



**NORTH WEST AEROSPACE ALLIANCE
TENDER DOCUMENTS**

NWAA Tender Number: TASCE2-SS-001

**Shared Services Design, Development and Contract
Management services**

18th January 2010

**SCHEDULE 1
SECTION 1**

SCHEDULE 1, SECTION 1

1.1 Brief on the Northwest Aerospace Alliance (from now on referred to as NWAA) and the Aerospace Supply Chain Excellence (from now on referred to as ASCE).

The NWAA is a flagship aerospace organisation representing some 750 member companies and stakeholders involved in the North West of England aerospace cluster. The organisation provides all the vital links between the prime contractors, all levels of the supply chain, academia, local government and other stakeholders in the industry.

The NWAA “shapes” the industry through strategic thinking and delivery, by driving innovation and providing supply chain excellence and other business support programmes.

Our mission is to provide a fully integrated support structure for the North West aerospace and defence companies and in doing so make a real contribution to the North West aerospace industry.

The NWAA ASCE 1 Programme aims to work with 45 aerospace companies in the North West of England to build a world competitive supply chain. Launched at Farnborough in 2006 backed by funding from the North West Regional Development Agency (NWDA), and in-kind contribution and support from AIRBUS UK, BAE SYSTEMS and Rolls-Royce PLC, the ASCE 1 programme is the first coordinated approach to supplier development in the UK Aerospace Industry.

The ASCE 1 Programme provides businesses with the tools and techniques to improve their capability across 11 key areas.

A Mentor from one of the Primes is allocated to work with the company over a period of up to three years to identify ways in which the company can develop itself. The companies on the ASCE 1 Programme have access to specifically targeted training programmes to cover specific business areas, and expert coaching to assist the implementation of the improvements into the business.

1.2 Brief on Aerospace Supply Chain Excellence Programme 2 (from now on referred to as ASCE2)

ASCE 2 is a 4 year strategic programme funded through the NWDA and European Regional Development Funding (ERDF). ASCE 2 is designed to build upon the successful ASCE 1 programme and is based on the principles of; skills planning, commodity based supply chains, innovation, shared services and extended enterprise culture. ASCE 2 is designed to create an advanced knowledge based aerospace cluster in the region.

1.2.1 Brief on Shared Services

The Shared Services work stream aims to provide tactical and strategic shared service provision to 45 key aerospace companies within the region. At a tactical level it aims to aggregate the Procurement activities of these companies in areas such as utilities, personal protective equipment (PPE), work wear, Transport/Logistics, consumables and IT hardware resulting in cost savings for all participating companies. At a strategic level, the aim is to provide more knowledge based services within areas such as Human Resources, Project & Risk Management and Performance Management, the output being a qualitative improvement in the performance of the 45 ASCE SMEs. Qualitative performance improvement is measured against the NWAALearner to World Class model. This document is available for download from the NWAAL website –

http://www.aerospace.co.uk/files/members_docs/upload_28.pdf

The 45 aerospace companies will be those signed up to ASCE1 programme. There are currently 27 companies engaged with ASCE1, with further companies scheduled to join in due course. For a list of companies currently engaged with ASCE 1 refer to Appendix 1.

The table below shows the estimated annual spend of the companies in scope for 4 different tactical areas:

Service	Procurement	Estimated Annual Spend
Tactical 1	Utilities	£18,525,566
Tactical 2	Consumables	£14,595,711
Tactical 3	Transport & logistics	£6,200,692
Tactical 4	IT	£1,141,974
TOTAL		£40,463,943

1.2.1.1 Long term Vision

It is envisaged that the provision of Shared Services within the aerospace industry in the North West will progress and grow further

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than the scope of elements in the ASCE 2 Programme bid. The box below outlines to vision statements for the next 10-15 years.

10 Year Vision Statements for Shared Services		
<i>“simulation of best practise”</i>	“A landmark facility in the North West”	<i>“clear communication of vision”</i>
<i>“Internationally recognised”</i>	<i>“a great place to work”</i>	<i>“world-class management & governance”</i>
<i>“Demand for roll-out in other industry sectors”</i>	<i>“Technology enabled”</i>	<i>“benchmark performance”</i>
<i>“providing cradle-to-grave solutions”</i>	<i>“a step change in performance”</i>	<i>“recognised as best practice”</i>
<i>“customer & service focus”</i>	<i>“A model of commercialisation”</i>	<i>“the place for graduates to work”</i>
<i>“end-to-end integration”</i>	<i>“producing industry leaders of the future”</i>	<i>“maximising scope of services and value”</i>
<i>“critical mass”</i>		

1.2.1.2 Why?

The long term, 2020, market forecast from the prime aerospace manufacturers within the region – AIRBUS UK, BAE SYSTEMS and Rolls-Royce plc - is for significant growth whilst headcount within these primes remains unchanged. This implies a number of things for the Tier 1-4 suppliers within the region to achieve:

- Maintaining world class supply into the primes at increased volume
- Increase volumes without increasing headcount or other costs which could be passed on into piece price
- North West supply chain to demonstrate world class capability to ensure they are the providers of choice to the primes
- Focus resource onto core manufacturing capabilities.

The Shared Services work stream focus is therefore:

- Expanding the supply chain’s capacity to adapt to short and long term industry changes, whilst maintaining a focus on greater productivity
- Contributing to the competitiveness of a world class aerospace supply chain through the year on year reduction of specific overhead costs
- Increasing capacity and capability through the creation of a shared expert practices / professional services centre.

Aerospace companies need the flexibility to expand and contract their capacity as market conditions dictate. The shared services model responds to this pressure by helping aerospace companies to focus on their core

competencies and to expand into more value adding activities by enabling them to make more informed make vs. buy decisions, and fostering more efficient internal business processes.

1.2.1.3 Scope of this Tender

The scope of this Tender covers the first 2 years of work within the Shared Services Project and is fully funded by the NWDA and the ERDF. The project requires a number of tactical and strategic services to be designed, implemented and project managed.

The table below shows the target implementation plan of the services across the 2 years:

Service Description	Work carried out in Year 1	Work Carried out in Year 2
Tactical Service 1	Design	Contract Management
Tactical Service 2	Design	Contract Management
Tactical Service 3	N/A	Design
Financial Service	Design	N/A
Strategic Service 1	Design	Contract Management
Strategic Service 2	N/A	Design
Future Sustainability of Services	Design and implementation	

The table below shows the different phases within the design and contract management elements of the work:

Phase	1	2	3	4	5
	Design Element				Contract Management
Task description	Gather baseline data and Validate	Suppliers to use & implement governance model	Negotiate New deals and implement IT solution	User Acceptance Testing and Go Live	Manage Performance against outcomes and SLA's
Duration	3 months	3 months	3 months	3 months	12 months

The Shared Services tender is divided up into 6 month sections. Formal engagement for the next piece of work is subject to a successful Gate review between the NWAA and the successful service provider. These Gate Reviews will review the performance to date of the chosen provider against a series of measures/outputs within a balanced scorecard. If, at the Gate Review, the performance to date is deemed to be below the required standard, NWAA will then reserve the right to terminate any arrangement and re-Tender any remaining work. Providers will have been given the opportunity to understand and rectify any performance issues

through a regular contract review mechanism running up to the formal Gate Review.
(Refer to Schedule 1, section 1.4.2 for proposed Key Performance Indicators (KPI's))

1.2.1.4 Phasing of Suppliers

The NWAA concept for the sign up of suppliers to each of the Shared Services has been phased in line with the design and development timescales and allowing for concept proving before a larger scale role out. The assumed take up is as follows: *(table figures represent number of suppliers)*

Service	Year 1	Year 2	Year 3	Year 4	Year 5
<i>Tactical Service 1</i>	0	15	30	45	45
<i>Tactical Services 2 & 3</i>	0	0	15	30	45
<i>Strategic Service 1</i>	0	6	12	24	45
<i>Strategic Service 2</i>	0	0	12	24	45
<i>Strategic Service 3</i>	0	0	0	24	45

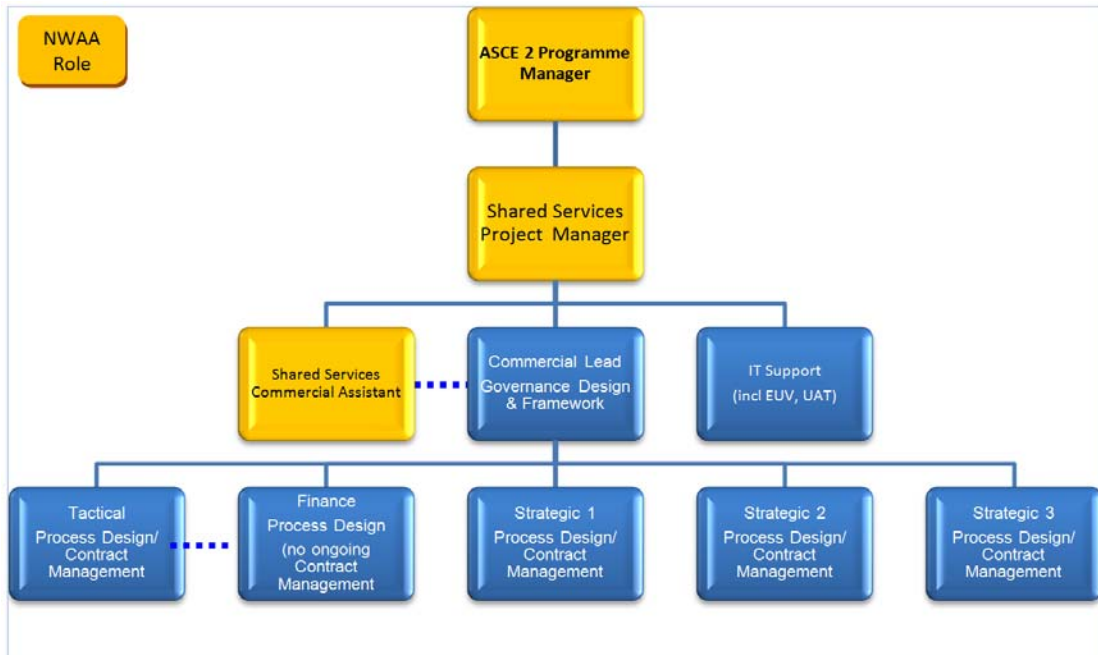
This phasing plan is fixed as a minimum number of supplier take-up. (Please refer to Schedule 1, Section 2.2)
The names of the ASCE Supplier companies can be found in Appendix 1 – ASCE Supplier Companies.

1.2.1.5 Economic outputs

The contract between NWDA and the NWDA/ERDF commits to certain economic outputs being achieved for each year of the project. These outputs will be expected to contract/ cascade through to delivery agreements with the successful service provider. Example outputs include:

- Jobs safeguarded/ created
- Increased Gross Value Added (GVA)

1.3 Scope of Tender – Roles and fit into NWAA ASCE2 Shared Services Project structure



Based on the NWAA original research and bid development, it is anticipated that there are a number of roles required to output each of the phases of this Tender. These roles are: Commercial Lead, IT Resource and Process Designers/Contract managers including Finance, depicted in blue on the above organisational chart. The roles depicted in orange – ASCE 2 Programme Manager, Shared Services Project Manager and Shared Services Commercial Assistant are NWAA roles and are not part of this tender.

The Finance role has been developed to ensure process alignment with any purchase to pay changes required to facilitate the provision of the tactical services (Procurement).

The example role profiles are included below.

Whilst this Tender seeks to fulfil these roles, the NWAA are open to alternative views on the types of roles and responsibilities that would be required to complete each phase. You will be required to answer this in Section 2.

1.3.1 Role profiles and responsibilities – Commercial Lead, IT Resource, Process Designer and Contract Manager

Aerospace Supply Chain Excellence 2 Shared Services Commercial Lead Role

Broadly, the role of Commercial Lead is to manage the Process Design/Contract Management elements of the Shared Services work stream.

Reporting Structure

This role will report to the Shared Services Project Manager for ASCE 2 within the NWAA. The role will be responsible for a team of Process Designers/Contract Managers all reporting to the Commercial Lead. At a project level this role will also be responsible for the Commercial Assistant employed by the NWAA. (Line management of the Commercial Assistant resource will be within the NWAA.)

Role Key Accountabilities/Deliverables

- ➔ To define the Commercial structure in line with the draft proposal already confirmed with the NWAA legal specialist team, ensuring robustness of all contractual points.
- ➔ To ensure all the service providers to Clients/Members contracts are included in NWAA contracts.
- ➔ To ensure all Process Design proposals are strategically and tactically aligned to the Commercial and Governance Framework
- ➔ To ensure the Commercial Framework delivers the required revenue incomes for the NWAA
- ➔ To ensure the Commercial Framework minimises financial risk and legal liabilities to the NWAA
- ➔ Manage the Change Control of NWAA contracts and Service Provider Contracts.
- ➔ Set in place and run the required Governance structure for the defined Commercial Structure, stating clearly the review structure, frequency of review, attendance and accountability and expected outcomes.
- ➔ Communicate the commercial and governance structure to the Process Designers/Contract Managers.

- Work in conjunction with the Process Design team to ensure all development activity aligns to Commercial and Governance structure.
- Approve the Shared Service Centre sourcing activity at each key step.
- To ensure, in conjunction with specialist legal help, that all contracts in place between service providers and the ASCE members meet the umbrella contract requirements and subsequently check and approve any contractual changes between service providers and members.

Experience Requirements

- Evidence of in depth commercial back ground
- A good and current working knowledge of various software systems including Word, Excel, Access and PowerPoint
- Evidence of project management
- Experience of Public Sector organisation
- Experience of Regional Development Funding
- Knowledge of the Shared Services industry
- Knowledge of aerospace industry

Qualification Requirements

- Degree or equivalent in an appropriate discipline

Personal Characteristics

- Enthusiastic
- Good organisational and time management skills
- Confidence and ability to work with personnel at all levels
- Able to work under own initiative
- Good communicator
- Team player
- Approachable

Aerospace Supply Chain Excellence 2
Shared Services
I.T. (Information Technology) Support Role

Introduction:

Broadly, the role of IT Support is to ensure that the processes designed for service provision by the Process Design team are underpinned by a robust and workable IT solution. The resource will need to ensure there is a consolidated view across all the Process design streams. A service launch, additional IT Support roles are anticipated in order to take on the User Acceptance Testing (UAT) and End User Validation (EUV) within the supplier companies prior to go live.

Reporting Structure

This role will report to the Commercial Lead within the NWAA. The role will be one of a team supporting the provision of the Shared Services solution.

Role Key Accountabilities/Deliverables

Design and Development Years

- Accurate and timely communication of status into the Process Design/Contract Management team on IT current state.
- To gather the appropriate data from the 45 ASCE suppliers to determine the exact current state of IT systems and interfaces.
- To understand, in detail, the current operational realities within the 45 ASCE suppliers in terms of current IT provision and potential 'blockers' to any Shared Service solution.
- To work with the Process Design team to fully define the operational IT detail of the Shared service delivery.
- To be an integral part of the supplier selection team ensuring IT criteria are met.
- Define any contractual requirements that need to be in Level 1s with the selected service provider, around IT capability, service time and any penalty clauses for outages.
- Development of the detail cut over plan for User Acceptance Testing and End User Validation to move each of the services from internal ASCE supplier provision to a shared service provision or initiate the shared service as a new offering/capability for the ASCE suppliers.

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Contract Management Years

- To facilitate the resolution of any service issues between the 45 suppliers and the service provider.
- Ongoing continuous improvement of the service provision, whether instigated from the ASCE suppliers, the role holder or the service provider.
- Continual waste elimination from the Service delivery stream.

Experience Requirements

- Previous experience of stakeholder management across external parties and at a senior level within multiple organisations.
- Proven experience in development of service provision from first principles in an IT environment.
- Experience in current IT Platforms/ERP (Enterprise Resource Planning) systems for large and small businesses, such as Oracle, SAP etc.
- Analytical, have vision and be an excellent communicator, be committed to customer service and possess a high level of personal integrity.

Qualification Requirements

- Formal IT qualification
- Able to demonstrate a career with continuous personal development.

Personal Characteristics

- Enthusiastic
- Good organisational and time management skills
- Confidence and ability to work with personnel at all levels
- Able to work under own initiative
- Good communicator
- Team player
- Approachable

Aerospace Supply Chain Excellence 2 Shared Services Process Design & Contract Management Role

Introduction:

Broadly, the role of Process Design and Contract Management is to take the strategic aims of the Shared Services work stream, fully investigate the requirements of the ASCE companies and then design, source, deliver and contract manage the Shared Service for one of the services (either tactical or strategic).

Reporting Structure

This role will report to the Commercial Lead. The role will be one of a team of Process Designers/Contract Managers all reporting to the Commercial Lead.

Role Key Accountabilities/Deliverables

Design and Development Years

- Management of all key stakeholders involved in the Shared Service for which the role is responsible.
- Accurate and timely communication of status into the project team and the NWAA communications team to ensure that all ASCE 2 Shared Services communication milestones are met.
- To gather the appropriate data from the 45 ASCE suppliers to determine the exact customers for the Shared Service under development.
- To understand, in detail, the current operational realities within the 45 ASCE suppliers in terms of current service provision, pricing structures, contractual obligations etc.
- To fully define the detail of the Shared service scope, i.e. which suppliers and which services, in line with the strategic scoping plan.
- To identify potential service providers, within the NW region, for the Shared Service.
- Based on initial research, to identify the sourcing requirements of the customer, (45 ASCE suppliers), i.e. the detail of the service (its process for delivery), the Service Levels required, the price requirements, Green and Transport Policy requirements etc.

- Where necessary, to benchmark other Shared Service provision within the region.
- In line with the governance structure, identify a workable charging structure, i.e. menu pricing, volume based price bands etc.
- Development of the request for Tender document, design and set up of the selection team and subsequent selection of the service provider.
- Define contractual requirements that need to be in Level 1s with the selected service provider, to include fee generation, Service Level Agreements, contractual KPIs, the charging structure, incentives and penalties, change management mechanisms.
- Development of the cut over plan to either move services from internal ASCE supplier provision to a shared service provision or initiate the shared service as a new offering/capability for the ASCE suppliers.

Contract Management Years

- Ongoing 'umbrella level' commercial management of the Shared Service provider.
- Chair and run effective contract management reviews with the service provider to ensure effective and efficient service is provided.
- Manage the Level 2 contract between NWAA and Service Provider to ensure all fee payments are received in a timely manner.
- To ensure regular compliance checks/audits to the Level 3 agreement between NWAA and the ASCE members on their commitment to buy.
- To facilitate the resolution of any service issues between the 45 suppliers and the service provider.
- To ensure the service provider remains compliant to the principles underpinning the case for regional and European funding.
- Ongoing continuous improvement of the service provision, whether instigated from the ASCE suppliers, the role holder or the service provider.
- Continual waste elimination from the Service delivery stream.

Experience Requirements

- Previous experience of stakeholder management across external parties and at a senior level within multiple organisations.
- Proven experience in development of service provision from first principles.
- Managerial experience at Contract Manager or Senior Supervisor level within a Services arena.
- Commercially astute with an understanding of new Tenders.
- Analytical, have vision and be an excellent communicator, be committed to customer service and possess a high level of personal integrity.
- Computer literate, organised, able to prioritise and deliver within high pressure business critical environments.

Qualification Requirements

- Educated ideally to HND (Higher National Diploma) level or equivalent, and able to demonstrate a career with continuous personal development.

Personal Characteristics

- Enthusiastic
- Good organisational and time management skills
- Confidence and ability to work with personnel at all levels
- Able to work under own initiative
- Good communicator
- Team player
- Approachable

1.3.1.1 Start Timing

Work to commence and resources will need to be in place on Tuesday 6th April 2010.

1.3.1.2 Location

Client is based in Nelson and Bamber Bridge. Resources will be expected to travel to either workplace as and when required. ASCE Suppliers are based across the North West region and it is anticipated that travel to supplier sites will be required.

1.3.1.3 Provision of workspace and equipment

No provision of permanent workplace is anticipated. "Hot desking" at client's premises may be available. Resource must be located in the North West of England. No IT equipment will be provided by client, e.g. laptop, printer, phone etc.

1.3.1.4 Expected working week

NWAA operates between 08:45-17:00 Monday to Thursdays and 08:45-13:45 on Fridays (35 hour working week)

We would expect the successful service provider to be contactable within our working pattern.

1.3.1.5 Holiday and absence cover.

Client will not be billed for any holiday or absences.

1.3.1.6 NWAA Representation

The successful provider will be expected to represent the NWAA in line with the standard terms and conditions.

No NWAA work wear, business cards or email facility will be provided. However, all documentation will be required to be stored and accessible on an electronic internet drive which will be provided and owned by NWAA. Internet access will be given to the successful service provider.

1.4 How NWAA Expects to manage Contract

1.4.1 Review Mechanism

The NWAA anticipates holding a monthly contract review with the successful service provider against a balanced scorecard. The agenda will review areas such as:

- SAFETY:** Any Safety issues arising from sub-con staff working within NWAA or the suppliers
- QUALITY:** Review of how the chosen service provider is meeting expectations in their representation of the NWAA.
- COST:** Invoicing and payment status between the service provider and NWAA
Review of all charging queries
- DELIVERY:** Status of delivery of activity milestones for which the service provider is accountable within the NWAA ASCE 2 Shared Service implementation plan.
- PEOPLE:** Status on holiday/sickness cover management
Review of any escalated working relationship issues that need addressing.

1.4.2 KPI's

Contractual KPIs to be included in the balanced scorecard will need to be generated and agreed. Example KPI's may include:

No of days burnt off vs. Contract
Economic outputs
Number of Suppliers on board vs. phasing plan by service
Milestones planned for delivery versus milestones delivered

The NWAA fully anticipates that any relationship with a service provider will naturally manage the above on a day to day partnership basis with the formal Contract Review being a monthly summary of status.

1.5 Budget

1.5.1 Total Funded per annum

Year 1	Year 2
£667,845	£746,415 (excluding inflation) £765,075(including inflation at 2.5%)

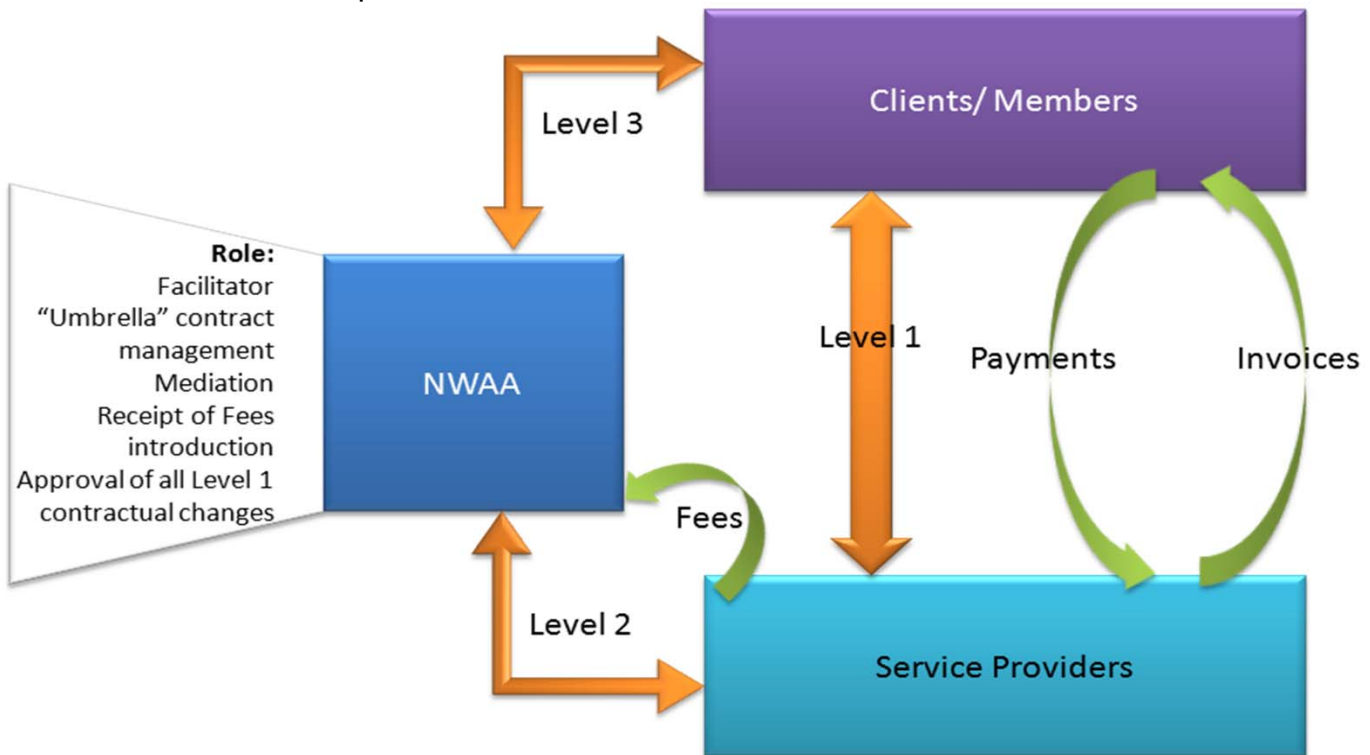
1.5.2 Provision for Inflation

Inflation provision is given at 2.5%, applicable for year 2 of the project only.

1.6 Commercial Framework

During the bid development phase, NWAA have already researched the possible shared services commercial frameworks. Typical frameworks already in use do not fully allow for a multi-customer service provision model where all customers are distinct legal entities. The NWAA also has a requirement to facilitate the service provision, whilst limiting its own commercial and legal risk within a given framework. Section 1.6.1 outlines the concept framework created to date, in conjunction with specialist legal support. This is not fixed and in response to this Tender, we would welcome any alternative proposals as to the appropriate commercial framework.

1.6.1 Concept work to date



- Level 1 contracts are direct one-to-one contracts between Service Providers and ASCE members for the provision of services. There will be multiple contracts between service providers and ASCE members. There are anticipated to be standard contracts that Service providers use with all clients. All level 1 contracts will form part of the contract between NWAA (Level 2) and Service providers as a **schedule** only.
- Level 2 contracts will state that the NWAA will provide 45 member details, volumes and requirements to the Service Providers, giving the Service

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Provider exclusive access to the 45. NWAA are a facilitator/introducer. There are no financial ties/obligations on the NWAA part, but the contract will state that the Service Providers cannot contact ASCE members directly, (this would be a breach should they do so). The contract will need to define the fees paid to the NWAA for the introduction.

- Level 3 contracts between the NWAA and the 45 members will tie the company to the ASCE Shared Service programme with a commitment to buy from the Service Providers. The NWAA is a facilitator, but there are no financial obligations.

1.6.2 Concept 4 year timing plan

Please refer to Appendix 2 – Shared Services 4 Year Plan Jan10.

1.7 Tender Evaluation Weightings

Providers responding to this Tender will be evaluated against the following criteria and weightings:

Cost	40%
Experience in development of commercial models and contract management	30%
Timing (ability to provide resource by project start date)	20%

Other favourable criteria for selection:

- Understanding of the Aerospace Industry
- Understanding of Public and EU Funded organisations and Projects