

Supplier Payment Action Plan



Action Plan

Action	Description	Dates for Action
ERP System Improvements	<p>Our ERP System, launched in 2018, is undergoing review and improvements, including:</p> <ul style="list-style-type: none"> Improving the Work Flow Approval Process for Invoicing. Improving PM's Access to "Live" Project Information & Data, including Disbursements (e.g. Supply Chain), Invoicing and Staff Costs. Improving the general usability of the ERP system by "stripping out" complexities and "nice to haves". Disputed Invoice Reporting, Recording & Monitoring 	<ul style="list-style-type: none"> ERP system improvements began in August 2019 and are due for completion/roll out in February 2020.
Supplier Payment Process Improvements	<p>The Finance team will review efficiency, clarity and usability of processes and procedure following ERP system improvements. This includes making our existing efficiency and improvements clear - such as our central payables email: payables@pellfrischmann.com) and our Purchase Order (PO) process. They will provide accessible and pro-active guidance on our procedures going forward, as well as communicating and developing training modules to aid the embedment of improvements within the business.</p>	<ul style="list-style-type: none"> Process review to begin January 2020. Roll out communications & training Feb/March 2020. Accessible & Pro-Active Guidance – August 2019 Onwards.
Supply Chain Communication & Support	<p>We recognise that good communication with suppliers is key - we are already ensuring early contact to give time to rectify any issues relating to non-payment of invoices, disputed invoices or incorrect invoices. For major contracts with significant supply chain this includes upskilling our supply chain and providing training on the proper execution of our sub-contractor agreement and providing them with a "Welcome Pack", often contract specific, embedding our operating model, processes around invoicing, policies and key contacts for delivery and escalation.</p>	<ul style="list-style-type: none"> Already started for our major contract with significant supply chain.
Project Manager Training	<p>We provide regular training to our staff to inform and help them adapt their skills, behaviours and relationships to our culture, policy and procedures. Specifically, we will rollout refresher courses of P3 Project Management Training, including how to effectively deliver and manage supply chain input – wrapping together improvements to processes and systems as described above and the vision of our Supplier Collaboration Strategy.</p>	<ul style="list-style-type: none"> Supplier Management Training – Feb 2020 to June 2020.
Embed Understanding of Supply Chain Non-Payment in All Staff	<p>Reinforcing amongst all our staff our values: namely (1) Reliable, (2) Respectful, (3) Responsible, (4) Responsive; and, (5) Rewarding; as well as re-communicating and further embedding our Supplier Collaboration Strategy – explaining the impacts of supply chain non-payment and why suppliers are important to us, our clients and the UK economy.</p>	<ul style="list-style-type: none"> November 19 (MD Office "Roadshow") December 19 ("How are we Doing"). Supplier Management Training – See Above.

Regular Monitoring & Reporting

Reporting and Monitoring will be undertaken regularly, not just to ensure this action plan is delivered, but to ensure the key commitment is achieved and – more importantly – maintained and improved going forward.

KPIs/Targets which will be used to monitor the achievement of our commitment include:

- Delivery of Action Plan to Agreed Timescales
- % of 60 Day Invoices KPI
- Average No. of Payment Days KPI
- No of Disputes KPI
- Days to Dispute Resolution KPI

This reporting will be done to the following rhythm and regularity, noting that some KPIs will only come “online” following certain improvements in the action plan – as previously described.

	Programme											
	Q4			Q1			Q2			Q3		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Managing Director & Finance Director Reviews		●●		●●		●●		●●		●●		●●
Owner Reviews				●	—————	●						
Financial Re-Forecasting Process									●	—————	●	
Pell Frischmann Leadership Meetings	●●	●●	●●	●●	●●	●●	●●	●●	●●	●●	●●	●●
Business Unit Conference Calls	●●	●●	●●	●●	●●	●●	●●	●●	●●	●●	●●	●●
Discipline Project Reviews	●	—————	—————	—————	—————	—————	—————	—————	—————	—————	—————	●
Professional Development Reviews				●	—————	●				●	—————	●

Commitment

Pell Frischmann Consulting Engineers are committed to achieving $\geq 95\%$ of invoices payable to our supply chain across all contracts having been paid within 60 days of receipt of the invoice.

We recognise that, recently, we have faced significant challenges in delivering against this metric.

We have identified and addressed the primary causes of failure, captured the relevant actions and already made significant strides to improving the situation.

We recognise that this improvement needs to continue and we commit to actioning the attached plan over the rest of 2019 and into early 2020 and will regularly report on progress to our owners, employees and suppliers.

Following achievement, we will continue to monitor supplier payments as a key KPI within our business to avoid similar situations occurring in the future.

Iain Bisset
Managing Director

Adam Lee
Finance Director

