

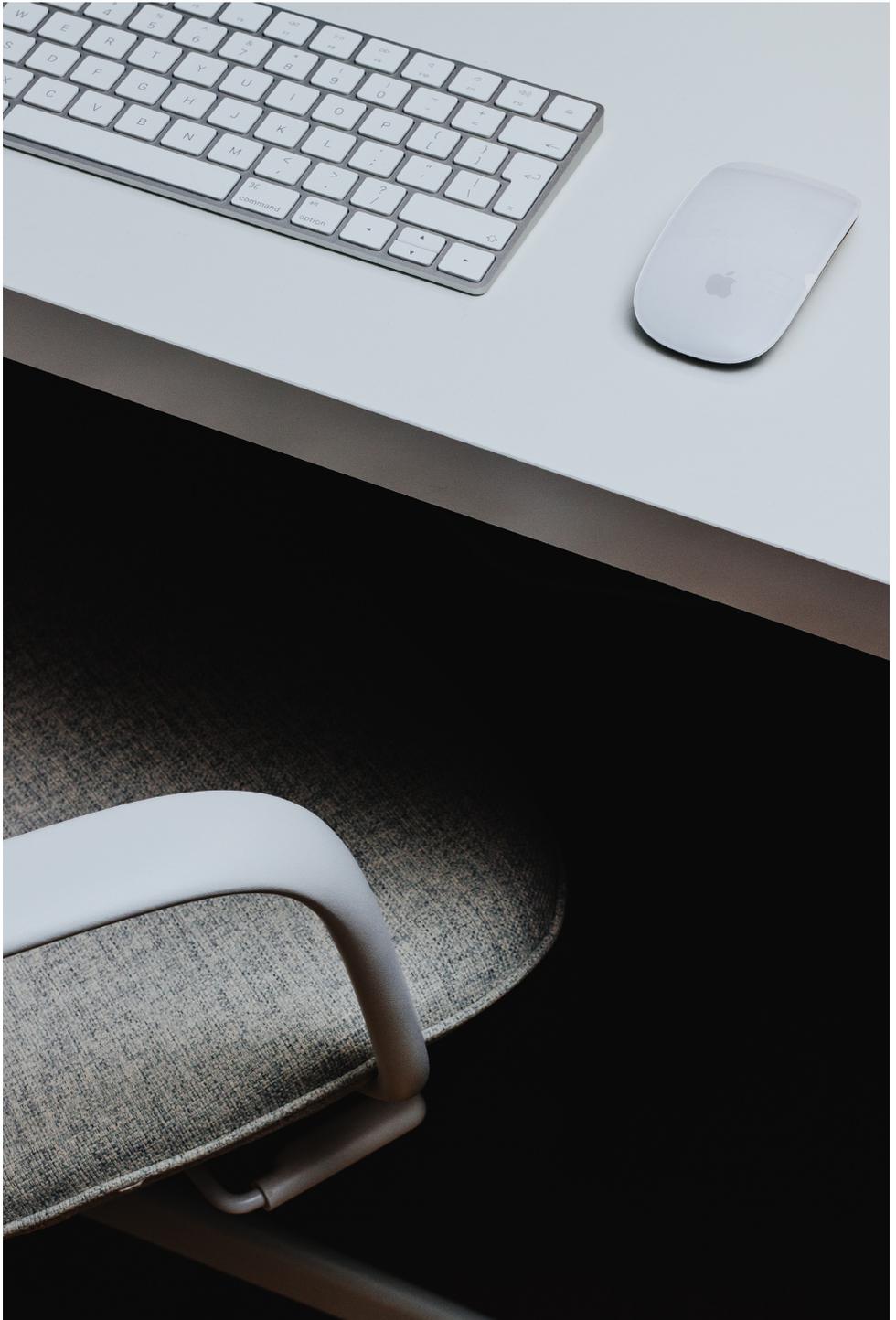


merlin standard

THE MERLIN STANDARD 2018

WHAT CRITERIA MAY MEAN IN PRACTICE





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INTRODUCTION

The Merlin Standard for delivering excellence in supply chain management is built upon 8 interlinked Principles, underpinned by 36 evidence-based Criteria. It is these Criteria against which Organisations coming forward for accreditation against the Standard are assessed.

Each Organisation that uses the Merlin Standard as either a developmental framework, or as a Standard they wish to achieve, is unique. Their culture, in addition to their view on paperwork, processes, communications and relationship building, will all be unique to them. Therefore, how they approach supply chain management is not prescriptive – one size will not fit all.

During an assessment, Organisations have the opportunity to share with their Assessment Team how they believe they meet each Criterion within the Standard both in writing through a Self-Assessment Statement, and verbally through discussions with key members of staff. This is then substantiated through discussions with staff from past, present and potential Supply Chain Partners.

This document should be read in conjunction with ‘The Merlin Standard – A Guide for Organisations Managing a Supply Chain’.

PRINCIPLE 1. DESIGN



Successful supply chain design, including how Supply Chain Partners are chosen, is fundamental to achieving a healthy and high performing supply chain. Organisations should promote innovation in the Supply Chain and seek to constantly improve the design based on past experience.

THE ORGANISATION CAN DEMONSTRATE AND SUPPLY CHAIN PARTNERS CAN VALIDATE:

- 1.1** | How it has considered using a range of organisations in its supply chains in terms of sector, size and legal status to help support the achievement of the commissioner's/procurer's objectives and contractual requirements.

- 1.2** | That it has effective strategies in place to deliver comprehensive support services to stakeholders, customers and partners through the use of wider networks beyond the formal supply chain.

WHAT THIS MIGHT MEAN IN PRACTICE:

The Organisation gains a clear understanding of the objectives of the commissioner/procurer to ensure it is aligned to their purpose. It undertakes research to gain an understanding of the contractual requirements, including customer/client needs and outcomes, which results in identification of the scope required of a supply chain. The resultant supply chain comprises a range of organisations such as private, public and third sector, local, regional and national, of varying sizes as appropriate to the contract. Supply Chain Partners are aware of the mix within the supply chain and believe it is fit for purpose to meet the commissioner's/procurer's objectives.

Strategies and actions throughout the network, including those of the Organisation, ensure that organisations and agencies outside of the formal supply chain are engaged in offering specialist support to customers and partners. Supply Chain Partners actively use organisations and agencies outside the supply chain to benefit the customer, the supply chain and themselves.

1.3 | How its consultation with potential Supply Chain Partners informs the initial and on-going design of the supply chain and its activities.

1.4 | That the design of supply chains encourages Supply Chain Partners to operate collaboratively, with open participation and resource sharing across the network to deliver comprehensive services.

1.5 | That the design of the supply chain involves mutual agreement upon a set of core Principles and behaviours, including a commitment to equality and diversity, which are embedded in organisational practices.

1.6 | That it reviews and evolves supply chain design to meet the changing needs of both customers and commissioners/procurers.

The Organisation consults with potential Supply Chain Partners prior to bidding (wherever timescales permit), which informs the delivery model. Supply Chain Partners believe that prior to and throughout contract live running there are clear processes in place to consult with and obtain feedback from them, which influences decisions made and processes and systems introduced by the Organisation.

The Organisation supports and encourages the supply chain(s) to work collaboratively across contracts and tiers, resulting in actions that have a positive impact on delivery. Supply Chain Partners believe that they have the opportunity to talk openly and candidly with the Organisation and other members of the supply chain(s) and subsequently work together.

The Organisation and their Supply Chain Partners discuss and mutually agree a set of core principles/values which are embedded in and govern the way the supply chain is managed.

The Organisation ensures that there are strategies in place to review and improve which influence and/or contribute to the future development and design of the supply chain, ensuring that it continues to evolve to meet the changing needs of customers/clients and the commissioner/procurer. Supply Chain Partners are involved in the evolution of the supply chain and recognise the changes made to meet the needs of customers/clients and the commissioner/procurer.





PRINCIPLE 2. PROCURE

Organisations should look to establish relationships with their Supply Chain to mutual advantage, and decisions taken or changes made in the procurement process should be done so by joint agreement.

THE ORGANISATION CAN DEMONSTRATE AND SUPPLY CHAIN PARTNERS CAN VALIDATE:

2.1 | That its procurement processes, including communications, the selection of Supply Chain Partners and completion of due diligence activities, are fair and transparent.

2.2 | That it has clear and effective strategies in place to manage the TUPE process.

2.3 | That it has a clear rationale in place to support a viable and transparent allocation of market share within supply chains.

2.4 | That it has proactively negotiated volume, funding/finance and performance expectations with its Supply Chain Partners ahead of relationship commencement.

WHAT THIS MIGHT MEAN IN PRACTICE:

The Organisation promotes opportunities to encourage potential Supply Chain Partners to join a supply chain. The processes and procedures used by the Organisation during the procurement process were clearly explained to potential Supply Chain Partners leading them to believe that the process was fair and transparent. The process used to select and score Expressions of Interest (EOIs) was clear and transparent, with feedback given by the Organisation whether potential Supply Chain Partners were successful or not. Supply Chain Partners believe the communications adopted by the Organisation before and during the procurement process were effective, consistent and robust.

The Organisation has a clear strategy in place regarding their approach to TUPE and have, where required, supported their Supply Chain Partners in undertaking TUPE activities relevant to the needs of the individuals and/or partner organisations concerned. Where TUPE transfers have taken place, Supply Chain Partners confirm the support received to effect a smooth transfer.

The allocation of market share is clearly understood by members of the supply chain and agreed in accordance to the Organisation's needs, Supply Chain Partners' abilities, and to meet commissioners' requirements.

The approach undertaken by the Organisation ensured that Supply Chain Partners were able to proactively and successfully negotiate volumes, funding/finance and performance expectations with the Organisation during the procurement and negotiation of contract phase. This resulted in expectations of the Supply Chain Partner being managed effectively.

PRINCIPLE 3. CONTRACT



Organisations should seek to implement high quality contractual documentation and deal with challenges in an appropriate manner.

THE ORGANISATION CAN DEMONSTRATE AND SUPPLY CHAIN PARTNERS CAN VALIDATE:

- 3.1** | That it has devised, and where appropriate updated, contractual documentation which clearly defines the obligations of both the Organisation and its Supply Chain Partners, and that explanation is given for any changes in pre- and postcontract arrangements. A change control process, agreed between the Organisation and Supply Chain Partner(s), is enacted where and when required.
- 3.2** | That it has clearly defined performance expectations which are understandable and reasonably achievable for all parties throughout the life of the contract.
- 3.3** | That the Organisation is open to challenges brought through the relevant, publicised dispute resolution process, and outcomes are honoured.

WHAT THIS MIGHT MEAN IN PRACTICE:

Contracts/service level agreements (SLAs) are devised by the Organisation. These are clear, concise and simply define the obligations and expectations of both parties. These are not overly burdensome to Supply Chain Partners and any risks are properly communicated by the Organisation. Any changes between pre- and post-contract arrangements are openly negotiated and agreed with Supply Chain Partners and any changes in contractual requirements, including those imposed by the commissioner/procurer relating to the market share, funding/finance arrangements, volumes, etc. are reflected in contract variations which are received by the Supply Chain Partners in a timely manner.

The Organisation has clearly defined the performance expectations in line with those of the commissioner/procurer and communicated these effectively to the Supply Chain Partners. Supply Chain Partners across all tiers and contracts understand the performance required of them at every stage of the contract.

The Organisation has a robust dispute resolution process in place and can show how they ensure that their Supply Chain Partners understand the process and can access any associated documentation. Supply Chain Partners express confidence in using the dispute resolution process and believe that they would not experience any repercussions. The Organisation and Supply Chain Partners are aware of any appropriate and agreed third-party mediation services, for example as delivered by the Independent Case Examiner, and once again Supply Chain Partners would feel confident to use the process if needed without fear of repercussions. The Organisation has clearly stated that it will respect any decision of any third-party mediation services where appropriate.

PRINCIPLE 4. FUNDING



Organisations should implement effective strategies for managing funding and finance and operate in a fair and transparent manner as appropriate.

THE ORGANISATION CAN DEMONSTRATE AND SUPPLY CHAIN PARTNERS CAN VALIDATE:

- 4.1** | That its funding and payment arrangements are fair, proportionate and do not cause undue financial risk for Supply Chain Partners.
- 4.2** | That it has discussed, agreed and executed a successful strategy to manage the transfer of funds/finance within the network; resulting in the Supply Chain Partners receiving accurate and timely payments.
- 4.3** | That it has explained, discussed and agreed fees (including management fees and other costs where appropriate) in a transparent manner.

WHAT THIS MIGHT MEAN IN PRACTICE:

The financial model(s) used takes account of potential financial risks to both the Organisation and the different tiers of Supply Chain Partners. The arrangements were discussed and mutually agreed between the Organisation and Supply Chain Partners, ensuring that there was no undue financial risk.

The processes used to raise invoices and subsequently transfer funds/finances across the supply chain are open, transparent and effective. Supply Chain Partners receive accurate and timely payments as per the contractual agreement.

The Organisation has given guidance to Supply Chain Partners that identifies a clear breakdown of what costs and fees are incurred. Where a management fee is charged, the Organisation has ensured that Supply Chain Partners are made aware of the level of the fee and what they receive for these fees such as marketing, IT infrastructure, training, performance management, quality assurance, etc.

PRINCIPLE 5. DEVELOP



Organisations and Supply Chain Partners should work together to develop a successful working relationship, to better deliver the commissioner's/procurer's objectives.

THE ORGANISATION CAN DEMONSTRATE AND SUPPLY CHAIN PARTNERS CAN VALIDATE:

- 5.1** | That it supports, develops and encourages its Supply Chain Partners to fulfil their contractual obligations from contract award throughout the life of the contract.
- 5.2** | That it supports, develops and encourages its Supply Chain Partners to evolve, build capacity and develop comprehensive services to support them in remaining viable and sustainable organisations.
- 5.3** | That it actively promotes and facilitates the development of staff within the supply chain.

WHAT THIS MIGHT MEAN IN PRACTICE:

The Organisation supports the development of the business processes, practices and systems required by the Supply Chain Partners to deliver the contract. A range of key business processes such as business and financial planning, marketing etc. are developed to help maximise the Supply Chain Partner's abilities and capabilities to remain a viable partner.

Supply Chain Partners are supported and encouraged by the Organisation to obtain additional funding/finance streams or bid for additional tenders etc. to enable them to build their capacity. This may come from within the supply chain or through external/additional contracts.

The Organisation identifies the learning and development needs of staff across the supply chain and promotes and delivers learning interventions. The impact of the learning is evaluated and recognised in terms of improved quality and performance of service delivery, which is also monitored and shared across the supply chain.

PRINCIPLE 6. PERFORMANCE MANAGE



Organisations have a responsibility to manage their supply chains with integrity, honesty, and transparency, supported by effective processes.

THE ORGANISATION CAN DEMONSTRATE AND SUPPLY CHAIN PARTNERS CAN VALIDATE:

- 6.1** | That it has clear communication channels to ensure that there is clarity in the business relationship underpinning the supply chain arrangements.

- 6.2** | That it has created a culture across the supply chain in which communication is open, honest and without unreasonable constraint; and interactions between the Organisation's and Supply Chain Partner's staff remain positive and supportive throughout the life of the contract.

WHAT THIS MIGHT MEAN IN PRACTICE:

The Organisation ensures that Supply Chain Partners fully understand who within the Organisation is responsible for key aspects of communication, as well as systems and processes including finance, quality assurance, performance management, etc. Supply Chain Partners understand that information received from the Organisation should be shared with others within their own organisation and assures the Organisation of this taking place.

The underlying culture across the supply chain ensures all Supply Chain Partners believe that communication is a two-way process where they are able to openly and honestly express concerns and ideas to the Organisation, other members of the supply chain and representatives of external quality standards (including Merlin). Interactions between the Organisation and Supply Chain Partners are consistently positive and supportive, including throughout challenging times such as poor performance.

6.3 | That it has clear, two-way channels in place for regular performance review, including recognising and supporting innovation, raising issues and discussing concerns.

6.4 | That it has robust Management Information Systems which produce consistent, accurate and appropriate performance information that is shared across the supply chain.

6.5 | How its established processes (including but not limited to collection of Management Information) measure, encourage and support performance improvement in Supply Chain Partners.

6.6 | That it proactively identifies, shares and monitors cases of practice within the supply chain to improve performance and service delivery.

6.7 | That it has an effective and inclusive process for generating an annual continuous improvement plan and action plan, including a robust review of performance and quality assurance.

The Organisation has designed processes to undertake regular performance reviews with Supply Chain Partners and the supply chain as a whole, and these are embedded and effective. The process is designed and carried out in a manner which enables innovation and good practice to be highlighted, as well as areas for performance improvement to be reviewed and agreed.

There is a clear rationale behind the Management Information (MI) systems used by the Organisation and this has been shared with the supply chain. Supply Chain Partners understand how and why MI is collected and believe the information produced is consistent and accurate. The Organisation and Supply Chain Partners use the MI to identify under/over performance and as a result work collaboratively to address any performance issues.

The Organisation has developed and embedded processes across the supply chain(s) which encourage and measure performance improvements, including demonstrating progress in the customer journey. Supply Chain Partners believe these processes are useful and drive performance.

The Organisation works collaboratively with its supply chain(s) to identify, document, and share (where appropriate) practices and processes which could improve the performance of the supply chain. These are monitored to establish the impact on performance and service delivery. Supply Chain Partners believe there is trust and confidence amongst members of the supply chain which encourages the sharing of operational practice.

There is a robust continuous improvement process in place and all stakeholders (Supply Chain Partners, customers/clients, commissioner/procurer) are given the opportunity to input into the process. Any Self-Assessment Report (SAR) and Quality Improvement Plan (QIP) produced by the Organisation involves and is shared with the Supply Chain Partners. As a result, they understand the importance of self-assessment to inform improvement across the supply chain(s). Supply Chain Partners are encouraged where appropriate to adopt a similar approach to designing their own SAR & QIP to improve quality and performance.



PRINCIPLE 7. QUALITY ASSURANCE AND COMPLIANCE

Organisations have a responsibility to manage their supply chains in compliance with legislative and regulatory requirements, and Supply Chain Partners should also play an active role in supporting Organisations to comply and excel.

THE ORGANISATION CAN DEMONSTRATE AND SUPPLY CHAIN PARTNERS CAN VALIDATE:

7.1 | That it has effective policies and procedures in place to keep the supply chain updated with legislative and regulatory requirements, and policy and strategy information.

7.2 | That it operates efficient and proportionate policies, processes and activities to monitor the quality of delivery and, where appropriate, the customer experience. The Organisation uses quality assurance findings to inform improvements to service delivery.

WHAT THIS MIGHT MEAN IN PRACTICE:

The Organisation uses a range of communication methods to inform Supply Chain Partners of legislative and regulatory requirements, and any subsequent changes, throughout the life of the contract. Where appropriate the Organisation provides support to ensure Supply Chain Partners understand and implement the requirements in a timely manner, which is subsequently checked. Supply Chain Partners are clear who within the Organisation is responsible for providing guidance/updates on legislation.

The Organisation has developed and implemented an effective supply chain management framework/process to review and monitor the quality of the service delivered by Supply Chain Partners to customer/client groups across the network. The process used is acknowledged as being proportionate to the level of the contract being delivered. The findings of the quality assurance activities are shared across the supply chain(s) and used openly and effectively to improve the service delivered to customers/clients and meet the commissioner's/procurer's requirements.

7.3 | That it has effective methods of providing impartial, effective and timely Information, Advice and Guidance (IAG) throughout the supply chain.

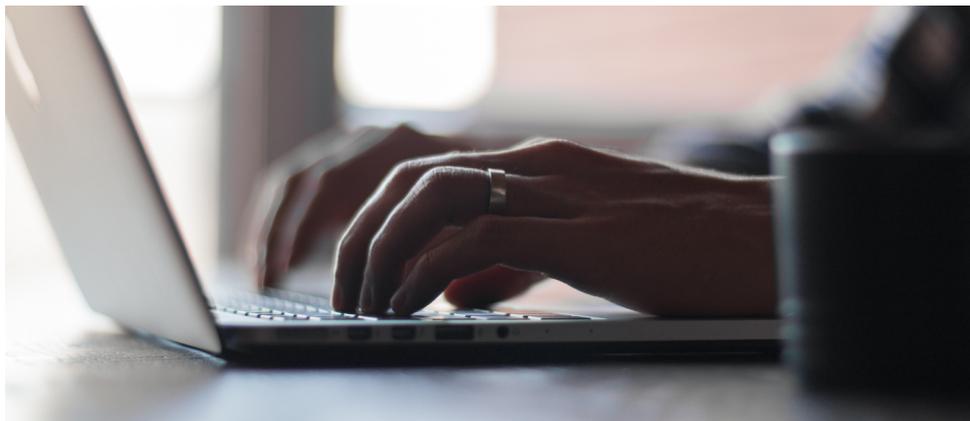
7.4 | That both the Organisation and Supply Chain Partners have strategies, policies and processes in place to maintain effective information security, health and safety, safeguarding, and environmental sustainability.

7.5 | That the Organisation and its Supply Chain adhere to the principles of, or if meeting the relevant criteria, fully comply with the requirements of the Modern Slavery Act 2015.

*The Organisation has developed, implemented and embedded effective methods of providing impartial, effective and timely information, advice and guidance to Supply Chain Partners and across the broader supply chain. The Organisation provides support to Supply Chain Partners to assure the quality of the information, advice and guidance being provided to customers/clients. This may include the Organisation encouraging Supply Chain Partners to access other quality awards for information, advice and guidance, for example the **matrix** Standard.*

There are robust systems in place which assure the Organisation that all Supply Chain Partners implement relevant policies and processes to maintain effective information security, health and safety, safeguarding, and environmental sustainability. This includes the collection and review of the relevant policy to ensure it is in line with regulatory and legislative requirements. In addition, support is provided to achieve ISO27001 (or similar to assure information security) where appropriate, as well as the active undertaking of risk assessments and lone working assessments/registers etc. on delivery sites through to Disclosure and Barring Service (DBS) checks, etc. completed in a timely manner and meeting appropriate legislation. Appropriate learning and development is provided to all delivery staff in line with the minimum requirements.

There is a robust system in place which assures the Organisation that all Supply Chain Partners are working in line with the requirements of the Modern Slavery Act 2015. The Organisation reviews the policy of the Supply Chain Partner(s) to ensure all relevant criteria are being addressed and subsequently undertakes appropriate checks as required.



PRINCIPLE 8. REVIEW AND CLOSE



Excellent supply chains will deliver the best results for customers and have the most positive impact on the wider community. The end of the relationship between the Organisation and a Supply Chain Partner should be managed effectively to manage the impact on both the service deliverer and all involved parties.

THE ORGANISATION CAN DEMONSTRATE AND SUPPLY CHAIN PARTNERS CAN VALIDATE:

8.1 | That it actively seeks feedback from all stakeholder groups, including through external auditing and assessment activities, and uses it to inform and improve practices throughout the life of the relationship.

8.2 | That it assesses how the activities of Supply Chain Partners have a measurable impact on the wider social objectives and/or policy intent of the commissioner/procurer.

WHAT THIS MIGHT MEAN IN PRACTICE:

The Organisation implements a range of activities to gain feedback from different stakeholders (clients/customers, partners, commissioners/procurers etc.), for example questionnaires, focus groups, complaints, compliments and comments. The information gathered is used to influence improvements in performance of the current contract and informs potential changes to the supply chain. The Organisation also seeks feedback through external audits, for example PAT, matrix, Investors in People, ISO9001, ISO14001, ISO27001, etc. Supply Chain Partners are aware of the findings of these activities and any changes to practices to improve the delivery of the service.

The Organisation collects and shares information/data that demonstrates the measurable impact the supply chain has on the wider social objectives of the commissioner/procurer and other stakeholders. Supply Chain Partners are able to provide a range of examples demonstrating the impact of the service on the wider social objectives.

8.3 | That it assesses how the activities of the supply chain generate a positive impact on the intended customer groups, external stakeholders and the wider community in which the supply chain operates.

8.4 | That it has effective processes in place to monitor and promote equality and diversity throughout the supply chain, and that data is collected, analysed and used to inform improvements throughout the life of the relationship.

8.5 | That it has prepared and agreed a process to handle the end of the relationship with the Supply Chain Partner, including timely communication and documentation sharing.

The Organisation collects and shares information/data which demonstrate how customers/clients, employees, external stakeholders, etc. have, through the work of the supply chain, been encouraged to develop themselves and their wellbeing in the widest possible sense. Supply Chain Partners are able to provide a range of examples demonstrating how they/their supply chain have contributed to encouraging people/employee wellbeing and improving community sustainability.

The Organisation Contractor has clearly defined processes that ensure that all Supply Chain Partners have Diversity and Equality policies that align to their Diversity and Equality strategy and plans. Through policy deployment, working practice and activities, the promotion of Diversity and Equality is embedded throughout the supply chain and examples can be given of what activities have taken place, how these are monitored and the impact measured. Relevant data relating to equal opportunities is identified and consistently collected, analysed and used to inform improvements across the supply chain and examples can be provided whereby demographic and gender data is used by the supply chain to ensure programme recruitment meets the requirements of the commissioner/procurer and the subsequent delivery is relevant to the customers/clients.

The Organisation and Supply Chain Partner openly discuss and as a result agree the approach to ending the relationship. This will include the approach to be used to transition any remaining customers/clients, any ongoing quality assurance/performance management requirements, as well as releasing all documentation and making any outstanding payments within the agreed timescale.



Criteria will be assessed by a number of different methods, including but not limited to: Self Assessment Questionnaires, feedback from Supply Chain Partners, interviews with members of staff, demonstration of systems and processes, and providing written documentation.

This list is not exhaustive.

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