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GO Features Editor

Up to the challenge

Procurex National 2010 provided invaluable information on how to meet the latest efficiency challenges and maximise supply chains. In its first year, Procurex National attracted a high number of delegates, exhibitors and key decision makers, making the event a huge success.



Lord Mayor of Birmingham Councillor Michael Wilkes (left), speaking with exhibitors at Procurex National 2010



David Frost, Director General, British Chambers of Commerce



Sally Collier, Executive Director Policy and Capability, OGC



Corin Taylor, Senior Policy Advisor, Institute of Directors

Procurex National 2010, organised by BiP Solutions, took place on 9 and 10 March at the National Exhibition Centre (NEC) in Birmingham. More than 3300 delegates and 120 exhibitors were present over the two days.

Procurex National was created to address the need for a centrally located event dedicated to procurement. It presented a unique opportunity for all areas of the public sector supply chain – from buyers to suppliers and their sub-contractors – to meet, exchange ideas and hear about the challenges and opportunities that this £220 billion a year sector presents.

With over 60 free to attend procurement training workshops and a conference stream for public and private sector delegates which featured 16 speakers – including former Business Woman of the Year Karren Brady; Corin

Taylor, Senior Policy Advisor, Institute of Directors; and Sally Collier, Executive Director Policy and Capability, Office of Government Commerce – Procurex National was the perfect opportunity for buyers and suppliers to engage and network.

Chaired by Colin Cram, Managing Director, Marc1 Ltd, the conference stream was opened by the Lord Mayor of Birmingham, Councillor Michael Wilkes, who highlighted the importance of procurement during the current economic downturn. He said: "The function of procurement is a crucial one, both for firms and for local – and indeed national – economies. We need to get public finances in order, while ensuring that in attempting to do so the Government does not act so aggressively that it pushes the economy further down and further worsens the national finances."

"Procurement matters, it matters a great deal to the individual firm, to other firms in the supply chain and to the local and national economies. In terms of supply chains the Keynesian process on costs alone has its limits, as even Toyota are now discovering, and in the public sector local authorities are of course very important procurers of goods and services."

With regard to procurement in Birmingham, Councillor Wilkes said: "If significant orders are placed with local suppliers, it can make a huge difference to the economy of less prosperous areas and to local unemployment, of which Birmingham now has some of the worst examples as the result of the loss of industry. If each pound is spent locally, there is a multiplier of four in benefiting the local economy. Certainly there are rules which some countries observe more meticulously than others about how larger



Karren Brady, former Business Woman of the Year, addressing delegates at the conference stream

contracts are placed but, as you will know, it also makes a huge difference how contracts are framed. You will almost certainly get better financial value from local suppliers, a few of whom might have been used anyway when a large successful bidder subcontracted after taking a margin for themselves.

"Procurement is a very big determinant of economic activity and it's important to get this right both in the public and private sectors. In the public sector, for example, Birmingham City Council's annual budget is £3.5 billion while other organisations, such as the NHS, have even larger budgets. So the impact of procurement can be very great, not just on individual organisations' bottom lines. I was pleased to see the recent announcement of the Midlands procurement framework for major development and projects within the region. In May we will see the launch of a Birmingham City Council initiative, www.finditbirmingham.com – these developments are all to the good of the city."

Corin Taylor focused his attention on the challenges facing public sector finances and the impending General Election. He informed delegates: "Improving the way taxpayers' money is spent is absolutely crucial. It's clear that even with the continuing economic weakness, whichever party wins the General Election is going to have to cut public spending. And if we're going to maintain good quality services for people, and good quality infrastructure for businesses, everything possible will have to be squeezed out of fewer resources."

"HM Treasury believes that the structural budget deficit is around 9 per cent of GDP – which is about £125 billion – while others such as the European Commission think it's even higher than that. This structural deficit, which is caused by the permanent loss of tax

revenues from the City and from the housing market, is what we have to worry about. And this is not going to be tackled unless something is actively done about it."

So if it is clear that public spending has to fall, what is the best way to go about it? Mr Taylor continued: "I don't think there's any one right answer. Part of the solution will be about improving efficiency and I am sure that many good ideas on that front will come out of this conference. Indeed, the Institute of Directors will shortly be publishing a paper by Colin Cram (*Towards Tesco – Improving public sector procurement: www.iod.com*) showing how £25 billion a year could be saved through integrated procurement and a greater use of shared services and outsourcing throughout the public sector. The trouble is that efficiency is often hard to deliver in practice. We need to find efficiencies as finding them will avoid service cuts as far as possible, but this is going to be difficult to achieve."

Ian Taylor, Commercial Director, Department for Children, Schools and Families, provided a detailed overview of procurement activities within the Department and stressed the importance of using collaborative procurement effectively.

He said: "When I first arrived in government the consensus was developing that collaborative procurement was the way forward. And I am not for an instant suggesting that we drop this as a process: bringing organisations together across disparate parts of the public sector is essential to aggregate spend but, frankly, it is difficult. At this time we need to be responding to the challenge of public sector financial problems and we need to be moving our own thinking beyond collaboration, beyond the competitive nature of procurement."

"I think we need to move quite quickly into coordinating our expenditure a lot more effectively and we need to be making more commitments. You can only really generate the volume of savings that we need to achieve if we can start committing volumes to deals as opposed to just negotiating frameworks and hoping that people will start using them over a period of time."

Gerard Chick, Head of Business Intelligence and Product Development

'Procurement matters, it matters a great deal to the individual firm, to other firms in the supply chain and to the local and national economies' – Councillor Michael Wilkes, Lord Mayor of Birmingham

at the Chartered Institute of Purchasing and Supply, spoke in great detail about effective supply chain management. He stressed to delegates: "Supply chain management has always just talked about cost and cost only, but if you ignore quality, service and timeliness these days, you'll be dead in the water. People want quality services and they want things done quickly. This will impact how you design your supply chain."

Karren Brady provided a thought-provoking and motivating speech about growing and developing businesses and gave some valuable advice on leadership skills. She said: "To run a business everyone who works for you needs three things. They need determination to do a job and do it well. Next is enthusiasm. Who wouldn't ▶



► want to work with enthusiastic people rather than unenthusiastic, negative people? And that's why enthusiasm is the number one ingredient that I look for. The third thing is, what is your key responsibility – what is your role in the strategy and what's your reward if you're successful? Motivating staff is key to driving a business.

"We are without a doubt in very challenging times. Lots of businesses are faced with situations and decisions they haven't faced before. Those businesses that rise through this downturn will be those that have really strong, capable leadership. People who have a strategy, who know how to deliver it and who are prepared to look at all of the opportunities and decide which ones that they want to fulfil."

David Frost, Director General, British Chambers of Commerce, spoke about the importance of procurement and the barriers faced by SMEs when tendering for public sector contracts. He told delegates: "As the real, much-vaunted squeeze is about to happen, it seems to me, from where we sit, that there will be a much greater focus on procurement, particularly public sector procurement, to wring out as many efficiencies as possible."

'There has to be more transparency, publicity and feedback and a much better understanding of the relationship between public sector procurement and business, particularly SMEs' – David Frost, Director General, British Chambers of Commerce

"What do our members say about the present state of play? They believe that many businesses, particularly SMEs, find the public procurement process very difficult and inaccessible. It's bureaucratic, it's opaque, and it acts as a barrier for companies willing to enter the tendering process and saps the desire to get involved again. So there needs to be a much simpler tendering process in place that gives SMEs access to a much greater range of public sector contract opportunities. There has to be more transparency, publicity and feedback and a much better understanding of the



Over 60 training zone workshops took place at Procurex National 2010 – pictured is PASS Consultant Julie Harmer discussing Standard Selection Criteria

relationship between public sector procurement and business, particularly SMEs.

"When we talk about procurement, I want to see much better engagement between the public and private sectors so we can benefit companies not only at a local and regional level, but also at national level as well."

Sally Collier highlighted the prominence of collaborative procurement in the marketplace. She said: "Collaborative procurement is a major element of the OGC's work and is important both for central government and the wider public sector. We can categorise about £140 billion of the public sector's £220 billion annual spend on goods and services, and for each of nine key categories the OGC is adopting a public sector wide category approach with different strategies in each of those categories and encouraging public sector authorities to join up, to realise the savings that can be achieved through working collaboratively. Aggregation of demand does not necessarily mean aggregation of supply. There can be all manner of structures within that collaborative procurement strategy."

Andy Hancox, Director, Improvement and Efficiency West Midlands, said he believed that efficiency is going to be very much at the heart of the challenge procurement professionals will face, as they are going to have to do more with less. He said: "The clear message is that, going forward, we are going to have to improve service delivery to maintain services with less money. New approaches to procurement to deliver services are going to be central to that attempt and I think we face an incredibly challenging outlook, but I do think there are some real opportunities for people that want to take things on and try things out."

Peter Howarth, Chief Executive of the Society of Procurement Officers in Local Government, spoke in great detail about

the relationship between procurement and sustainability. He stressed: "We really have to turn our thinking around a little bit. Our role in sustainability is not just to tick a box. We need to think about our place within the sustainability agenda and start addressing that agenda from within. Sustainability and procurement do not need to be at the opposite ends of the scale; they need to work hand in glove. We can still get value for money from actually applying sustainable procurement and we need to really push that forward."

With key partners such as the Office of Government Commerce and The Pro5 Group of Professional Buying Organisations as well as exhibitors such as Buying Solutions in attendance, Procurex National offered visitors access to new business opportunities and expert advice.

BIP Solutions' Sales and Marketing Director Simon Burges said: "The tremendous success of Procurex National has highlighted the importance of this event for the procurement industry. In the current economic climate, buyers cannot afford to miss any opportunity to deliver improvements in the way that public money is spent, and the number of delegates and exhibitors we saw attending Procurex National has further highlighted this."

"Procurex National has marked a major step forward in the procurement events market, proving that it is the perfect forum for bringing together the public and private sectors."

The third Procurex Scotland event will take place in Glasgow in October 2010, while plans are already in place for the second Procurex National event in 2011.

Further information...

For further information, please visit:
www.procurexnational.co.uk