



Supplier Days, focus groups and better Collaboration

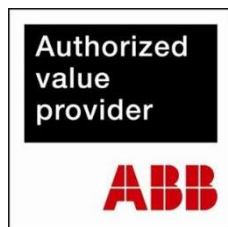
- Daniel Fitzsimons

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Who Are Quantum Controls?

- A Multi Award winning Specialist in the Drive and Motors market
- With 154 Drive Service Contracts Quantum Controls are largest independant supplier of Variable Speed Drive Service Contracts in the UK
- The leading supplier of ABB Variable Speed Drives and Motor in the UK we have been an ABB Partner since 1992
- Framework suppliers for several UK water companies and approved vendor for most other UK water companies and suppliers.



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Our Profile – Awards



Innovation & Excellence in Energy Audits 2016 & 2017



Best Electrical Control Panel Manufacturer – UK 2016

Engineering Training Specialists of the Year – UK 2016



UK Drives & Motor Supplier of
the Year 2015, 2016 & 2017



Quantum Controls Ltd – Where are we?



Ricky Sinclair
07779 786 216
r.sinclair@quantum-controls.co.uk

Technical Sales Engineer
4 years at Quantum
Previous: EDC (Scotland) Ltd
50+ years' industry experience, married
and enjoys travelling abroad



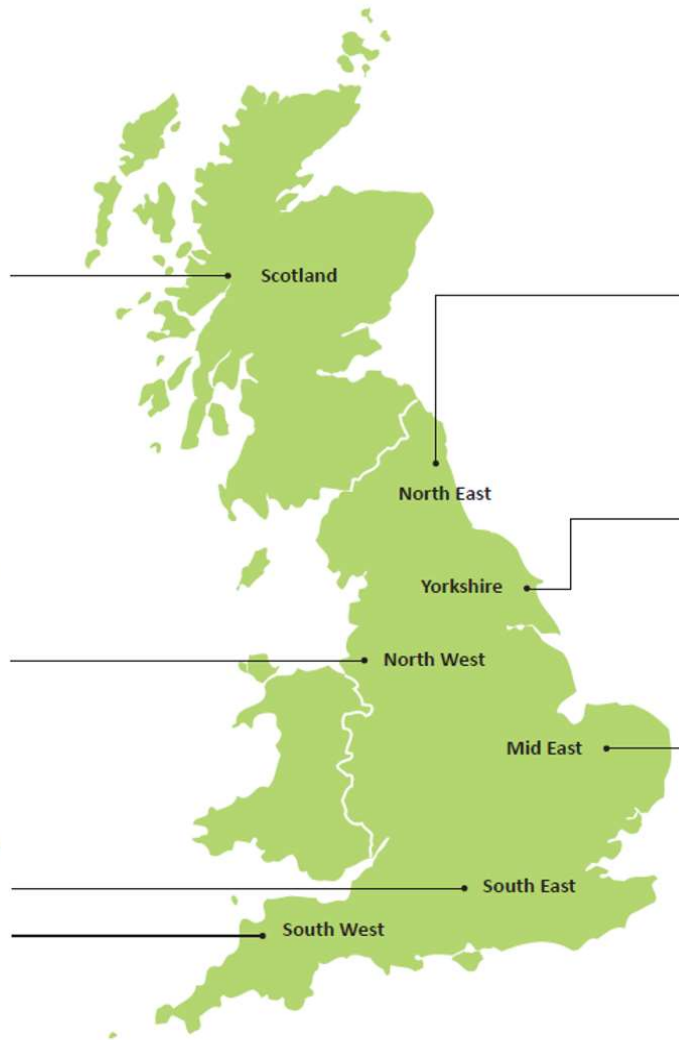
Oliver Allinson
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Technical Sales Engineer
New to Quantum
Previous: Park Gate
5+ years' industry experience, keen eye
for photography and lover of skiing



Ben Johnson
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Technical Sales Engineer
New to Quantum
Previous: Brammer
10+ years' industry experience,
active gym user and winter
sport enthusiast



Craig Ferry
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Technical Sales Engineer
4 years at Quantum
Previous: Sevcon
20+ years' industry experience, married with
children and skilled football and rugby coach



Dan Fitzsimons
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Business Development Director
8 years at Quantum
Previous: Eriks
20+ years' industry experience,
married with children and avid golfer



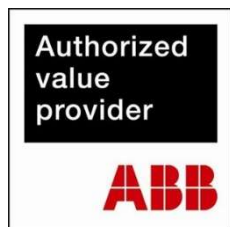
Peter Stelling
07967 036 448
p.stelling@quantum-controls.co.uk

Sales Director
12 years at Quantum
Previous: Safronics
25+ years' industry experience,
family man and avid golfer



Tier 2 supplier day

- How & why did it come about?
- What happened along the way?
- What have the outcomes been (expected and unexpected)?
- What is the plan going forward?
- Lessons learnt etc?



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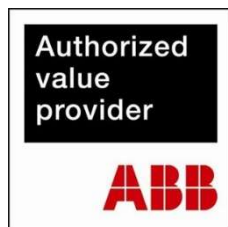


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How & why did it come about?

- Northumbrian Water's focus on project innovation and collaborative working between Tier 1 and Tier 2 suppliers.
- NWG wanted the tier 2 suppliers to run an event initiating these innovations



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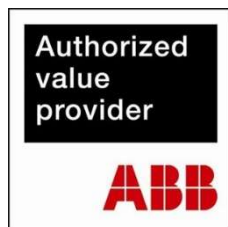


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Why did it come about?

- NWG also wanted the tier 2 supplier to start the discussions on what the barriers were to achieving this and smooth project rollouts.
- The request was made at a previous NWG even and volunteers asked to come forward.



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What happened along the way?

Early engagement



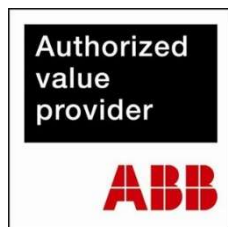
Work visibility



Collaboration



Working to the future



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What have the outcomes been?

Tier 2 Supplier Day 18th May 2017 – Actions Raised and Top 5 Actions

Table 1

1. Innovation – ‘Run 2 Awareness’ **{1 point}**
2. Consistency of information & approach, Tier 2 – unique perspective **{3 points}**
3. Early involvement (With Financial Reward), Help with Option C **{4 points}**
4. Program news – monthly bulletins **{5 points}**
5. Standardization of works **{2 points}**

Table 2

1. Correct type of contract, Option C ? (cash flow) **{4 points}**
2. Early engagement at investigation define stage **{5 points}**
3. Standard details in specifications **{1 point}**
4. ¼ yearly meetings for work visibility **{3 points}**
5. Run to lean training downstream **{2 points}**

Table 3

1. Better commercial terms for tier 2 – forms of sub contract/appropriate / payment terms **{3 points}**
2. Early engagement tier 2, strategy – how to maintain competitiveness **{5 points}**
3. Alignment of expectations, health and safety – minimum standards Tier 1 & 2 **{2 points}**
4. Looking ahead of project work, planning / resourcing **{4 points}**
5. Project reviews – collective lessons learned **{1 point}**

Table 4

1. Correct information, clear scope (Specific/Relevant), Uniformity of tender presentation **{4 points}**
2. Greater I&D engagement – with commitment and reward **{5 points}**
3. Work visibility **{2 points}**
4. Tier 1 & 2 contractors – involved with asset need statements **{1 point}**
5. Eradicate late engagements to stop an auction bid scenario **{3 points}**

Table 5

1. Payment term changes (increase to 45 days) Rolled out to Tier 2 suppliers **{3 points}**
2. Understanding what collaboration involves? **{1 points}**
3. Involvement in I & D process **{4 points}**
4. Appetite for back to back (Option C) contract **{2 points}**
5. Programme visibility NWG – Tier 1 – Tier 2 **{5 point}**

Table 6

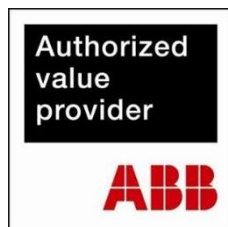
1. PSC for Investigate & Define Works **{5 points}**
2. Look ahead programme – types of work **{3 points}**
3. Capex V Opex = Totex **{2 points}**
4. Progress stifles innovation, walk the same path using kit we are used to using **{4 points}**
5. Contract conditions A versus C **{1 point}**



What have the outcomes been?

Top 5 agreed actions:

1. I&D Early engagement with commitment and reward
 2. Improvement in Work Visibility
 3. Contract Terms
 4. Standardisation / Innovation
 5. Consistency in tender information
- Regular focus group meetings with tier 1 and tier 2 suppliers



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What have the outcomes been?

I&D Early engagement with Commitment and Reward

1. Tier 1 suppliers to issue schedule detailing subcontractor works allocation, issued late September, A follow up meeting will then be held to review allocated packages are suitable & achievable from the subcontractors prospective.
2. Tier 1 suppliers to issue Professional Service Contracts to subcontractor for I&D engagement.
3. NWG to organize a presentation on 'NWG strategy' highlighting I&D expectations



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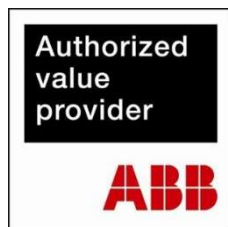
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What have the outcomes been?

Improvement in Work Visibility

1. NWG and Tier 1 suppliers to develop works schedules showing project start dates and expected durations.
2. Tier 1 suppliers to issue monthly project progress updates identifying any slippages, to commence late August.
3. Discussions were held with regards to stock piling jobs, easy hits



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What have the outcomes been?

Contract Terms

1. ICL will be increasing their payment terms to 40 days in line with NWG terms, MMB & ESH have no immediate plans to increase their current 30 day terms. All Tier 1 suppliers encourage greater breakdown on payment applications to help with subcontractor cashflow.
2. With the progression of early engagement, thus moving away from a competitive environment both NWG and the Tier 1 suppliers look to place future contract under the NEC3 Option C terms. To provide more understanding of these terms the Tier 1 suppliers will organize an 'Option C' workshop which will take place in the final quarter of this year. Option C will provide NWG with real cost data which over time will allow a greater accuracy when setting budgets for future projects.



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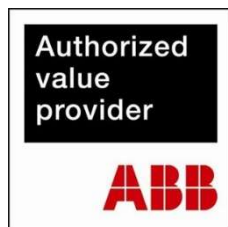
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What have the outcomes been?

Standardisation and Innovation

1. NWG's innovation champion is Dave Watson (david.watson@nwl.co.uk 07817 271458), Dave can be contacted any time with suggestions on incorporating new technologies and procedures into NWG operations. The Tier 1 suppliers also have appointed Innovation champions who can similarly be contacted, these being Andy Glover (ICL), Alan Croft (ESH) and Peter Brodie (MMB).
2. NWG advised that a web portal existing where suggestions can be uploaded, Phil Wallace will be providing details.



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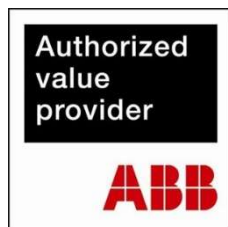
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What have the outcomes been?

Consistency in Tender Information

It is envisaged that with the implementation of collaborative early engagement tender information will be better defined and any grey areas previously encountered will be consigned to the past. OUTSIDE OF I&D



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What is the plan going forward?

Moving forward, we're looking at holding another focus group meeting in early 2018 which will be held this time at the new Spectrum 5 offices in Seaham, the Tier 1's will also be producing a mailing list for their key Tier 2 suppliers just in case anyone has been missed.



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Lessons learnt etc?

- Time required to plan the events
- Level of similarity between tier 1 contracts
- Level of similarity between tier 2 contracts

- Working together most ongoing issues can be resolved



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