

# Powerful connections

Supply Management Awards 2007 CATEGORY Best cross-functional teamwork

WINNER EDF Energy

EDF Energy's commitment to improve its reliability led to a complex cross-functional project, as Steve Bagshaw reports

**EDF Energy's award-winning Capital Programme was by no means the first time its buyers had led a multi-faceted project at the firm. But it was far and away the largest and most wide-ranging.**

In a nutshell, the complex project aimed to reduce power interruptions and achieve best value for its £2 billion spend. It followed regulator Ofgem's agreement to an additional 60 per cent of network investment between 2005 and 2009. In return EDF was required to improve reliability - to reduce power interruptions and their length across two regions by between 7 and 22 per cent - and maintain its good performance in London. Ofgem's stipulation that EDF demonstrate effective spending placed the onus on procurement.

The cross-functional team was formed in October 2005. It included 15 core members who were involved for over a year. A similar number contributed to the programme. Only five of the total were from purchasing. Typically, EDF crossfunctional projects have a dedicated staff of six. The programme brought together colleagues from project management, legal and contract management, infrastructure design and planning, asset management safety and health and environmental divisions. It also sought the views of some key contractors.

Due to the scale of the project, the group moved away from the previous "fixed-price lump sum" approach and, in consultation with contractors, this resulted in longer-term strategic contractual deals replacing previous adversarial relationships. Indeed the capital investment programme was divided into five areas aligned with contractors' capabilities. Contractors received minimum turnover guarantees and, in

return, they invested in plant, infrastructure and people. It also resulted in greater collaboration across EDF.

"Winning the award is a fantastic achievement for EDF Energy and I would like to thank the whole team, which incorporated representatives from seven internal departments and our contractors, for their dedication over the past two years in achieving the desired position," said Chris Jones, director of procurement.

"I am very proud of our achievement and it was an honour to accept this award on behalf of EDF Energy. I would like to specifically thank Nigel Mildwater, procurement manager for this activity, for his drive and enthusiasm in ensuring that we delivered this strategy effectively."

As the award entry made clear, the project "illustrates the power of treating procurement not so much as an organisational department, but as a process that is embedded at the heart of a successful business."

But Jones knows the preparatory work is just the beginning. "Now we have the team in place, we have to deliver."

*'Taken from Supply Management magazine, archived article, Oct 2007'*