

# ENSURING PROCUREMENT STRATEGIES AND CONTRACTS DELIVER CLIENTS REQUIRED BUSINESS OUTCOMES



EC Harris was instructed by Lloyds TSB (LTSB) to undertake a review of their contract documentation and to draft a set of documentation which could be used for their supply chain throughout the LTSB portfolio.

## The challenge

As an informed and experienced client LTSB felt that the existing arrangements they had in place for their supplier contracts created unnecessary risk for both LTSB and their suppliers and didn't contain sufficient incentive for suppliers to improve performance.

They sought to put in place a suite of contract documentation that they could use for all of their supplier contracts with a view to establishing a strategic relationship with their suppliers along 'collaborative working' and 'partnering' principles which is encouraged by today's construction industry.

One of LTSB's key objectives in their brief was to use a flexible type of contract that could be used not only for major capital projects, but also for smaller supplier contracts as well.

## Creating solutions

EC Harris worked closely with the client's project team to offer a solution that would take full advantage of the benefits offered by strategic long term supply chain initiatives.

*“Improving business margins through the introduction of innovative contractual and procurement techniques.”*

## Case Study | Lloyds TSB

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By reviewing and appraising a range of different contract solutions, we were able to recommend and suggest that LTSB use the JCT Constructing Excellence contract as a basis for their contract arrangements with clients.

### Adding value

By adopting such principles and managing their contracts appropriately upon EC Harris' advice LTSB were able take advantage of increased efficiency, cost savings and other benefits synonymous with collaborative working principles.

LTSB were able to call on EC Harris experience in contract drafting in order to establish an adaptable suite of balanced documentation, this was not only undertaken in a cost-efficient manner which was approved by their external legal advisors, but also provides a fully integrated contract (major/minor works and supplier agreements).

A range of benchmarking mechanisms and key performance indicators were also incorporated into the contract to ensure that supplier performance was optimised and suppliers adequately incentivised.

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