

# LEAN PROCUREMENT. ©

- Context
- Scope and Size
- How 'Lean' is Public Sector Procurement?
- What is 'Lean' Procurement?
- A New 'Lean' Operating Model

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# PROCUREMENT CONTEXT: MIRROR TO PUBLIC SECTOR PROCUREMENT

What Does It Look Like?


How Well is it being Managed?

How Can We do Better?





# CONTEXT

- Public Sector Budget Deficit Forecast: £175bn
  - Government Procurement Spend: £175bn
  - Budget Cuts Promised by All
  - Procurement Cuts vs Public Sector Jobs and Services
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# DOES PUBLIC SECTOR PROCUREMENT MATTER?

- £175bn pa
- 40% of Public Sector Costs
- £3,000 per Adult and Child pa
- £250,000 per person into the 'Public Sector Purchasing Pot'
- 65% Non-Central Government
- 45% Common Categories
  - Goods, Services and Utilities

Size makes it Critical to Service Delivery

Effective Management is Essential

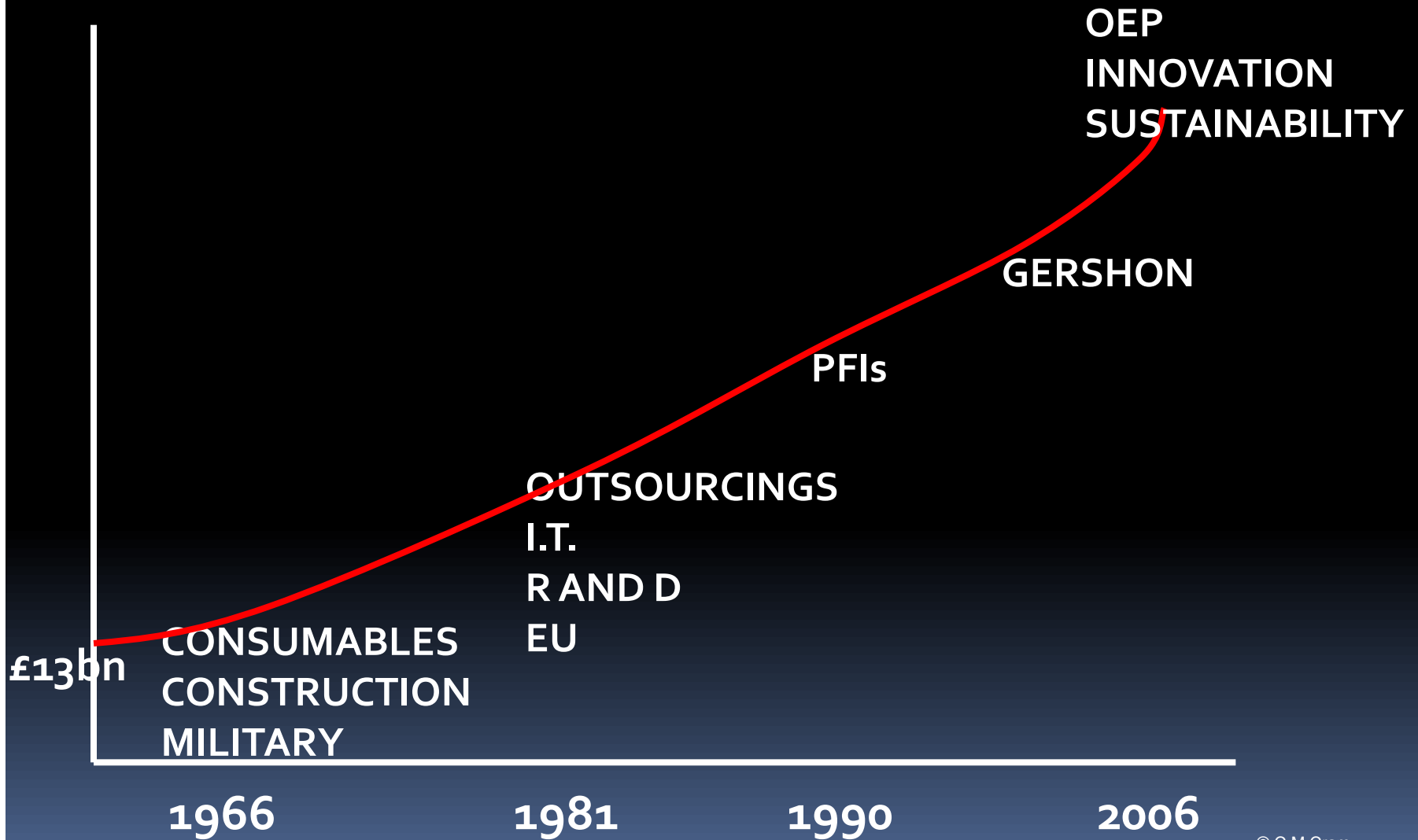
# SO HOW WELL IS PUBLIC SECTOR PROCUREMENT MANAGED?

- Some Large Specialist Organisations
- NHS Outsourcing/Commercial Operating Model
- Some Major Central Government Departmental Organisations
- Buying Solutions
- Buying Agencies: 40+
- OGC and Category Teams
- Many (40,000?) Small to Medium Procurement Organisations/Units

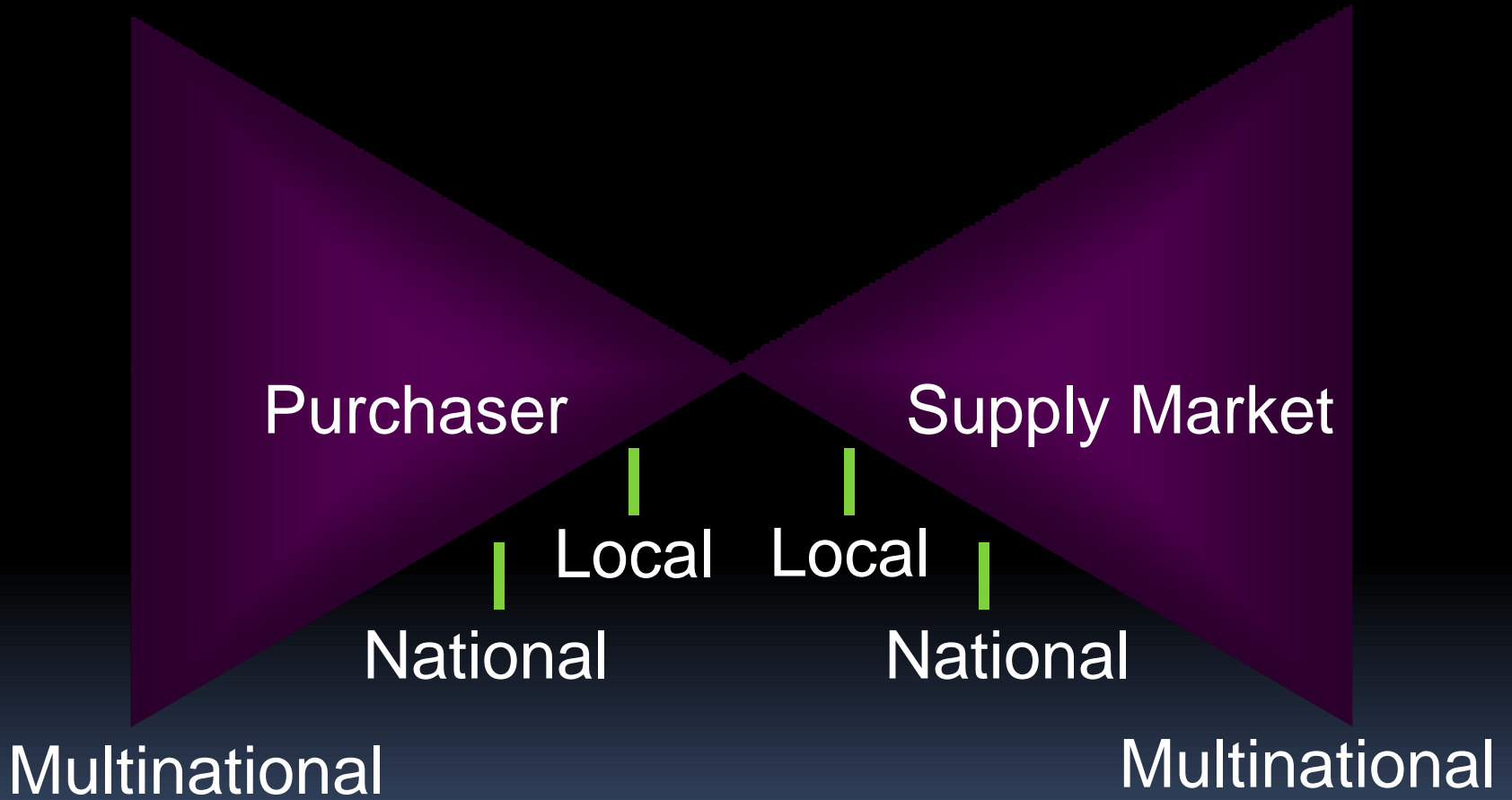
BUT

- Increasing Collaboration/Joint Procurement

# THE INCREASING COMPLEXITY OF PUBLIC PROCUREMENT



# LEVERAGE



# HOW 'LEAN' IS PUBLIC SECTOR PROCUREMENT?

## Public Sector Organisations Create Unnecessary Costs For Suppliers

- Indiscipline
- Different Procedures/Contract Ts and Cs
- Complexity – e.g. Tender Procedures
- Multiplicity of Tenders
- Multiplicity of 'Duplicate' Contracts and Contract Managers
- Multiplicity of Attempts to Manage Supply Chains
- Inconsistency
- Specifications





# PUBLIC SECTOR ORGANISATIONS CREATE COSTS FOR THEMSELVES

Varied Specifications/Reinventing the Wheel

Indiscipline/Disaggregation

Duplication

Inconsistency of Expertise, Processes and  
Procedures



# HOW ELSE TO TAKE OUT COST? TACKLE THE SUPPLY CHAIN





# SO WHAT CAN BE THE COST OF POOR PRACTICE /MISSED OPPORTUNITY?

Furniture	30%
FM/Outsourcing/Major Contracts	Up to 35%
Laboratory Consumables	Up to 90%
Laboratory/Medical Equipment	20%?
IT	5 – 80%
Construction	5 – 25%
Excellent Construction Management	5 – 15%
Social Care	10%
Legal Services	10%
Good Contracts Management	5 – 35%

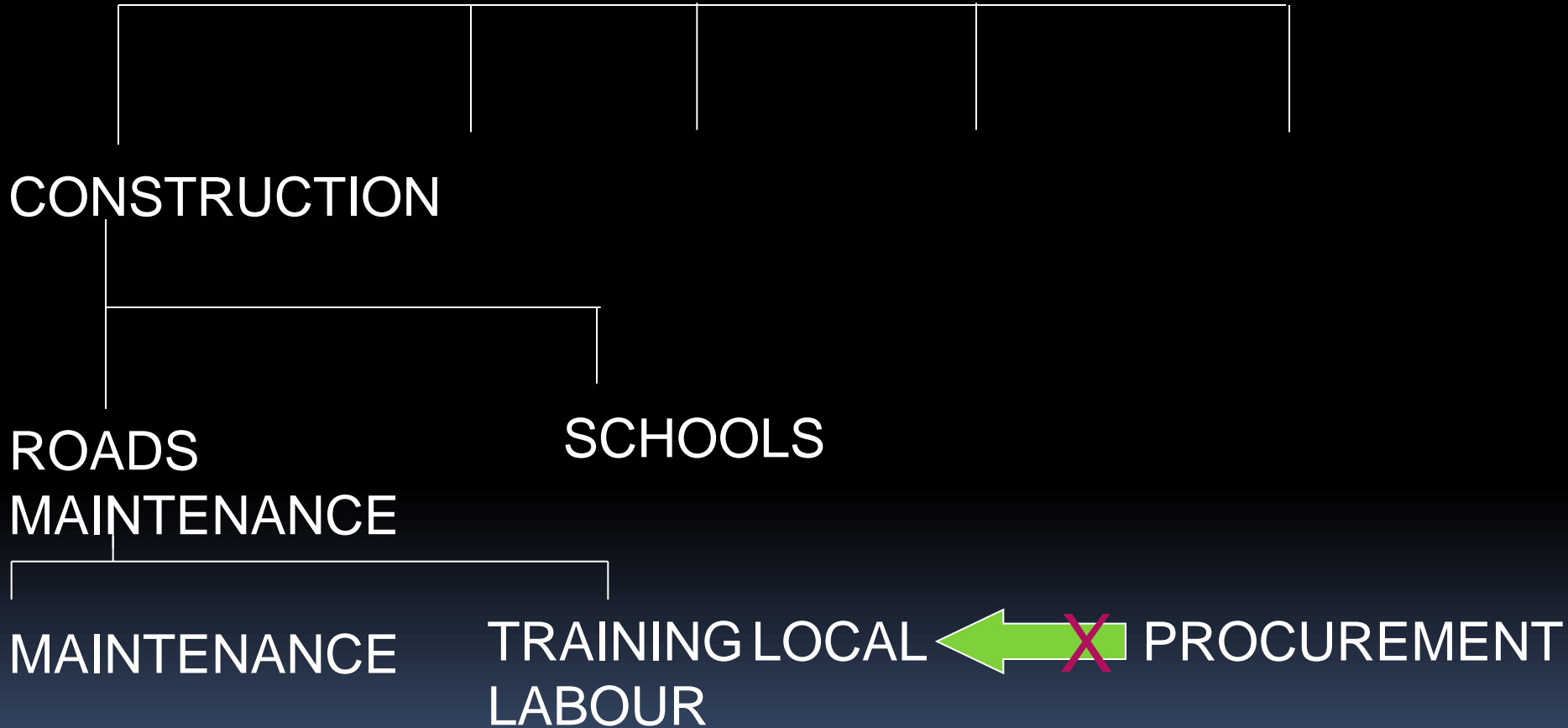
# 'LEAN PROCUREMENT'?

- Streamline Supply Chains
- Common Procedures/Processes
- Common Specifications
- Eliminate Duplication
- Specialist Expertise Available to All
- Integrate Procurement and Commissioning
- Reposition Procurement
- New Public Sector 'Lean' Operating Model

# REPOSITIONING PROCUREMENT

REGENERATION

MARKET ENGAGEMENT



WHERE IS MARKET ENGAGEMENT MOST EFFECTIVE?

# NEW 'LEAN' OPERATING MODEL

	Central/ Major Departments/ Buying Solutions	Industry Specific	Regional P S Hubs/ Medium Depts	Local/Med/ Small Departments
Major National Contracts/Suppliers	*	*		
Common Categories	*	*		
Relationship Management	*	*		
Market Management	*	*		
Industry Specific		*	*	
PPIs/Major Project Support	*	*	*	
Regional/Large Local Contracts/Suppliers			*	
Small Local Contracts			*	*
Discipline/Implementation/ Compliance			*	*





# Thankyou

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