



# Discovering where value leaks from your organisation

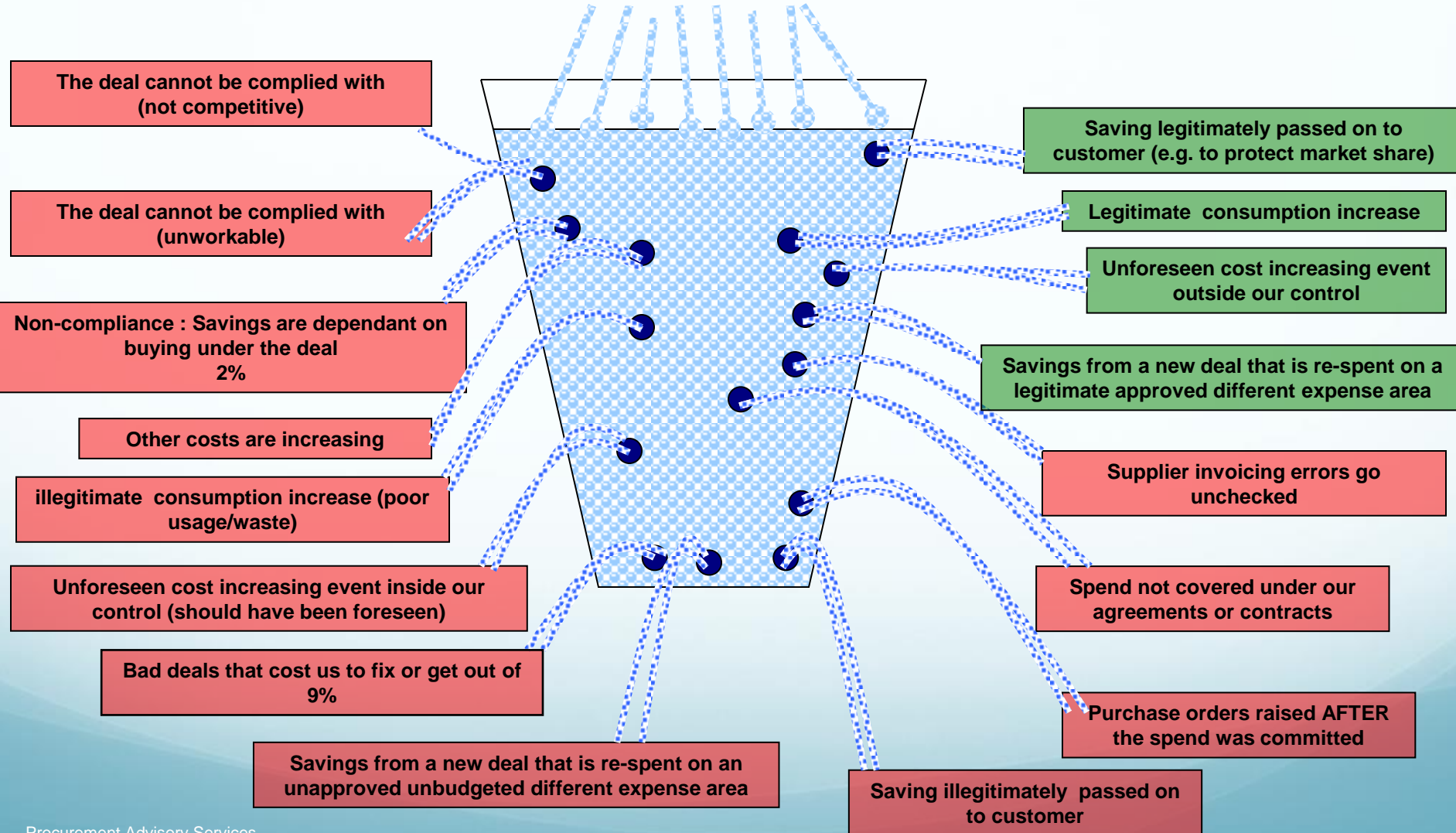
**For  
SA Govt Procurement Breakfast  
May 2015**

**Craig Lardner FCIPS**

# The Leaky bucket - Why all “benefits” don’t end up as “savings”

## The ‘generic’ version/picture

Benefits of productivity & cost management initiatives



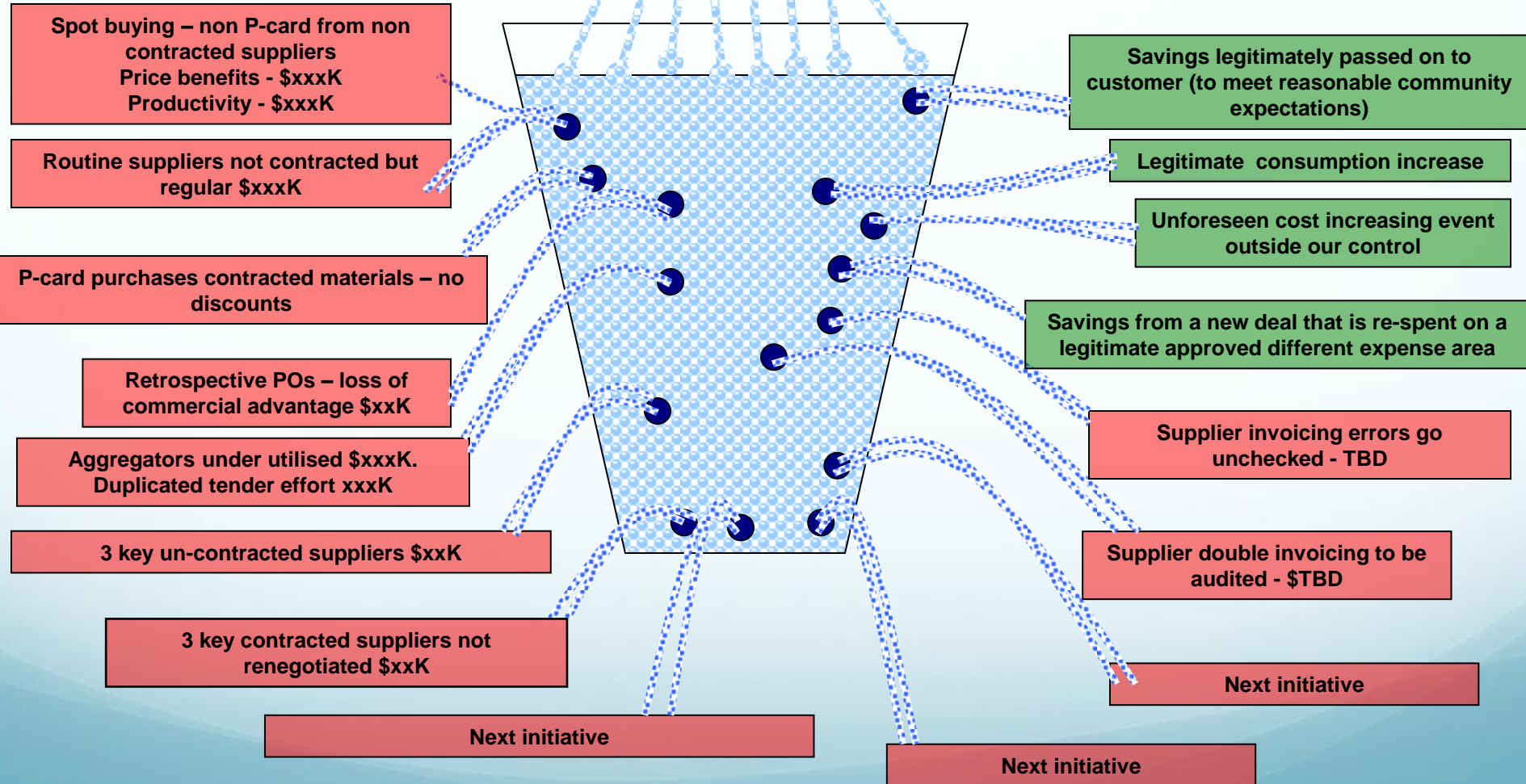
# The Leaky Bucket - Why all “benefits” don’t end up as “savings”

Total benefits and payback from the first 7 is **\$xxx,000**

- Hard savings - \$xxK
- Cost avoidance - \$xxK
- Soft savings - \$xxxK

## The ‘Govt agency X’ Leaky Bucket

Benefits of productivity & cost management initiatives



# The Procurement Professionals' 8 Commercial Priorities

- **Back then ...**

1. Price reduction
2. Price reduction
3. Price reduction
4. Price reduction
5. Price reduction
6. Price reduction
7. Price reduction
8. Pay supplier...late

- **Today and now ...**

1. Security of supply
2. Lower total costs ...and life time cost
3. Risk reduction...and management of residual risk
4. Increased efficiency ...getting more from less
5. Faster speed to market ...cycle time
6. Improved quality ...and competitive advantage
7. Greater added value ...\$ and non-\$
8. Supplier sourced innovation ...and new products


# The Procurement Professionals' 8 Commercial Priorities

## Today and now ...

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6. Improved quality ...giving a community advantage
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8. Supplier sourced innovation ...and new products

## An example of each please

1. (my agency environment example in here)
2. x
3. x
4. x
5. x
6. x
7. x
8. x



What have you got in your SA Govt procurement 'kit-bag' that can draw each of these into a new contract.

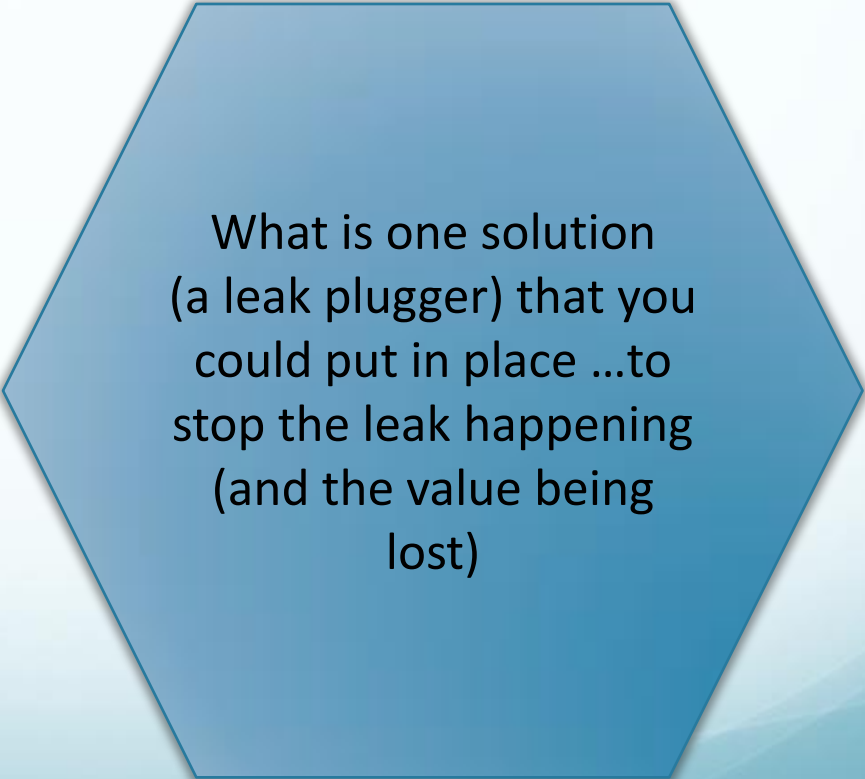
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What is one solution  
(a leak plugger) that you  
could put in place ...to  
stop the leak happening  
(and the value being  
lost)



# The formula for change

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I want you to find a bold and innovative way to do everything exactly the same as it's been done for 25 years.



Sometimes you need to be bold

There is nothing so difficult, as initiating change

*Michavelli*

It's not the strongest species that survives, nor the most intelligent, it is the one most adaptable to change

*Charles Darwin*

Change is a process, not an event

*Anonymous*

Go ahead, stay the same...and enjoy your extinction

*Lardner*

## The science of change management

As someone who wants a customer to change ...

...we better understand what makes change fail

The failure of every change initiative, large or small, can be attributed back to this simple formula to explain why the change failed...

**For change to occur... $D \times V \times P > C$**

Where...

D ...is the level of Dissatisfaction with the status quo

V ...is the Vision of the future

P ...is the Plan to get there

> ...is must be greater than

C ...is the Cost of change, in emotional or financial terms

## So what do I do about it?

D is the dissatisfaction with the status quo

...and you can create a new understanding that something is undesirable and not in your best interests

V is the vision of the future

...and it better pass the test of a good vision...motivating...believable...personally desirable

P is the plan to get there ...and it better look do'able...logical...and 'in my lifetime'.

> is must be greater than ( hope you don't need your calculator for this one)

C is the cost of change in emotional or financial terms

...and you better calculate this before you produce the customer offer and the change plan that you want to deliver...shoot ahead of the duck...know the answer before the question is asked

