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*Small Businesses – making a **big** difference*

FSB Procurement Action Plan

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&

Partnership Working Limited



Who am I?

- Procurement spokesperson for FSB (volunteer)
- Glover Implementation Board
- Supplier Diversity Forum
- **Always looking for “good practice”**
- Small business owner: set up a Consortium



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The SME pendulum...



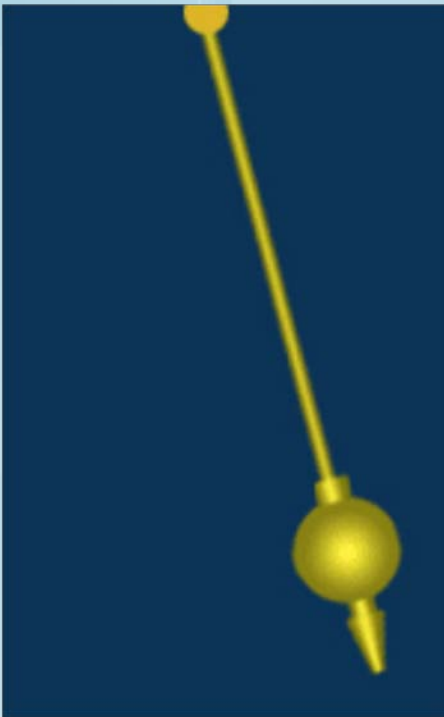
SME positive

- Government promoting benefits of using SMEs
- Office of Government Commerce
- *“Small Business Service”*



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Then.....



SME negative

Efficiency savings

- Aggregation
- Buying consortia



Tough times for SMEs



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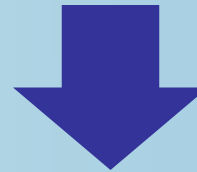
Now...



SME positive

SME negative

- EU Procurement Directives
- Glover Implementation
- Current state of the economy



- *“What can we do for SMEs?”*



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What have we done

- Conducted research – e.g. with
- Glover Implementation boards
- Evidence gathering: surveys
- Share good practice
- Motivate SMEs!

SEPU – Procurement Good Practice by Local Authorities

July 2009

Name of Council:	
Your Name:	Email:
Your Tel:	

1) Are there any examples of what your Council is doing in the current climate to help micro (less than 10 staff) and small businesses (less than 11-49 staff):-

Procurement Topic <i>(some ideas to get you started)</i>	Example of Council good practice
A) Making it easy for micro businesses to find Very Low Value opportunities.	
<i>How do Buyers in your Council find small businesses to contact for forthcoming opportunities?</i>	
<i>Above what threshold (£,000) do you use a PQQ?</i>	
B) Using a very simple PQQ	
<i>Do you use a standard one that only needs to be completed once?</i>	
<i>If you use a very simple one, can you please send us a copy.</i>	
C) Encouraging consortium bids from small businesses	
<i>Do you allow an SME Consortium to aggregate key numbers of it's members e.g. sales, staff, etc.?</i>	
D) Using local supply clauses where possible.	
<i>Under what circumstances? e.g. Council's Carbon Footprint</i>	
<i>Do you have any standard clauses which you use regularly?</i>	
<i>If so, can you attach examples to encourage other local authorities?</i>	



Why SMEs?

- Value for money
 - Service quality
 - Innovation
- } *Glover Review*
- Local multiplier - economic benefits
 - CAA – Performance benefit

CAA = Comprehensive Area Assessment



So where's the breakdown....?

“What is most needed.... is not more legislative changes... but rather a change in the contracting authorities procurement culture.”

European Code of Best Practices facilitating access by SMEs to Public Procurement Contracts, June 2008



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FSB Action Plan

Access to Opportunities

Simplify Pre-Qualification

Transparent Evaluation

Valuing MSE Consortia

Procurement processes

Economic Development

Measurement & Evaluation

Public Sector Actions

- Advertise contracts >£20,000 on a portal
- Interoperability between portals
- More smaller "lots"
- Supplier events
- Inform through business networks

- Contracts <£50,00 – ask for three quotes
- Use short core questionnaire
- MSEs to complete it once; update when applying for a tender
- Use Plain English

- Specify detailed evaluation criteria
- Proportionate to risks
- Same rules apply to incumbents
- Experts on panels?
- Mandatory feedback

- Allow enough time to form consortia
- Evaluate consortia as an aggregate
- Possible OGC role to provide guidance on consortia evaluation

- Training for Procurement managers
- MSE input in their training (e.g. work placements)
- Procurement "champions"
- Internally cascaded

- Local supply clauses
- Prime contractors offer 30% by value to local sub-contractors
- Employ a dedicated manager to engage with local suppliers

- Track 30% by value to MSEs e.g. by using unutilised field in financial software
- Work with supply chain to determine local multiplier benefits

MSE Actions

- Register on portals and Alerts
- Allocate time to inspect opportunities
- Invest in training to get "Bid Ready"
- Be selective in tenders applied for

- Help mitigate buyers' Risk.
- Provide accurate and current information
- Don't waste time on PQQs that you cannot entirely deliver

- Prove financial robustness
- Quality references
- Quality systems in project management
- Be prepared to work towards Standards

- Form consortium before tendering
- Demonstrate ability to work together
- Robust agreements
- Consider performance bonds, JSL, etc.

- Adapt business processes to deal with public sector tendering opportunities
- Invest in experts to do this
- Staff with clear roles and responsibilities
- Continuous improvement

- Invest in Sustainable Procurement
- Invest in networking to find local suppliers
- Attend Meet the Buyer type events to engage with larger customers

- Complete a local procurement "return" for public sector clients; as in the USA.
- Track spend with local sub-contractors; as in the public sector

JSL-Joint & several liability



Access to opportunities

- Advertise contracts above £20,000 on portal
- Interoperability between portals
- More use of smaller “lots”
- Supplier briefing events (“open days”)
- Advertise opportunities through business networks



Simplified PQQs for LVCs

- Contracts less than £50,000 – 3 quotes. No PQQ
- Use a short “core” questionnaire
- Businesses complete it once
- Update at time of Tendering
- Use Plain English

LVC = Low Value Contract



Transparent Evaluation

- Specify detailed evaluation criteria
- Proportionate to the risks involved
- Same rules apply to incumbent supplier
- Use experts on selection panels
- Detailed feedback mandatory



Evaluating Consortia

- Allow enough time to form them
- Encourage them to form (e.g. at “open days”)
- Evaluate them as an aggregate
- What risks are there?



Procurement processes

- Training for procurement managers
- Opportunities to meet them
- Procurement “champions” for Small businesses
- Internal cascading



Economic development

- Local supply clauses / local benefit clauses
- Motivating prime contractors
 - Dedicated manager for local business engagement
- Sustainable procurement / Supplier diversity
- Outcomes based procurement



Measurement

- SME friendly categories / Risk by category
- Tracking spend with local / small businesses
- Aim to spend **10%** more – year on year
- Local multiplier benefits
- Equality, Diversity & Inclusion



How to achieve all this?

- Reduce barriers
- Open & transparent
- Education
- Measure the benefits...
.... spend **10%** more



What Next?

- FSB Booklet on Good Practice Case Studies

What “good practice” can you share?



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