

Transforming DSG

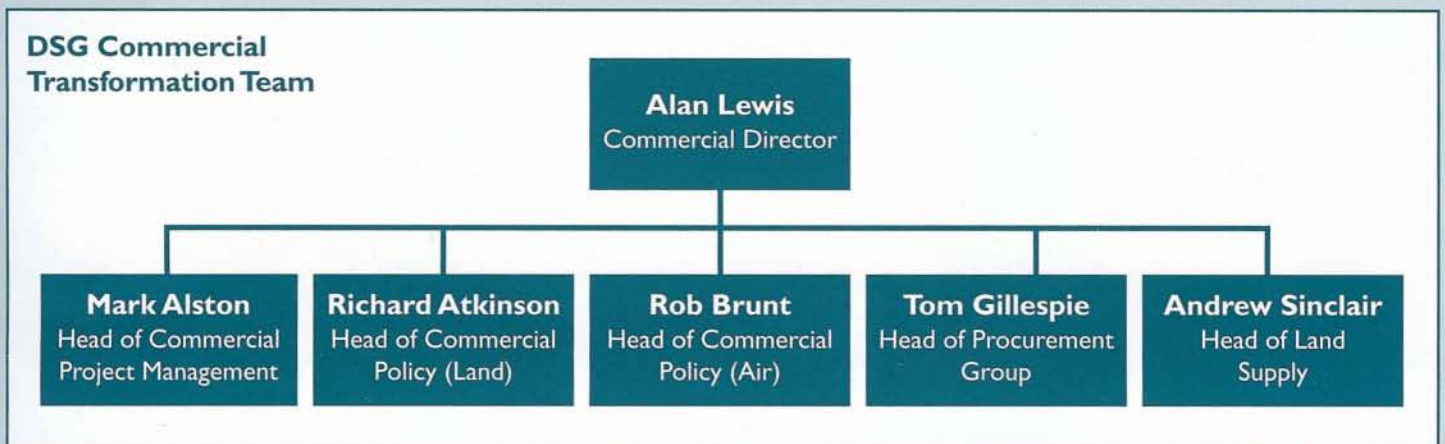
- the commercial directorate contribution

In the fourth of our series of articles looking at DSG's Transformation Programme DART – DSG Achieving Rapid Transformation – we talk to Alan Lewis, Commercial Director about the work the commercial team is doing supporting this important initiative.

The commercial operation within DSG adopts many of the primary principles and policies followed in MOD, particularly for its procurement programmes. However, as with all Trading Funds, it also has a commercial management organisation that can utilise the flexibilities afforded to Trading Funds in generating the required income necessary to meet their key targets. Broadly speaking, DSG has a corporate transformation team and five commercial management teams, one each based at Bovington, Donnington, St Athan, Sealand and Warminster and all are responsible for generating income. In respect of procurement, DSG has two teams. The first is based at Warminster and is responsible for procuring material to support the DSG's internal repair and maintenance work. It has an annual spend of around £40m. The second team is based at Telford, where they are procuring £180m worth of spares each year for DE&S's various Land programmes.



Commercial responsibilities have been allocated as follows:



HEAD OF COMMERCIAL PROJECT MANAGEMENT

(Mark Alston)

- Commercial Director Transformation Plan
- Commercial Business Process Owner
- In Year Plan (Budget)
- In Year Performance Reporting
- Commercial Shared Service team
- Talkback / CRp Programme
- Commercial Business Systems
- Commercial Business Change Manager

HEAD OF COMMERCIAL POLICY (LAND)

(Richard Atkinson)

- Overall co-ordination of the land maintenance activity contract
- Policy and Process for the Land Business
- Support to Business Development
- Corporate Debt Management
- Cost Engineering
- Wider Markets

HEAD OF COMMERCIAL POLICY (AIR)

(Rob Brunt)

- Policy and Process for the Air Business
- Corporate Services Procurement

HEAD OF PROCUREMENT GROUP

(Tom Gillespie)

- Material procurement contracts in support of Land operations
- Support Contracts for Contract Repair

and A Vehicle programmes

Procurement Business Process Owner

Procurement Business systems

Part Record Creation (Land)

Purchase Price Variance – Forecasting and monitoring

Management of part record Frozen Costs

Bill of Material costing for New Service Provision (NSP)

Bill of Material costing in support of Land Contract annual price reviews.

New vendor approvals (Land)

HEAD OF LAND SUPPLY

(Andrew Sinclair)

Procurement and provisioning of land equipment material requirements and support services.

Material Business Process Owner.

Operation Excellence Supply Chain Lead

OBJECTIVE AND BENEFITS

The objective of the commercial directorate transformation team is to establish an efficient commercial function which delivers robust, coherent and responsive commercial and procurement management information in support of operations, Operational Excellence and other transformation initiatives. Meeting this objective will contribute to DSG achieving the benefits of the transformation plan.

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PROGRESS

The team is making excellent progress along the road to delivering its objective. Commenting on the progress to date, Alan Lewis told Digest, “The pace of change has been intense and the flexibility of the staff to take on new, complex challenges is admirable.” The majority of the work to date is in supporting the first phase of the transformation plan, which is the merger of ABRO and DARA to form DSG followed by the establishment of a basis of commercial control for the new organisation. Examples of achievements to date are:

The Talkback / CRp Programme. The 2008/09 programme was completed, strongly indicating that there is a high level of customer satisfaction about DSG. Actions and recommendations received from the customers are being addressed and the 2009/10 programme is well under way to ensure we continue building solid, positive relationships.

The business unit-based re-structuring of commercial and account management. From April 2009, the former corporate functions of commercial account management were transferred into the key operations areas of the business. This has achieved greater alignment with the business goals of achieving commercial autonomy and responsibility for profitable business delivery. The team has also played an active role in Operational Excellence leading specifically on the NSP and Demand stages of Sales and Operations Planning (S&OP).

The ongoing up-skilling programme which is in place to further develop the core competencies of the commercial team. This is being conducted alongside a comprehensive skills audit which shall identify areas for continuous improvement.

The improvement of commercial processes and systems. Although much work was completed, work is still going on to deliver a single set of DSG commercial policies and processes. To date, a full review was completed of the existing Land and Air policies and processes and these are being migrated

into the DSG Business System. The team has also managed the migration of the total business to a single, front end business that ensures continuity of data and visibility of all future business opportunities across our diverse customer base. This information informs the DSG Board on future strategic policy, direction and business sustainability.

The development of a future contracting strategy in the area of Land is currently underway.

The divestment of non military wider markets. DSG is successfully exiting, where applicable, all non military wider markets and continues to pursue strategies to achieve this aim completely.

The reduction in corporate overheads. The commercial directorate is committed to reducing the current corporate overhead and to date has made departmental savings in excess of £1m.

The development of new business opportunities, such as supporting our colleagues in the strategy department in developing future UK based programmes, as well as being committed to further developing our relationships with core related wider markets, in particular with the Jordanian armed forces.

The development of a procurement synergy and efficiency study is underway to develop a joint procurement strategy combining the best of land supply and procurement group policies and procedures.

FUTURE WORK

Alan summed up by telling Digest, “The level of commercial control achieved by the business in the last year has been significant and sets a stable platform for growth. Future work will focus on building upon the progress made to date to establish an efficient commercial function, which delivers consistent and responsive commercial and procurement management information in support of operations and Operational Excellence, to ensure that best value for defence is achieved within DSG.”