

Supplier Adoption and Economic Development (Strand 5)

KEY QUESTION 6: How can I collaborate with other partners to boost my supplier engagement programme?

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KEY QUESTION 6: How can I collaborate with other partners to boost my supplier engagement programme?

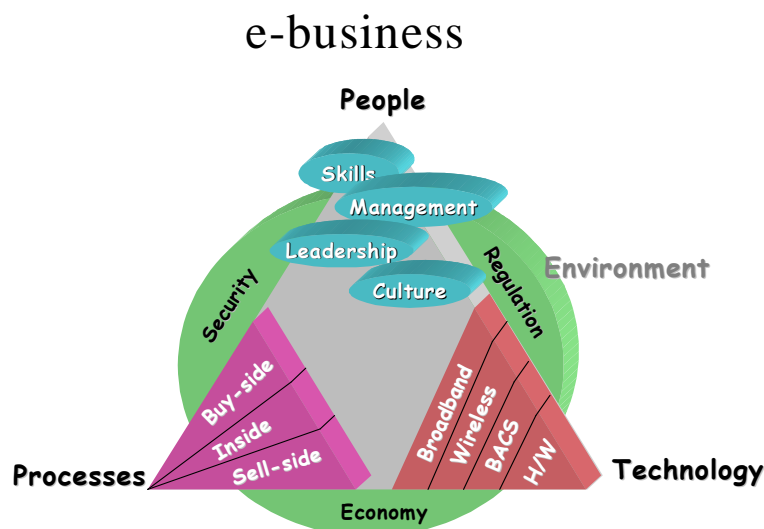
Summary

- It is unlikely that a Council has the expertise or resources to work with its suppliers to ensure they become capable of participation in e-procurement.
- Potential partners may include other public sector bodies, Business Links, ICT suppliers, trade associations, business alliances, training organisations, funding agencies and business schools and colleges.
- This paper discusses the issues arising from setting up partnerships with one or more other agencies.

Introduction

Local Authorities implementing e-procurement systems need to ensure that their suppliers are capable of working with them in the new systems. Failure to do this risks reducing the benefits of the process to the buyer and damaging suppliers, with knock-on effects for local economic development.

For SMEs, which may not have highly developed ICT systems or in-house expertise, the engagement process provides a number of challenges. Effective participation in e-procurement systems, like all e-business, involves a range of issues all of which will impact the company. In order to provide maximum benefit to buyer and supplier, any engagement process must therefore address all of these issues. DTI's UK online for business programme (www.ukonlineforbusiness.gov.uk) has summarised these as follows:



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If a Council does not have either the expertise or the resources to work with its suppliers to ensure they become capable of participation in e-procurement, they may wish to work in partnership with one or more other agencies to ensure that suppliers develop their capability to trade online.

Models for partnership

Research to date indicates that there are at least 3 broad models for such partnerships. These are:

- Council in partnership with the supplier of their e-procurement system, e.g. The Roses Marketplace
- Council in partnership with a single agency, most likely their local business support organisation, e.g. Slough Borough Council's close partnership with its Business Link to deliver awareness engagement events
- Council in partnership with a consortium of support organisations, e.g. Bristol City Council's kick-start model for IT@Work and Essex Council's SME e-enablement project.

You will find these case studies published on this site under Supplier Case Studies

Potential Partners

A wide range of potential partners exists for supplier engagement. The mix will vary from area to area but could include:

a) Other public sector bodies

Neighbouring Councils, Universities, Police Authorities, NHS Organisations etc all share an interest in developing efficient e-procurement systems and will undoubtedly share a number of suppliers. Working with such organisations offers a number of advantages, particularly being able to consolidate lists of suppliers and only approaching each supplier once. In addition, consortia of organisations may develop common criteria for assessing suppliers and thus reduce the need for suppliers to pre-qualify again and again.

b) Business Links

Business Links (England) are the organisations contracted by the Small Business Service to provide advice to small and medium sized enterprises. All Business Links should be aware of the e-procurement agenda and many see it as a mechanism to achieve penetration into this sector. Most Business Links have specialist ICT advisers and these individuals are often at the forefront of attempts to engage with SMEs in respect of e-procurement. For contact details of the nearest Business Link, please refer to the Business Link Website at: <http://www.businesslink.org>.

Most Business Links have their own advisory staff, many specialising in particular aspects of business. However they also operate on a brokerage principle, accessing the skills and expertise of other partners and suppliers in order to meet the specific needs of clients. Individual Business Links may, therefore, already be working with the organisations listed in this section and may be willing to act as coordinators of a consortium approach.

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c) ICT service providers

The adoption of e-procurement by SMEs will place demands upon each company in terms of its ICT infrastructure and support. Local ICT service providers are therefore highly likely to be interested in offering support to an engagement process, in order to obtain introductions into the market. Involving such suppliers may, however, raise issues of quality control. Organisations with staff holding the Technology Means Business accreditation will provide some assurance that they understand the effective application of technologies to business processes. For more information on TMB, please go to:

<http://www.technologymeansbusiness.org.uk>.

One obvious partner in supplier engagement will be the company providing the e-procurement platform. In some implementations, for example The Roses Marketplace, the service provider represents *the* mechanism for engaging suppliers. However, the same company (BVP) found that this approach did not work in the London Marketplace, where the councils were more successful in gaining positive response from suppliers by approaching them directly.

d) Trade [and other] Associations

Trade Associations have an interest in ensuring that their members are kept informed about issues that affect their ability to do business. They may be interested in working with Authorities to help structure or support awareness workshops or other events that will assist their members to understand the implications of e-procurement.

The Forum of Private Business is a good example. They are interested in collaborating in any activities that may help their members. <http://www.fpb.co.uk>

e) Business Clusters/ Business Alliances

Business support organisations are often involved in the development and support of clusters or alliances of companies based around particular sector, geographical or supply chain interests. Such clusters may already be supplying the Authority or may be potential suppliers.

Equally, a number of small local suppliers may consider organising together to achieve some economies of scale, better to act as potential suppliers in response to e-procurement. The local Business Link will be able to advise on any existing clusters that it supports and may be able to offer support to groups of local, small suppliers that are interested in organising together in this way.

f) Training organisations

In order to implement e-procurement it is likely that most suppliers will need to increase their skills, knowledge and understanding to enable them to implement and manage the required ICT applications and/or to enable them to carry out and manage the inevitable changes in business process and culture.

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Like Business Links, training organisations may see the drive for e-procurement as a useful mechanism to achieve penetration into the SME market. It is therefore likely that local training companies will be interested in participating in a supplier engagement process.

At a national level, **learndirect** offers a portfolio of ICT and business courses that are relevant to the development of e-procurement capability. In Bristol, for example, **learndirect** is a major partner in the delivery of the supplier engagement process and sponsors the initial awareness workshops. **learndirect** has a regional structure and each region has an officer responsible for marketing their portfolio to the SME sector. For contact details for **learndirect**, go to: www.learndirect.co.uk.

g) Funding and other agencies

Regional Development Agencies, Learning and Skills Councils and other agencies have a vested interest in ensuring that 'their' SMEs are able to flourish in the market. They may therefore be able to apply resources to support supplier engagement processes. However, there may be reluctance in some areas to be seen to be applying resources to what are perceived as public sector initiatives. Where this is the case it may be more effective for such agencies to be approached by another partner such as the Business Link, which has a clear private sector focus.

h) Business Schools and Colleges

Companies developing towards e-procurement capability will need to change their business processes and, potentially, their business culture. They may also need help to project manage the implementation of new systems or technologies. Business Schools see this as an ideal opportunity to provide useful and challenging work placements for their students. Such placements may be invaluable to individual companies since they can provide short-term support in ICT implementation. These placements are, for example, a feature of the Bristol Kick-Start model and are mediated by the local Connexions service: www.connexions.gov.uk However bear in mind that these will be short-term placements and if the organisational change process is longer than the placement, the company may be left unsupported.

Establishing and managing a partnership

There are no simple solutions here although individual Authorities may already be working in partnerships that could be leveraged to operate for e-procurement.

Simple partnerships, such as that with an e-procurement software platform provider, are obviously easier to establish and manage and represent a relatively straightforward development of the existing relationship. As with The Roses Marketplace, such partnerships may be appropriate where there is a clear focus on engaging a relatively limited number of key suppliers.

However, if the intention is to take the message more widely to the supplier base, then a broader partnership may be appropriate in order to leverage additional resources and expertise.

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If this is the case, it may be worth identifying another organisation that is willing to take the lead on the process of contacting potential suppliers and working them through a systematic process. In the Bristol Kick-Start example, the local Business Link has taken this role.

Whichever approach is taken, in order to provide an effective and efficient service to suppliers it will be necessary to address a number of key issues and establish clearly a number of critical processes, such as:

- The **mechanism** by which the Authority (or group of public sector bodies) will pass supplier information to other partners, which may have data-protection implications. The Bristol partnership has got around this by asking companies to sign up to the support process and, in so doing, giving agreement for information to be shared among the partners.
- The **criteria** by which companies will be selected for invitation to take part in the process. (This presupposes that the Authority has carried out an analysis of its supplier base).
- The **key messages** to be delivered by partners and at what stage of the overall process these are to be delivered. (For example, the experience of the London and Roses Marketplaces clearly indicate that an invitation to an event is more likely to be accepted if issued by the Council, rather than, say, the Business Link).

Business Link Berkshire and Wiltshire experience is that it is essential for Councils to be clear about the message they are giving to their suppliers. Telling suppliers that the Council is definitely going down this road encourages them to start planning and to take action, anything less will not engage the majority of suppliers and they will tend to carry on with business as usual.

- The various **referral routes** between partners (see Appendix 1 for the Bristol Kick-Start example).
- **Targets** and priorities
- The partners' **management information requirements** and the ways in which this information will be coordinated. SMEs will rapidly lose patience if different parties repeatedly ask them for the same information. Management information will also need to cover the requirements of any external funding body.
- Partnership **management processes** – representation, frequency of meetings, reporting requirements etc.

Needless to say, the nature and degree of formality applied to these issues will vary depending on local circumstances.

Establishing a collaborative partnership can take time. However it can offer substantial mutual support, a broad resource base and an opportunity to meet the wider needs of local SMEs and help them to develop their opportunities to thrive in an increasingly competitive world.

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Appendix 1: Bristol City Council 'Kick Start' Engagement Process
(as at January 2004)

