



Suppliers

Better World – Our Commitment to Society

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Supplier overview

BT conducts a vast range of procurement activities with many thousands of suppliers around the globe.

Our annual spend with our suppliers in 2000/2001 was over £11 billion.

This is spent on a wide range of goods and services, from major network and IT equipment, cables and software to design services and disposals.

We are committed to ensuring that all our dealings with suppliers – from selection and consultation, to recognition and payment – are conducted in accordance with the principles of fair and ethical trading.

Supplier selection

BT operates a fair procurement process – administering tendering and contracting procedures in good faith. “We value the diversity of our suppliers and we will not make the award of a contract conditional on a supplier being a customer of BT.”

These and other specific commitments are detailed in our Purchasing Principles.

Authority for forming a contract is restricted to our authorised procurement professionals, trained to world-class procurement standards and applying BT’s purchasing principles.

Our supplier selection process ensures that high safety, environmental and social standards are met.

BT plays its part in a number of Government and commercially-sponsored initiatives, designed to enhance small suppliers’ awareness of total quality so that they can compete for business more effectively in the global marketplace.

In addition, our Supplier Diversity Programme aims to ensure equality of opportunity for Minority Business Enterprises (MBEs) to participate in BT’s procurement process, to facilitate the mentoring of MBEs by existing suppliers and to promote the development of MBEs in the wider community.

Supplier development

BT currently uses a range of tools – from basic desktop evaluation to sophisticated supplier capability assessment and partnership evaluation processes – to assess and develop our suppliers.

In order to improve supplier performance and provide our suppliers with a better understanding of our assessment requirements, we have begun to hold a number of bespoke supplier training workshops.

These range from technical, safety and benchmarking courses to lead assessor courses, approved by the International Register of Certificated Assessors (IRCA).

Enhancing the skills of our suppliers in this way not only benefits BT, but can also be of real use to them when they compete for non-BT work.

BT also shares learning and expertise in the areas of quality, the environment, diversity and ethical trading with its suppliers.

Supplier relationship management

At BT, we value the relationships we have with our suppliers and encourage the free exchange of views, either informally or via a wide range of formal meetings.

In November 1999, we launched a supplier relationship management programme (SRM), the purpose of which is to manage our relationships with our suppliers in such a way as to ensure clear and coherent two-way communication.

Our relationships with many of our suppliers have become more complex in recent years. Whereas the relationship was once simply that of customer and supplier, we now recognise that a supplier can – at one and the same time – be a partner, customer and/or competitor.

This is why we appointed a BT relationship manager and a senior executive sponsor, to manage and develop the relationship with key strategic suppliers via a dedicated “stakeholder board”, which brings together interested parties from across the supplier interface.

At the heart of the SRM programme are the regular meetings (supplier summits) that we hold with our suppliers at senior level. These meetings are the primary forum for exchange of information, discussion of collaborative and partnership opportunities, and two-way communication.

Between launch and February 2002, we held one or more supplier summits with each of our 17 key suppliers.

86 per cent of participating suppliers said that they believed their overall relationship with BT had improved since the programme’s introduction (Source: Strategic Procurement – Supplier Perception Survey, Dec 00).

All our suppliers get the chance to express their views and get a response via the supplier feedback form on our Selling2bt web site (<http://www.selling2bt.bt.com/talktous.htm>).

We also annually seek the opinions of our key network and IT suppliers, using a formal supplier perception questionnaire, which helps the BT people who own and manage our supplier relationships to gain a better understanding of supplier concerns and the improvement areas that we need to address.

In this year’s survey, our 22 top suppliers were invited to participate and 19 responded. In response to the statement “Overall, I am satisfied with my relationship with BT”, 69 per cent agreed compared with 67 per cent last year. (Source: Strategic Procurement – Supplier Perception Survey, Feb 2000 and Dec 2000)

NB: The number of suppliers taking part in the SRM varies as the strategic nature of individual suppliers changes to reflect changing BT activities.

Supplier payment

As stated in BT's Annual Report and Accounts 2000/2001:

BT's policy is to use its purchasing power fairly and to pay promptly and as agreed.

BT has a variety of payment terms with its suppliers. The terms for payments for purchases under major contracts are settled when agreeing the other terms negotiated with the individual suppliers. It is BT's policy to make payments for other purchases within 30 working days of the invoice date, provided that the relevant invoice is presented to the company in a timely fashion and is complete.

BT's payment terms are printed on the company's standard purchase order forms or, where appropriate, specified in individual contracts agreed with the supplier. The ratio, expressed in days, between the amounts invoiced to the company by its suppliers in the 2001 financial year and the amounts owed to its trade creditors at the end of the year was 21 days.

Supplier awards

Investing in Excellence (IiE)

The fourth BT Investing in Excellence Awards were held in November 2001.

These prestigious awards are an ideal opportunity for BT to recognise the significant contribution of our suppliers, showcasing examples of innovation and forward thinking. They also help to confirm the strategic importance of teamworking between purchasers and suppliers.

A judging panel consisting of BT people assessed the entries. They looked for suppliers who had excelled in the following award categories:

Quality of Product and Service
Innovation and Responsiveness
Reduced Whole Life Costs
Commitment to Social Responsibility

The 2001 awards was the first year in which a ‘Commitment to Social Responsibility’ Award was introduced. This looked for suppliers who had implemented policies, systems or initiatives that demonstrated their commitment to social responsibility where a BT Contract was concerned. Suppliers could demonstrate this in areas such as the environment, supply chain human rights, diversity or other areas of social responsibility.

31 suppliers were shortlisted and invited to attend the awards ceremony. The overall winner who received the ‘e’ trophy was Joseph Gleave & Son Ltd.

The judges’ final comment when selecting this company as the winner was, “In this area of our business, they have driven up service, driven down lead times, and enhanced everything in the supply chain.”

The category winners were:

Quality of Product and Service: Joseph Gleave & Son Ltd
Innovation and Responsiveness: Siebel Systems UK Ltd
Reduced Whole Life Costs: Enterprise PLC
Commitment to Social Responsibility: Pirelli

A special Breaking the Mould - eEnabling Award was also awarded to Ericsson.

For further information on the winning supplier entries for the 2001 Investing in Excellence Awards go to: <http://www.selling2bt.com/html/investing/default.asp>

Ethical trading

Society expects the products bought from and by BT to be manufactured under working conditions consistent with international guidelines. Chief among these are the UN's Universal Declaration of Human Rights (<http://www.un.org/overview/rights.html>) and the International Labour Organisation conventions (<http://www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm>).

To ensure that we meet this expectation, in April 2001 we launched Sourcing with Human Dignity (<http://www.selling2bt.com/html/working/humandignity/default.asp>), a supply chain initiative which seeks to ensure that the working conditions in our supply chain really do meet accepted standards.

Although the promotion of these standards is common practice in the retail sector, it is a relatively new development for the communications industry.

Of course, BT alone cannot commit to Sourcing with Human Dignity – it is a collaborative undertaking that requires the active support of all our suppliers.

We are trying to win this support through a phased approach. In 2001/2002, we have been focusing on gaining the support of our key network and IT suppliers.

We have been doing this through supplier forums dedicated to this issue and by seeking their written support.

We have also prioritised industry sectors where we believe that the risk of falling short of our Sourcing with Human Dignity standards is at its highest. In these areas we have begun to conduct on-site assessments to identify to what extent suppliers are meeting the Sourcing with Human Dignity standard and are then working with suppliers where areas of shortfall have been identified.

In 2002/2003, we aim to review progress and apply this process to a widening range of contracts (see Better World – Objectives and targets).

Supplier diversity

BT will:

- aim to ensure equality of opportunity for Minority Business Enterprise (MBE) to participate in BT's procurement process as suppliers or sub-contractors
- facilitate business-to-business mentoring for MBEs with senior buyers from within BT and our main suppliers
- deliver business development seminars to promote the development of MBEs in the wider business community.

BT launched the Supplier Diversity Programme in 1998 because we believe that providing opportunities for MBEs will not only enhance our supply chain through increased diversity, but will also help to increase the prosperity of the communities in which we do business.

A key aspect of the programme is business-to-business mentoring. MBEs that are accepted onto the programme are allocated two mentors – a BT senior buyer and an individual from a major supplier.

This mentoring relationship is focused on ensuring that the MBE gains a better understanding of the procurement policies and practices of both BT and its major suppliers.

By sharing information and advice and by facilitating access to organisational and professional networks, we can help MBEs develop the skills they need to conduct their business more competitively, and to enhance their ability to work with large organisations.

In partnership with our main suppliers, we also deliver business development seminars, to promote the sharing of skills and business information with MBEs. These seminars are available to all MBEs whether or not they are being mentored.

To date, the Supplier Diversity Programme has focused on the involvement of ethnic minority businesses.

There are currently 20 ethnic minority businesses participating in the programme, ranging from construction and software design companies, to cleaning and training services. Seven of our major suppliers are involved in a mentoring relationship with an MBE and eight of our senior buyers are mentors. BT also conducted three business development seminars in 2000/2001.

As a result of participating in the supplier mentoring programme, in 2000/2001, six MBEs were invited to tender for a BT contract, either directly or via a BT supplier. Five were successful.

Since 1998, about a third of the 19 companies mentored have secured work directly or indirectly with BT as a result of the programme.

We now aim to expand the programme to include disability and gender (see Better World – Objectives and targets).

Environment

For further information on environmental procurement, please see the Environment section of our report.