveness of the planning and forecasting practices employed by TfL compared to your experiences with other customers in the public sector.	Please rate the general effectiveness of the planning and forecasting practices employed by TfL compared to your experiences with other customers in the public sector.	2.79
25	How open and receptive is TfL to your proposals on the following?	Joint projects / investments	2.80

Top 10 most positive sub questions

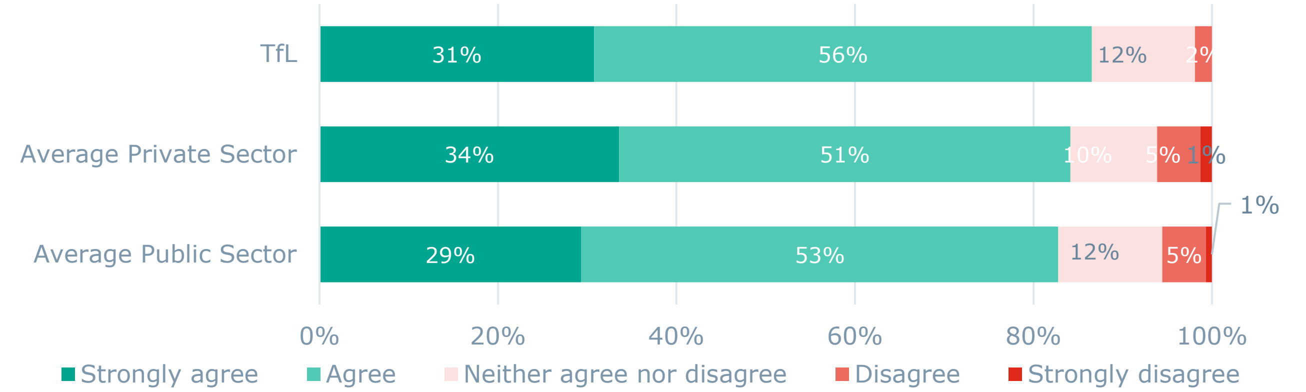
Question Number	Question	Sub question	Score (out of 5)
52	Do you know who within TfL are responsible for the following aspects of your relationship?	Commercial and contract management	4.55
53	Do regular (planned & scheduled in advance) meetings take place	Operational (quality and delivery) matters	4.53

	to review the following aspects of your relationship?		
52	Do you know who within TfL are responsible for the following aspects of your relationship?	Operational (quality and delivery) management	4.38
53	Do regular (planned & scheduled in advance) meetings take place to review the following aspects of your relationship?	Commercial and contractual matters	4.38
28	Please indicate if you agree or disagree with the following statements relating to TfL's approach to negotiations and contracts:	We are never coerced into signing contracts	4.30
52	Do you know who within TfL are responsible for the following aspects of your relationship?	Executive accountability for your relationship	4.29
52	Do you know who within TfL are responsible for the following aspects of your relationship?	Overall relationship management	4.29
50	Please comment on how TfL manages performance by indicating whether you agree or disagree with the following statements:	TfL provides clear and sufficient information of Health, Safety and Environmental procedures and obligations	4.19
50	Please comment on how TfL manages performance by indicating whether you agree or disagree with the following statements:	They have made us fully aware of the specifications and / or SLAs and KPIs we need to adhere to	4.15
50	Please comment on how TfL manages performance by indicating whether you agree or disagree with the following statements:	TfL seeks to put Health, Safety and Environmental concerns at the forefront of our relationship	4.13

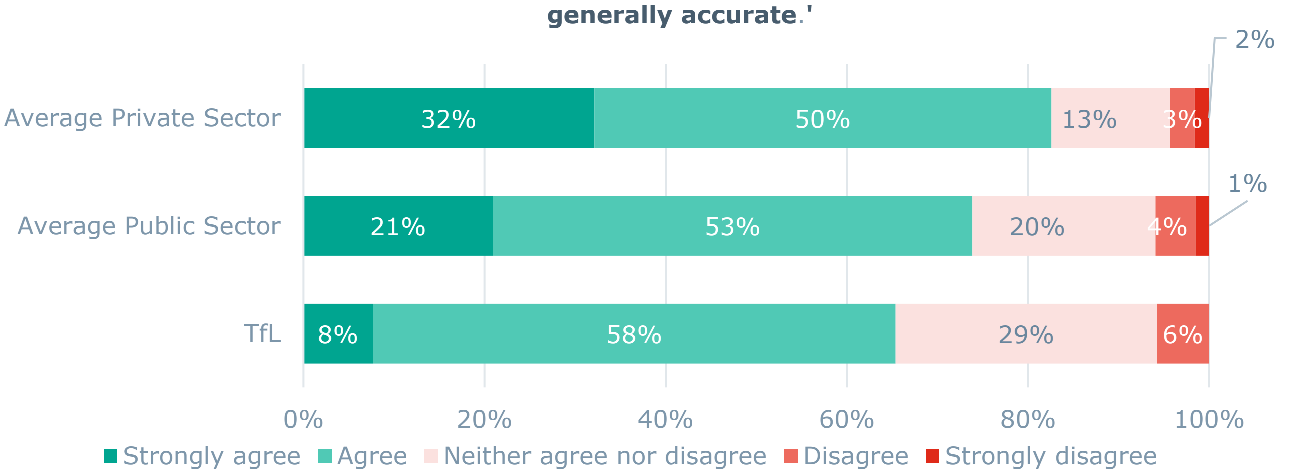
Performance management comparisons

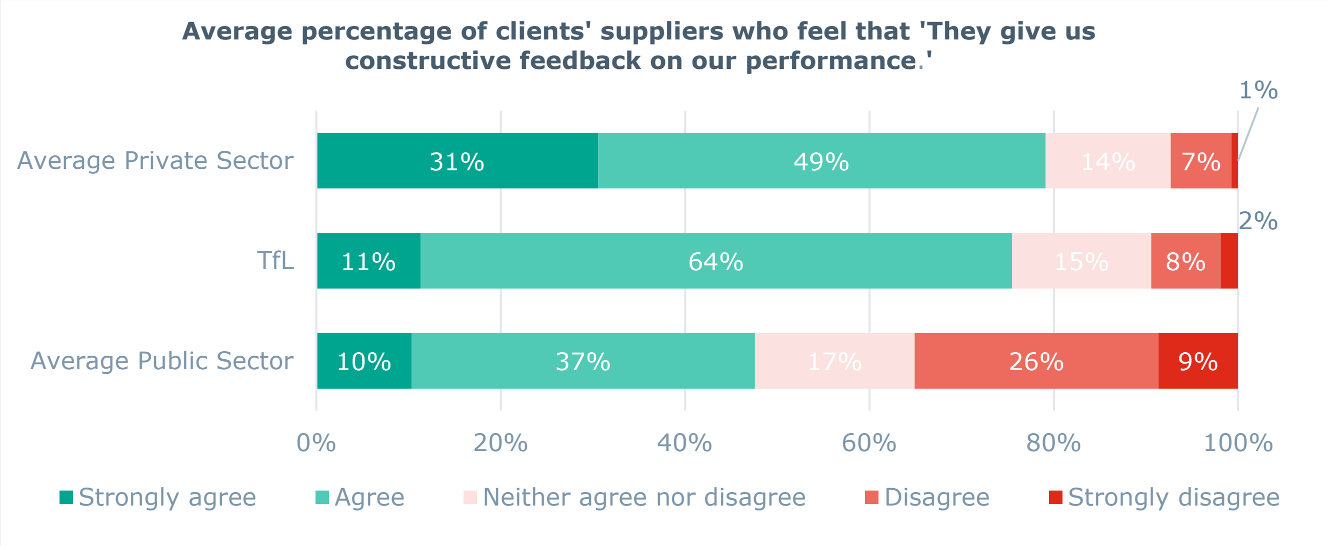
Question 50. Please comment on how TfL manages performance by indicating whether you agree or disagree with the following statements:

Average percentage of clients' suppliers who feel that 'They have made us fully aware of the specifications and / or SLAs and KPIs we need to adhere to' '

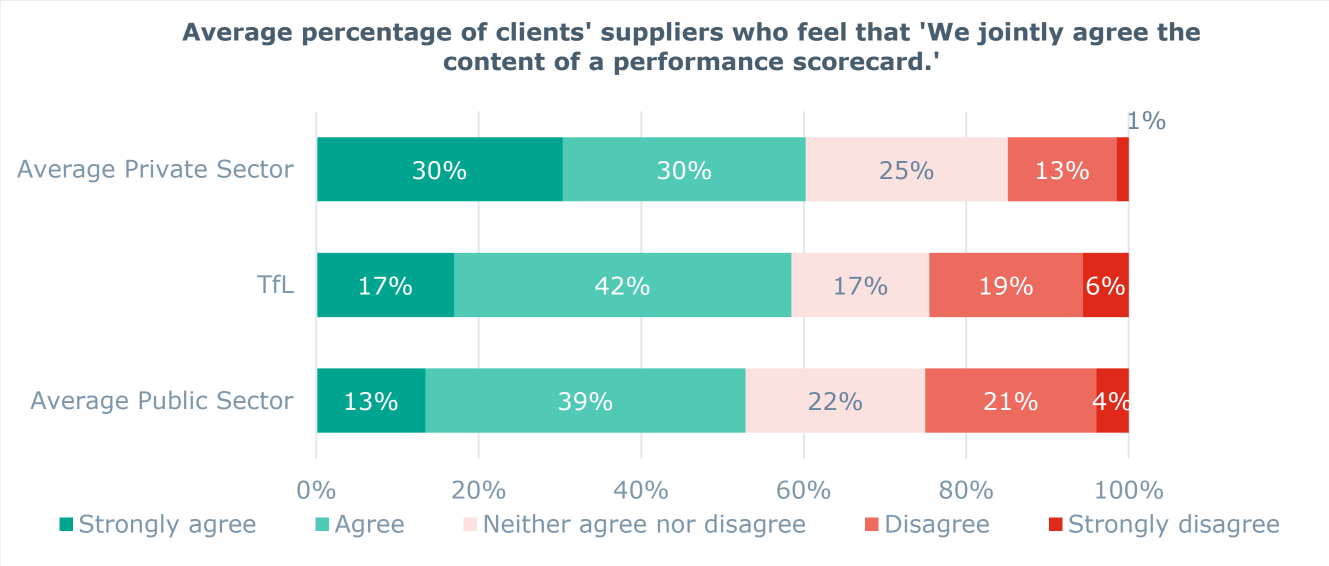


Average percentage of clients' suppliers who feel that 'Data they collect to report our performance against specifications and / or SLAs and KPIs is generally accurate.'

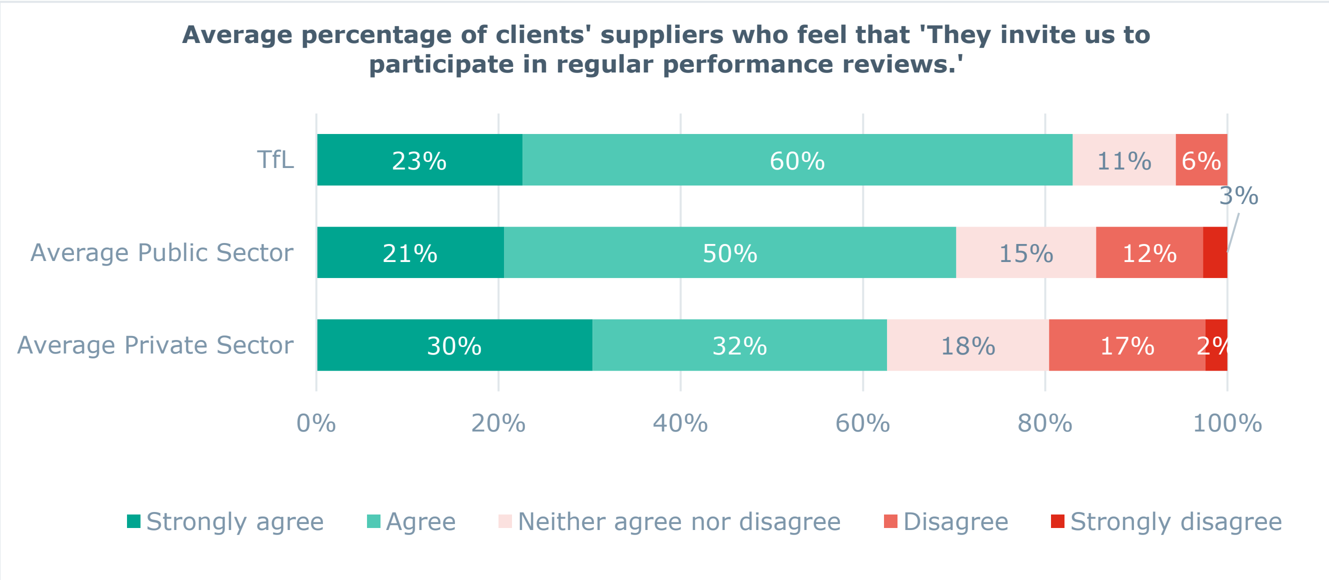




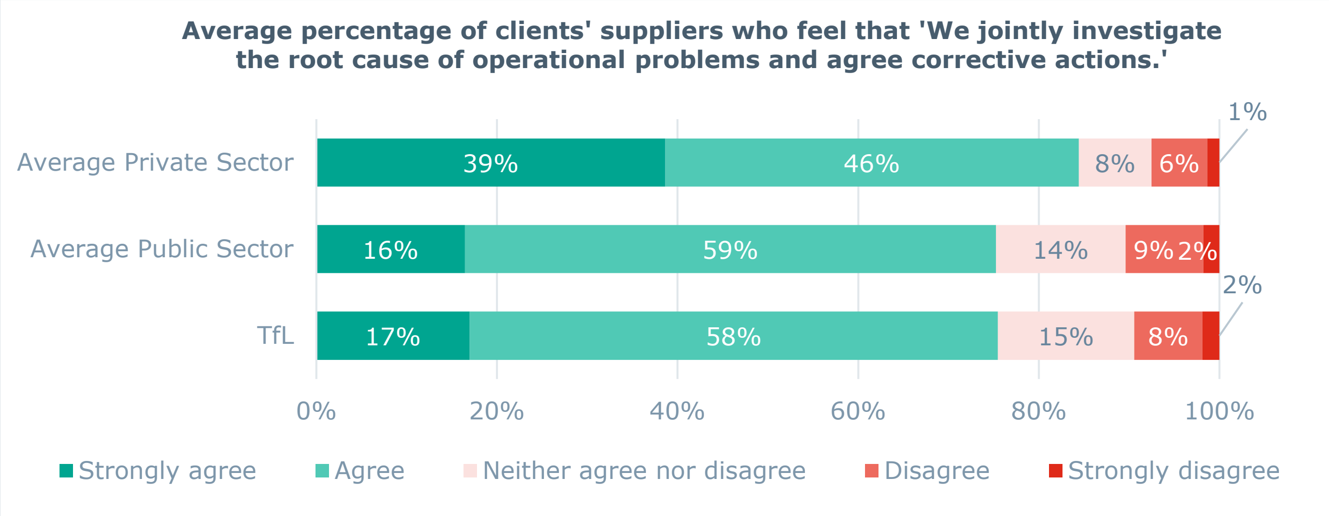
Average percentage of clients' suppliers who feel that 'They give us constructive feedback on our performance.'
Average Private Sector
TfL
Average Public Sector
31%
49%
14%
7%
1%
11%
64%
15%
8%
2%
10%
37%
17%
26%
9%
0%
20%
40%
60%
80%
100%
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree

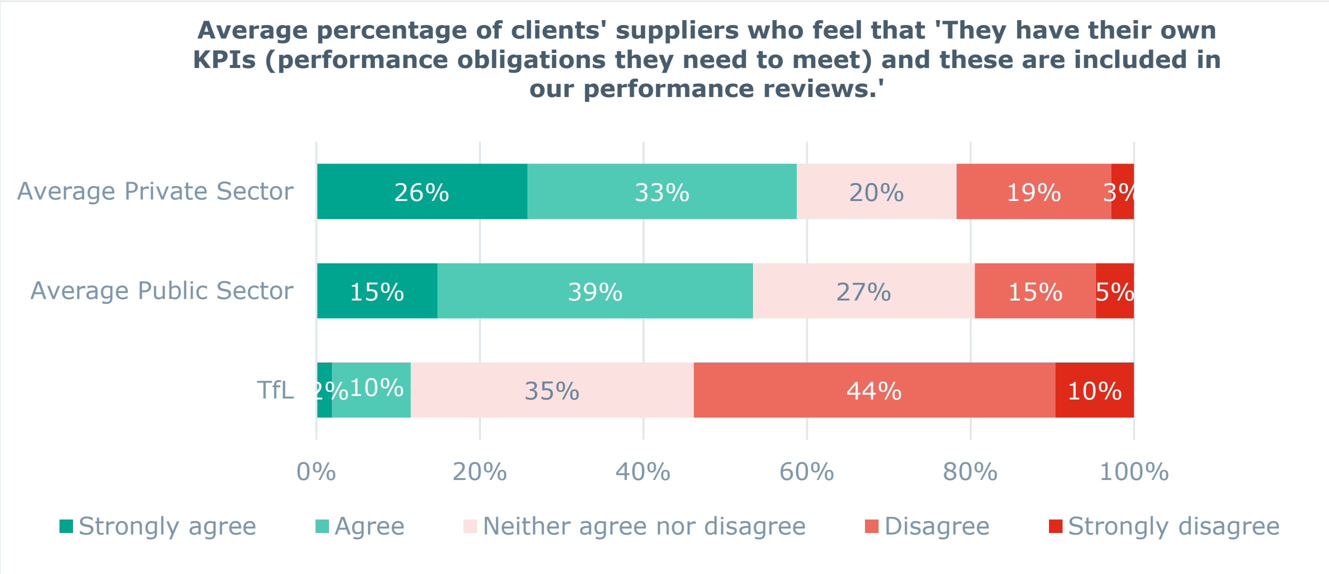


Average percentage of clients' suppliers who feel that 'We jointly agree the content of a performance scorecard.'
Average Private Sector
TfL
Average Public Sector
30%
30%
25%
13%
1%
17%
42%
17%
19%
6%
13%
39%
22%
21%
4%
0%
20%
40%
60%
80%
100%
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree



Average percentage of clients' suppliers who feel that 'They invite us to participate in regular performance reviews.'
TfL
Average Public Sector
Average Private Sector
23%
60%
11%
6%
21%
50%
15%
12%
3%
30%
32%
18%
17%
2%
0%
20%
40%
60%
80%
100%
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree


Average percentage of clients' suppliers who feel that 'We jointly investigate the root cause of operational problems and agree corrective actions.'
Average Private Sector
Average Public Sector
TfL
39%
46%
8%
6%
1%
16%
59%
14%
9%
2%
17%
58%
15%
8%
2%
0%
20%
40%
60%
80%
100%
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree


Average percentage of clients' suppliers who feel that 'They have their own KPIs (performance obligations they need to meet) and these are included in our performance reviews.'
Average Private Sector
Average Public Sector
TfL
26%
33%
20%
19%
3%
15%
39%
27%
15%
5%
2%
10%
35%
44%
10%
0%
20%
40%
60%
80%
100%
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree

APPENDIX V – ABOUT STATE OF FLUX

Head quartered in London and with offices in Sydney, Auckland, Switzerland, Athens and Chicago, State of Flux has been supporting clients in procurement for over 13 years. We have grown into a leading procurement and supply chain consultancy providing contract lifecycle management, category management and strategic sourcing, as well as supplier management services.

State of Flux has an extensive list of multinational clients. We offer our clients significant and sustainable results quickly, through our innovative consulting, training and technology solutions. State of Flux prides itself on its friendly approach and tailors procurement and supply chain solutions to its clients' needs.

Our capabilities

Supplier Relationship Management
We help you achieve maximum value out of your supplier relationships through:

- SRM global research and best practice;
- SRM programme design and support;
- Voice of the supplier programmes;
- 360° supplier / buyer reviews;
- Supplier performance management;
- SRM learning and development.

Strategic Sourcing
We help you get the balance between cost, value and quality, with the right processes and suppliers through:

- Market intelligence;
- Spend and capability reviews;
- Procurement / category management process design;
- RFx, eSourcing and supplier selection;
- Savings delivery;
- Competency assessment and training.

Supply Chain Risk Management
We support you to identify and effectively manage risk throughout the supply chain through:

- Process design and implementation;
- Market and supplier risk research;
- IT-enabled risk management and training.

Contract Lifecycle Management
We help you realise the potential of 'good contracts' that manage risk and deliver maximum value through:

- Auditing and current process diagnostics and redesign;
- System selection / configuration;
- Contract loading and data cleansing;
- User training.

Statess – the Supplier Management Platform

- Our supplier management software helps you manage suppliers, contracts and categories to reduce risk and cost, drive innovation, improve performance and build relationships with your suppliers and business partners. It ensures you achieve a clear line of sight across your suppliers' contracts, performance and relationships.
- Statess helps you connect and collaborate with your suppliers to drive productivity across your enterprise and create mutual value.

Our clients

We have implemented consulting, training and technology solutions for a broad range of blue-chip clients, including:

128 Southwark Street
London SE1 0SW

STATE OF FLUX