



MoD seeks the best value for money in its supply chain



We have helped LCST:

- Gather robust evidence to inform bid evaluation
- Understand the non-financial benefits of each bid option
- Identify the key trade-offs between bids

Client background

The Ministry of Defence (MoD) Logistic Commodities and Services (LCS) Operating Centre provides procurement and inventory management of a wide range of commodity items, as well as storage and distribution services. Operating from five key sites with over 2000 staff, it procures around £250 million of commodity products per year, and stores around £8 billion of stock and equipment.

Client challenge

The LCS Transformation (LCST) programme started in 2012, aimed to ensure that the complex, end-to-end supply chain is managed and delivered in a way that provides the best value for money. By moving to a 'fulfilment' focussed approach, as opposed to stockholding focussed, the purpose of LCST was to improve stock control, rationalise current stock holdings and storage infrastructure, and refine logistic processes. This would require a model that incorporated appropriate technology and infrastructure, resulting in a modernised and optimised operating centre.

Three bids were put forward for the 13-year contract: two external bids and one internally managed bid made up of a mixture of in-house MoD and industry providers.

To support the benefits case, and the formal bid evaluation process, a rigorous approach was required to ensure non-financial benefits and risks were fully understood and considered.

How Catalyze helped

Catalyze were engaged by the LCST programme team to implement a robust process for evaluating the non-financial benefits and risks of the bid options, using best practice decision science.

We worked with the stakeholders to define criteria to capture the benefits and risks of the options. These criteria covered the improvement to service standards, alignment to MoD and wider government priorities, and short and long term impacts.

A series of workshops were held to elicit and explore expert assessments of the options against the criteria. This enabled the relative advantages and disadvantages of each option to be quantified and to explicitly capture risks which could impact the future success of the programme or the wider MoD. Criteria which did not differentiate the options were acknowledged and noted.

Through the workshops the LCST team also gained a more complete understanding of the risks inherent in each option and could consider ways to reduce or mitigate them. Ultimately, this evidence was to be used to inform the bid evaluation decision, ensuring the best possible deal for the MoD.

Enabling Effective Decisions

By following a structured decision science approach, the LCST team:

- Obtained robust evidence to support the business case and bid evaluation process
- Understood the non-financial benefits of each bid option
- Discovered which criteria differentiated the options and therefore impacted the bid selection
- Explicitly articulated risks and considered mitigation strategies
- Gained a clear understanding of the trade-offs between the bid options
- Had a clear audit trail to demonstrate what factors and expert judgments were considered
- Were confident they had the required evidence and information to inform their rationale and justify the bid evaluation decision.

info@catalyzeconsulting.com
+44 (0) 1962 775 923

www.catalyzeconsulting.com

Catalyze is a strategy consultancy, helping clients to prioritise and make robust sustainable decisions. We believe the best results are delivered through effective decision-making that engages people and aligns organisations. We have an established track record of enabling our clients to achieve results, whether it's improved shareholder value, a better planet or both.

Catalyze was founded in 2001 in conjunction with the London School of Economics and Political Science, applying techniques built on robust and validated decision theory. We support global clients from offices in the UK, USA, Australia and New Zealand.