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Strategic Purchasing and Supply



# International Research Study of Public Procurement

**GOVERNMENT REFORM AND PUBLIC PROCUREMENT  
EXECUTIVE REPORT OF THE FIRST WORKSHOP  
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Professioneel Inkopen en Aanbesteden



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## **1 EXECUTIVE SUMMARY**

This research study involved senior practitioners and leading academics from 13 countries who discussed and analysed cases of radical reform relating to public procurement.

Considerable diversity was evident across the case studies arising from societal, demographic, technological, legal and economic differences; the challenge appears to be how to develop national procurement policies and strategies that deal appropriately with the national contexts.

However, several common themes emerged across the cases. Internationally, a lack of adequate management information prevents a more strategic, effective and efficient approach to public procurement in most nations. Partly as a consequence of the lack of information, there is little evidence of planned development, and rather more reaction to pressures and initiatives that are in vogue. A common problem internationally was the low status of the procurement profession and the difficulties in attracting and retaining people with appropriate skills, qualifications and competencies. Whilst a move is evident in some nations towards output and outcome based purchasing, moves away from traditional savings and value for money measures are still problematic.

Public procurement internationally is moving, in most cases, towards a policy role, and focusing less on transactional procurement. This is enabling an alignment of procurement policy with government policy, effectively engaging procurement as a lever of social reform. This move appears to be driven most rapidly in cases of aspirational strategic change, for example the removal of apartheid in South Africa. However, some rule based states where public procurement is more legalistic find it difficult to make this shift towards strategy and policy. Some nations find it easier to have politicians and policy makers working alongside and with strategic procurement personnel, whereas in other nations they are disconnected.

Supplier qualification and registration can play a key role in ensuring societal objectives are met; suppliers may be vetoed at this stage for not conforming to ethical standards. Information is key to public procurement. Many jurisdictions internationally are struggling to make desired progress because their information systems are fragmented, so a total picture cannot be seen; also performance of suppliers compared to strategic intent of public procurement is difficult to assess without information feedback in place.

Consortia models are in vogue, with regional or cross government joining up creating a tier between national and local decision making. Aggregating spend in this way impacts on supply markets. E-procurement, through providing information, can enable greater aggregation of spend. However, concern was expressed about disenfranchising less advantaged individuals, organisations, regions and nations. Internationally many examples were discussed where positive discrimination was used to direct spend towards less advantaged.

## **2 AIM AND OBJECTIVES**

The aim of IRSP was to conduct exploratory, qualitative research to identify critical factors that appeared to impact significantly on purchasing and supply in the public sector in the context of major government reform.

The objectives were to:

- bring together a select group of the highest possible level of international academics and public sector practitioners in one forum
- share and debate structured case studies of public sector services undergoing major reform
- draw out the critical factors for each case that appeared to have significant impact on purchasing and supply
- analyse across all cases to identify similarities and differences
- derive an initial framework for public sector purchasing and supply containing the critical factors that need to be managed in major government reform programmes
- co-write joint academic papers to disseminate the findings to the rest of the academic community
- publish a report for practitioners and academics in purchasing and supply
- publish a book of international cases in public sector purchasing and supply for teaching and to inform those not attending the event.

## **3 METHOD**

Leading international academics and very senior public procurement practitioners from 13 countries were invited to write and submit case studies. Guidance was provided on the content of the case and it had to address major government reform issues. A 2 ½ day workshop was held in Budapest at which the case authors presented their cases. A list of case studies is provided as Appendix 1. Case authors and invited participants discussed the cases and the discussion was recorded.

The cases were published for the participants. An academic report containing analysis of the cases was prepared. This executive report provides a summary of the findings for senior practitioners. Academic papers and an edited case book are in preparation.

## **4 ANALYSIS**

The framework shown in Figure 1 below was used to analyse the cases.

“The model has as its centre the government action to be taken. Decisions to be taken here include the location of where the action should be taken (in central government, in a government department, within an individual government organisation, by a team within a public sector organisation or by an individual within public sector), the type of action to be taken (policy, strategy, managerial or operational), and the level of authority required for the action. The appropriate government action is decided through consideration of relevant

factors relating to the supply market (e.g. product / service characteristics, risk, value), the customer market (e.g. criticality, specificity), the environment (e.g. political, economic, social and technological environmental factors), available mechanisms (e.g. purchase cards, electronic shopping malls) and prevailing constraints (e.g. capacity, capability)” (Harland et al., 2000)

The findings are presented using elements of the framework.

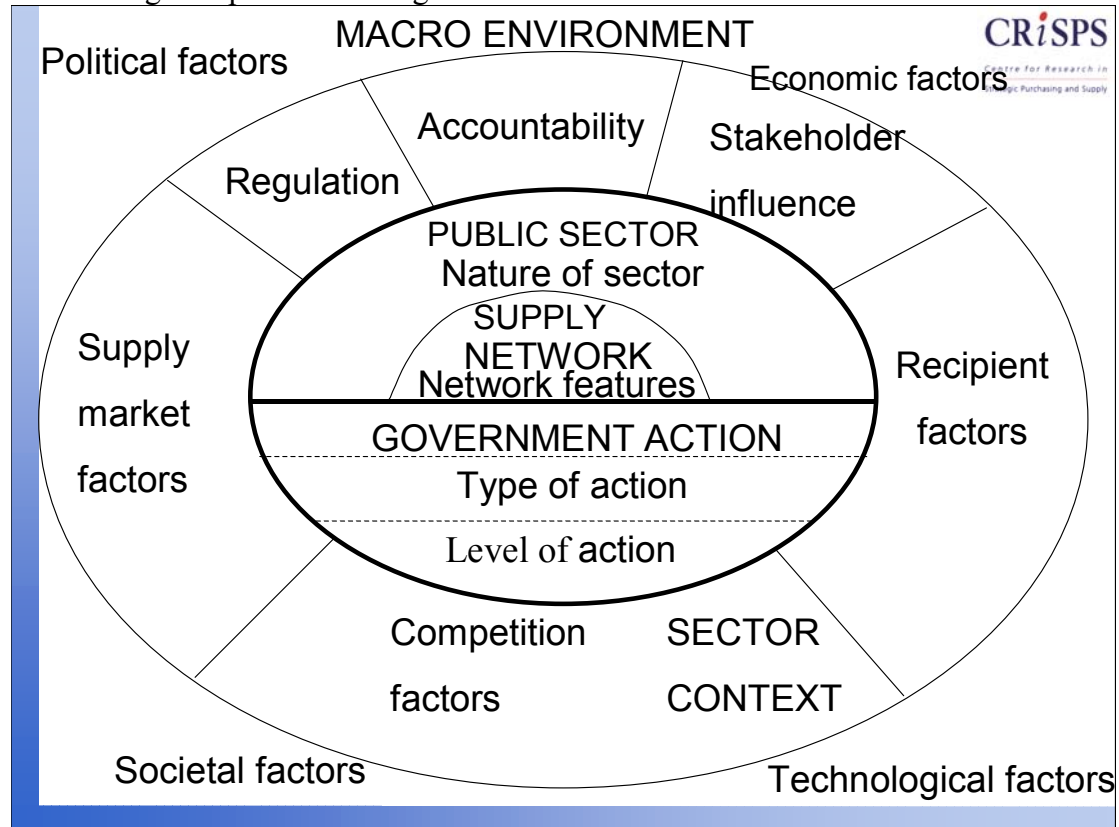


Figure 1: Conceptual framework for public sector supply (Harland et al., 2000)

## 5 FINDINGS

### 5.1 POLITICAL, ECONOMIC, SOCIAL AND TECHNOLOGICAL FACTORS

There was variety across the cases in the organisation of the public sector. Major reforms being undertaken in some jurisdictions directly related to changing ideas on the appropriate degree of autonomy of states or regions within a national or federal system. In some cases there were vigorous, current efforts to devolve power to regional level, for example South Africa and Belgium. In other cases (e.g. Australia and United States), the states originally held power and this has only been ceded to a limited extent to Federal levels. In Germany, the autonomy of the states was established as part of post-WWII reforms.

The ‘New Public Economy’ / ‘Economic Rationalisation’ ideology adopted, particularly in the US, Australia and the UK included focus on:

- value for money
- devolution
- competition policy

- electronic commerce
- Public Private Partnerships

Many of the cases focused on ‘modernising’ government, for example the UK, Germany, US, Belgium and Canada, but not all of these specifically concerned procurement. Notable examples of top level political attention on public procurement were visible in the US and South Africa. In the US, initiated by Al Gore, specific attention from the highest level was focused on streamlining procurement process, as part of efforts to reduce bureaucracy. In South Africa the contribution of public procurement to delivering government objectives was recognised in the Constitution. The values of the new public economies were moving towards achieving outcomes. As public sector policy goals were increasingly seen as achievable by working with the private sector, the public/ private sector divide was increasingly blurred.

Spend on public services varied enormously from 17% of Gross Domestic Product in Singapore, where there is no welfare state, to 40% in Canada and 44% in the UK. In some cases such as Singapore, this percentage has remained constant, whereas in others such as Canada there have been greater fluctuations reflecting government policy change and economic variations. The percentage of public sector spend that is spent on goods and services from the private sector varies internationally. Singapore, Canada and Australia spend about 30% of their public service budgets externally, whereas 50% of US state budgets is externalised.

Social factors featured in some cases as impacting on government procurement; these involved having targets for spend with organisations representing less advantaged members of society, such as particular ethnic groups, physically less able, or women owned small businesses. In some areas geography and social factors seemed intertwined; for example, the history, sparse population and physical size of Australia have contributed to a competitive and independently minded state system. Singapore’s size, population density and lack of natural resources has led to a centralist and ‘open’ public sector, willing to allow international businesses to supply the Singapore public sector. Singapore’s history and politics have also led to a culture of compliance (with regulations) which is not so dominant in many other nations.

Changing demographics was a feature of several cases; for example the English NHS faced an ageing population placing increasing demands on health services, and in Singapore different birth rates within different racial communities had an impact on economic and political issues. Therefore national procurement policies must be aligned with social, demographic and geographical constraints.

Technological innovation and public sector procurement were viewed as being in potential conflict. Public sector long term contracting at lowest price did not favour entry of new firms with new products and services. The adoption of e-business was favoured in that it could deliver transaction efficiencies, but also because it was seen as an essential part of being seen to be modern (e.g. Singapore). However, concern was expressed (e.g. in US and South Africa) about the impact on some SMEs if more public procurement was undertaken electronically; poor e-literacy and the digital divide threatened to exclude less advantaged people, companies, regions and nations. Poor e-literacy among many senior public procurement officials was also discussed as being an important constraint on implementing e-business in the public sector.

## **5.2 THE NATURE OF THE SECTOR**

The key drivers of difference across the public sectors examined were the number of entities involved in public sector procurement, the complexity of relationships between them, historical events that impacted on the public sector, and different tensions between central and local parts of the public sector. The most striking feature of all the cases is the sheer complexity of the public sector. In many jurisdictions there are three or four 'geographical' levels of government (National/federal, state, county, municipality), and consequently a vast number of government bodies all engaging in procurement. Some of the cases also feature specialist public procurement organizations, such as the English NHS Purchasing and Supply Agency and the German Aerospace Centre.

## **5.3 STAKEHOLDERS' EXPECTATIONS OF PUBLIC PROCUREMENT**

In all the countries covered by the cases in this study, there was a common concern for probity in the expenditure of public funds. However this was not linked to the size of public sector spend, as Singapore had some of the most stringent anti-corruption measures coupled with the lowest public sector spend as a percentage of GDP.

In many cases the public wanted higher levels of service, delivered locally, but at reduced/reducing cost (e.g. this featured in the cases on Australian and Canadian higher education). As demands on public services grew, efficiency savings became more critical, and it would appear a reasonable consequence that the profile of the purchasing function would grow. In several cases, however, procurement was still firmly regarded as an administrative function, in which compliance with regulations was the most valued performance criterion (e.g. Belgium and Germany). In other cases, there was some recognition of the potential contribution of purchasing to achieving value for money (vfm), though still with relatively limited attention from senior government personnel (e.g. the English NHS case).

Another area of stakeholder expectations is that of approaches to using local preferences as a criterion for contract award. Belgium and Singapore have little or no local preference, whereas in Australia there are considerable pressures for local sourcing. There appeared across the cases to be three 'types' of public procurement:

1. Public Procurement as an administrative function, to deliver compliance with regulations
2. Public Procurement to deliver VFM, with some links to socio-economic goals
3. Public Procurement to deliver VFM, and an integral part of Government's capability to deliver its policies

No one national procurement entity involved in the study had achieved the third category as a consistent and uniform policy, though some aspects of the US, and the Gauteng case from South Africa demonstrated a more integrated role with Government.

All cases demonstrated that public procurement has to manage multiple stakeholder objectives which may be contradictory, and may vary over time. Pressure to act tends



to be resisted until the point when it is shown to be the new dominant paradigm, then the system will react in a pendulum swing.

#### **5.4 ACCOUNTABILITY, REGULATION AND AUDIT**

All the cases showed a concern with accountability, however the nature of accountability appears to vary by certain key criteria. Within the general heading of 'transparency' it is possible to differentiate on grounds of transparency to whom or what. Three types of accountability or transparency are apparent:

- Transparency to the general public e.g. US, Finland
- Transparency to peers e.g. Canadian higher education, Finland, Germany
- Transparency to the centre e.g. Australia, Singapore, UN, the Dutch NHS, and the Belgian and German cases, where lawyers are dominant.

There was wide variation between cases in the extent to which politicians were likely to be held accountable for efficiency in public procurement, or sanctioned for major failures (e.g. major overspends on IT or defence projects). There was also variety in how rules are treated ranging from total compliance, to rules being ignored. Some countries had embodied international rules and conventions into their own, others chose to comply with those rules without incorporating them.

Sanctions varied across the cases. The role of the Australian parliamentary Estimates Committee could be compared to the role of the National Audit Office in the UK, but the case suggests the Australian committee has a more proactive brief to improve the value received from public expenditure, whereas the NAO has been criticised for being reactive and concerned with past not future performance. In the Gauteng case, the Head of Department could be jailed if money was spent inappropriately – there was a chain of accountability due to new Financial Management legislation in the Public sector. This was discussed as a very real issue that concentrated senior figures' minds. In contrast in Singapore the principal sanction was embarrassment, and possibly the end of a promising career.

#### **5.5 SUPPLY MARKET FACTORS**

A supply market theme that is important in a number of cases is 'buy local'. For the Australian cases this concern reflects the remoteness of large parts of Australia, as seen in the push there on e-commerce as a way of linking remote businesses to government spending opportunities. Even in a country with few barriers to non-local suppliers, such as Belgium, certain sectors were more restricted e.g. defence and construction. It is indicative of just how open a market Singapore is that even construction is dominated by overseas suppliers.

One feature of the US supply market that must be recognised is that its sheer size and scale allows US Federal procurement certain advantages. In the Federal case an example was given of US Federal requirements influencing – voluntarily – the entire US personal computer industry towards greater accessibility for disabled. The national governments of smaller nations such as Belgium and Singapore will not have this influence. Further it could be argued that the US economy through its size is better able to create new markets.

However, there is also a startling difference between the two largest supply markets in the cases – Germany and the US. In the US state and local case there is discussion of the ‘fragmentation’ of government spend. Yet in the German case the deliberate devolution of purchasing to the lowest – i.e. local as opposed to central – level is government policy to encourage SMEs. The issue brings home how even an innocuous sounding phrase such as ‘fragmentation of (total) government expenditure’ can be highly political, that is being seen by opposing sides to have highly charged, and certainly not neutral connotations. The preferential treatment for SMEs and HDIs (historically disadvantaged individuals) mandated by law in South Africa is one extreme of aiding specific sections of a supply market. However whether it is more or less effective than the explicit targets set in the US for expenditure with SMEs is not clear from the cases.

## **5.6 GOALS AND STRATEGIES FOR REFORMING SUPPLY**

Some cases highlighted the fight to reduce bureaucracy. ‘Process streamlining’ is a major issue in the US and a political goal in itself to turn back the ‘tide of big government’. It appears from the cases that this concern with process has paid off in terms of improved and faster procurement processes. In other countries comprehensive, formal rules are seen as necessary and desirable (e.g. Belgium and Germany). In these jurisdictions, compliance with process is highly valued (rather than, or as well as, effectiveness of outcome). Singapore also values compliance, but the written case and associated discussion suggest that there are fewer, simpler rules and that these are regularly reviewed since, as a nation dependent upon international trade, the Singapore government wants to be seen as modern and effective.

The Belgian case stands out as the only one in which reform was not being considered and indeed appears not even to be on the agenda. In contrast the Singapore case suggested being seen as modern and adopting ‘best practice’ is integral to the Singapore system. Reform in Singapore currently focuses on ensuring there is open competition in procurement, rather than fundamental changes to its structure or purpose.

Obtaining better value for money is a common objective of reform plans, but not one which seems to be well elaborated or easy to achieve. Participants agreed that selecting ‘most economically advantageous’, rather than lowest priced, bids, and outcome/performance-based contracting were techniques for delivering better vfm, but recognised these were not easy to implement.

Reducing transaction costs was also a common theme across the cases. Combined with the common goal of devolving power/decision-making to lower system levels, this meant that efficiencies in several cases (e.g. Canadian higher education, English NHS, Finland) were being sought through regional co-ordination and consortia, rather than large, centralised purchasing structures.

E-commerce was much discussed in the cases. Some governments were pushing for the adoption of electronic technologies as a way of being seen to be modern/modernising. In some cases there were also purchasing-centred initiatives to implement e-commerce to improve performance.

There was no common definition of what reform was, although it was apparent that reform was not purchasing led – it was usually led by the state. Hence in the e-commerce Australian case, reform was presented as giving government the flexibility to purchase locally, and to meet wider state aspirations through procurement. In the Canadian higher education case reform was seen as the emergence of collaborative / consortia purchasing in response to cost pressures. The public works Canadian case seemed to suggest it was a case of reform or die; the PWGSC may not have survived without its efforts to reinvent itself.

In the German case procurement personnel were not involved in making the extensive rules that governed procurement behaviour. The Dutch healthcare system, dominated by health professionals, was structured so there were no in-built incentives to improve purchasing practice.

The UN case majored on the need for reform of the status of the purchasing/procurement function in order to achieve its goals. In the UK NHS case it appeared that reform was driving the creation of a possibly more sophisticated form of purchasing, as procurement moved from requiring purchasing skills towards requiring commissioning skills. The NHS case described the lack of hard data as a fundamental block to improved performance. Only with improved knowledge of what was being spent, when and with whom, the case suggests can significant step improvement take place. This argument finds resonance with the case of e-commerce in Australia, where the author had expected to find a greater correlation between adopting e- and major reform. Perhaps the cases could be interpreted to suggest that only when procurement had the information it needed on spend and spend patterns, would it be able to both perform a strategic role and, as importantly, be perceived by other functions to merit that strategic role.

### **5.7 STRUCTURE AND ORGANISATION OF PUBLIC PROCUREMENT**

The cases revealed diversity rather than convergence. The constitutional model, whether unitary or Federal, was a critical influence to the organization of purchasing and delegation of powers. Within this division there were sub divisions, e.g. the difference between centralising purchasing activities and centralising policy/strategy for purchasing. Also it was apparent from the continual reorganisations discussed in the cases that the central/devolved debate may be contingent, with no best solution. The US state/local case suggested: “The cycles of pushes for centralization vs. decentralization may well be tracked to the level of scrutiny or interest being shown by the public being served by the agency. In times of prosperity when the public is, for the most part, happy with government, levels of scrutiny will be lower and the agencies will look closer at the benefits of decentralization. In times when public scrutiny is high, either because of poor economic conditions or a specific flash-issue or misappropriation, agencies will probably push for greater control and centralization”.

The physical location of a public procurement function was highlighted as a factor that influenced the link between structure and strategy. In other cases the political location of procurement e.g. under finance, or under administrative services also affected the perception of procurement.

## **5.8 PEOPLE ISSUES**

Across all the cases there was a common message – procurement is under-resourced and under-trained as an area. Across the cases procurement was viewed as remaining a low status activity that could not attract high flyers. Concern was expressed about an ageing workforce in public procurement particularly in the US and Canada. The cases highlighted a possible source of the dilemma as being the drive towards lower cost services as well as better services.

Australia appeared to have led the way in the number of initiatives/committees set up over time to address and improve procurement. However the total impression is of rather reactive change to the latest initiative rather than planned development. This impression was also reflected in the US Federal case where centralized monitoring of careers and training came at a time of low morale and people exiting public sector procurement.

In terms of future requirements, the reduction in basic, ‘transactional work’ arising from implementing e-business has led to a change in requirements towards more people working on policy and strategic relationships which require different knowledge and skill sets that are not present in most public sector procurement organisations. The Queensland case highlighted acceptance of employees switching between the public and private sector. This contrasted with Germany, a highly regulated environment in which it was almost impossible to switch between the private and the public sector. This was partly due to differences in the salary structures, pension schemes etc..

A degree was normally required for entry to top management levels. In the UK, it was observed that people often come into public service with a general degree, attain the CIPS diploma at public expense, and then move into the private sector. In Finland, there was no real distinction between the capabilities required for the public and private sector and no real barriers to switching between the two. However, for those with a masters degree, salaries were more attractive in the private sector. Only one area (Lapland) currently had a masters course for procurement, but the next ten years were expected to see a growth in the number of qualified purchasing professionals in the public sector. In Queensland, movement in and out of the purchasing field was also common. This was partly about moving into general management and/or taking a broader view of supply and moving from ‘managing purchasing’ to ‘managing the value chain’. However, undertaking a masters in procurement was considered ‘a must’, partly to raise the profile of purchasing and underline its importance as a specialist management discipline along with others such as marketing. Beyond that, there was a keenness to involve other universities in additional courses focusing on other aspects such as value chain management.

In terms of leadership, whilst in Singapore there are high flyers in the civil service, these are not procurement specialists. Overall the much cited low status for purchasing combined with a lack of clear – and permanent – leadership roles that are not subject to political control, appeared to hold back the development of consistent forward planning.

The core issues revolved around the low status of the profession, the difficulty in attracting and retaining the right kind of people, the need for new skills (and therefore

new training), problems with planning (e.g. succession, early retirement, competition from private sector employers). It appeared that broadly ‘people’ issues attracted more discussion in the groups than any other single topic. Many of the issues appear intractable; for example, how can you attract better people into procurement when it has such low status? Many speakers noted the surprise peers / highflyers would express at anyone choosing procurement as a career path in the public sector. In the same vein, rule dominated public procurement structures such as Belgium and Germany acted to increase risk averse behaviour. In these environments, purchasing was seen as a clerical/ administrative activity, and complex/ advanced matters were dealt with by lawyers. In Australia, the rise of short term employment contracts was noted to also be encouraging risk-averse behaviour.

### **5.9 IT/IS, E-COMMERCE AND INFORMATION**

All cases agreed on the need for better basic data, i.e. comprehensive knowledge on what the organization buys, when and from whom. However the approaches taken vary; only a couple of examples are seen of cases where e-commerce is being seen as a route to obtaining this better data (English NHS, USA Federal). The theme of IT/IS was dominated by the need for better information on spend, on suppliers, on national/local levels of spend, provided within decision useful time frames. Discussion centred on the need to use universally recognised common information standards (master data common coding across organizations and ideally across entire public sectors). E-commerce was seen as a potentially huge contributor to information quality, but was rarely being adopted with that as an explicit policy aim.

Identifying and operating a master data approach, with common coding and classification appears central to the more advanced or aspirational systems (English NHS, UN). In most of the cases, rather than being part of a national implementation plan, e-developments were happening at a local level, though they may reflect a national policy to modernise government through the adoption of e-technologies (e.g. Singapore and Germany). In cases such as Germany and Singapore transactional efficiency (as well as transparency) appeared the dominant motive – quicker, cheaper, more transparent service rather than fundamentally re-organizing public procurement.

The Australian case on e-commerce reiterated the variety of approaches and motives there are. The Finland case raised the practicalities of implementing e- across existing organizational boundaries (13 organizations, 5 finance systems) and argued for adopting a common procurement process before adopting e-. In terms of e-catalogues, an interesting difference emerged where US firms appeared to welcome large catalogues and yet South African SMEs felt they were disadvantaged by being part of a large catalogue that made price the dominant purchase criteria.

The point was made that systems needed to be improved before they were automated and this was not always the case. In US state and local government case, the “automation process should not be the main goal, but should be a result of redefining the process”. In the past there had been pressure from suppliers to implement new systems, this case and the Australian study of e-commerce made the same point about government needing to design good systems before automating them into new electronic platforms. These two examples suggested the public sector was getting up to speed with commercial adoption of IT/IS.

Particularly with e-, Purchasing can be seen being used as a tool to achieve political objectives manifested in different ways: e.g. negatively as was alluded to in the German case where e-procurement is overlaid on the existing structure (i.e. it is not reforming or changing it) and is almost a tick box exercise. On the other hand, the Australian case was more positive - e-procurement was being used as an opportunity to contribute to employment policies e.g. through mechanisms such as contracts stipulating that disadvantaged groups such as aborigines had to be employed.

### **5.10 AWARDING CONTRACTS**

Various cases discussed the award processes for higher value contracts. Such decisions were commonly made by Boards. The constitution of these Boards, and the extent to which they could be influenced by external parties varied between jurisdictions, and between levels in different jurisdictions.

Though awarding bodies could choose the ‘most economically advantageous’ offer, in some jurisdictions lowest price was still the preferred decision criterion. This was because lowest price was seen as much easier to police, and therefore less open to abuse (avoiding ‘irregular decisions’, for example, in Singapore and Belgian cases). For similar reasons, in some jurisdictions, negotiations and single sourcing were discouraged. In other jurisdictions, negotiation was commonplace and, especially for capital procurements, assessment criteria other than lowest price were used, for example, from US Federal case:

“Assessment criteria include functionality; full life-cycle costs, including all direct and indirect costs for planning, procurement, operations and maintenance (operational analysis are used to evaluate condition and any negative trends on cost projections for assets in use), and disposal; the affordability of full life-cycle costs relative to expected funding levels; associated risks; and agency capacity to manage the asset.”

Performance-based contract specifications were recognised as an important area for improvement/development. Belgian and US State case presenters spoke about learning to use them, but it was a slow process.

The US Federal case discussed how successful (overall) purchasing cards had been, and had helped procurement to focus on the more important, strategic tasks. In contrast in Australia there had been at least initial misuse of purchasing cards.

In the US, Commission Meetings were televised and Commissioners could receive phone calls from the public as awards were being discussed. This was highly transparent but could lead to huge amounts of time being spent in various ‘discussions’. To limit the loss of time through disputes, there has been a big growth in debriefing suppliers, who were told also how to find information about the contract award on the web.

The Gauteng case discussion addressed how contracts could be set up in a manner detrimental to SMEs/HDI. If contracts were too large, they could represent too much risk or too much capital intensity for smaller businesses, so the province was trying to unbundle contracts so they could be awarded at a level SMEs could manage. Equally contracts could be too long and too detailed and put less established suppliers off, also

by requesting suppliers to provide too much information and in asking for the same information repeatedly. Several nations were adopting e-systems where suppliers need only enter data (such as head office address etc.) once for all contracts.

### **5.11 MANAGING SUPPLIER RELATIONS AND MARKETS**

It was notable just how little the cases discussed managing supplier relations or markets.

This requires particular skills, competences and experience of procurement people. One aspect of these more developed skills is the ability to manage close, as opposed to arms length, relationships. Another aspect is to be able to both cope and continue to meet objectives when the objectives may be contradictory. For example in the Australian state case there are strong buy local policies but there is no reward for following them, indeed they may be higher cost. In the English NHS case Trusts are legally accountable for finance and purchasing decisions, and are expected to meet targets for annual purchasing savings, and, therefore, may not be willing or able to select a more expensive product for the long-term benefit of the whole NHS.

The detail and complexity of the Belgian procurement regulations appear to be at the expense of broader and more strategic issues such as managing supplier relations. This is a system primarily aimed at taking out risk (possibly at the expense of innovation), which creates supply relations where much of the micro management has been performed up front before the contract is started. The Belgian case shares this arms length attitude to managing supplier relationships with the Singapore case.

In the Singapore case the relationship between government procurement entities and suppliers remains a distant and strictly neutral one. By the same token, no additional consideration is given to special interests such as small local firms or suppliers owned or linked to minority ethnic groups in awarding contracts. The result and the corollary to 'arms length' supplier management are that both Belgium and Singapore are relatively open markets accessible to non-local suppliers.

The German system appears to replicate this element of creating competition; the highly decentralised budgets and decision-making tend to favour local SMEs. The Netherlands health service has a similar high number of smaller suppliers but it appears this is less the result of strategic intentions and more the product of a system that gives procurement professionals very little influence.

What does not appear in these cases are attempts at managing markets, at shaping supply – perhaps in the name of continuity – in particular directions and what the market or supply bases looks like. The US State and local government case highlights procurement's responsibility to ensure that the supply base provides appropriate technology in a timely manner, monitors supply trends and develops appropriate supplier alliances, as well as other actions to reduce the risk of supply disruptions. The English NHS case is at the other extreme to Belgium and Singapore, where market management (or less ambitiously, market influence) is high on the agenda. It is in the NHS's interest to co-ordinate its purchases to support the development of a market with a suitable number of suppliers that make adequate margins in order to achieve competitive prices, a stable supply base and sustained innovation. Currently, responsibility for 'supply market management' rests with NHS PASA, though in due

course it will be shared with Confederations (regional purchasing consortia), since they too will have the necessary visibility of decision-making to predict market developments and the capacity to act to remedy prospective imbalances, within the parameters set by regulations. The challenge here is about how to relate with suppliers individually and collectively, and balancing company and sector level needs, and differences between shorter and longer term needs. The NHS case may suggest that, to practice market management, a procurement entity needs to have a degree of independence and be 'above the fray' of day to day trading. In the NHS case, accurate data was again seen as essential to strategic procurement and supplier management. The contrast was drawn in the Belgian case where it was said that the Belgian system would not even become aware of the supply market problems the UK was now attempting to tackle (e.g. fragmented decision making on contract awards leading directly to the establishment of a monopoly supplier).

In Gauteng province there was a similar need for accurate data in order to create new and imaginative strategies for meeting social and economic objectives such as Black Economic Empowerment. The Gauteng state government intends to put far more effort into analysing markets and exploring the various strategies that can be used to create sustainable alternative suppliers within the black community. In parallel the UN is already tackling issues of how to increase UN procurement from developing nations. Their approach is three pronged: awareness raising, supplier capacity building and the provision of tools. The UN experience suggests that for large and complex organizations procurement needs to devote resource to ensuring that internal procedures and processes are made as easy to deal with for suppliers as possible – the risk is a static and uncompetitive supply base that, as in the UN and Gauteng examples, may not meet social objectives.

In terms of managing markets consortia cases (Finland, Australia) suggest much closer relations and information sharing with suppliers. Such ties could form barriers to new entrants unless made public. The suggestion in the cases is that consortia develop over time into closer links with fewer suppliers. What is not discussed in the consortia cases is how to manage these close relationships to ensure they remain competitive. The suppliers cannot be expected to help in this activity. It is apparent that there are life cycle stages to consortia that will affect market management. For example the Finland case is still at the early stage where cost reduction is the central focus. Later, the Finnish consortia may focus on supplier relations management.

Managing supplier relations and markets involves procurement in closer links with suppliers; the Singapore system actively discourages relationships between procurement and suppliers. Managing, or attempting to manage, markets requires commercial analysis not at the level of the firm but of the entire sector. The ability to manage within contradictory objectives (e.g. lower cost and local delivery) is required. There is a move towards, but concern about, output based contracting, rather than a traditional purchasing concern with input specifications.

### **5.12 CO-OPERATIVE PURCHASING**

There is wide variation in current levels of co-operation between purchasing entities. In some jurisdictions, it is commonplace (e.g. Finland and US States); in some it is developing (e.g. UK); in others, it is rare, and likely to remain so (e.g. Belgium). Gauteng Province offers a further hybrid form of co-operative purchasing through a



shared services design. There is also a difference between co-operation around specific products (e.g. US state and German cases), and purchasing organizations set up to co-ordinate across a whole range of products (e.g. NHS consortia).

The Canadian study of consortia make the point that initial cost down is still usually the major motivation for forming consortia. This is borne out in the case of the German electrical supply case, where a one off saving is achieved. The Canadian consortia study however goes on to discuss the other benefits of consortia, including shared learning. In the NHS case there is more to the agenda in creating Confederations than pursuit of one off cost savings. Part of the NHS drive for Confederations is to be a more intelligent customer, and this is seen as well in the Canadian public works case where there is pressure to present a more integrated system to clients.

In both the Australian and UN cases there are indications of interorganizational rivalries creating barriers to consortium approaches. In contrast, Finland has a culture and history that favours consortia – even when as in the case the benefits are least for the party initiating the consortia. However the Finland case also raises the question of how to draw a boundary around a consortium - what is the optimum size? As can be seen in the Finland and Canadian consortia, there may be a danger in concentrating so much on the demand (consortia) side that too little attention is paid to possible exclusion effects. For example if consortia requirements aggregate expenditure too much as in the South Africa case, SMES can be excluded. Consortia can encourage elitism, oligopoly, and the artificial creation of barriers to new entrants. The Canadian study of higher education consortia suggests that, however useful the consortia, individual entities still pursue having some individual say in decision making.

Co-operative work is seen as being done alongside ‘normal work’, it is not integrated, one suggestion to deal with this was to mandate (and budget for) 5% of the work week as ‘innovative’ hours.

### **5.13 SUPPLIER QUALIFICATION**

In the Belgian case stringent supplier qualification procedures ensure that firms have met social security obligations before they are awarded public sector work. In the discussion of the case the disadvantages of supplier qualification – in essence that it can be a barrier to new entrants and a distortion of a free market – were raised. It was felt however that in Belgium any anti competitive issues were more than outweighed by the benefits of the state only dealing with responsible private sector organizations. The US is one country that is moving to only making suppliers register their details once instead of on every tender.

In the UN case, IAPSO (Inter-Agency Purchasing and Supply Organisation) had established a common database of potential suppliers covering goods and services normally require as a vendor management tool. After screening, the supplier information was made available to the UN agencies for their procurement needs. Procurement personnel referenced the database when searching for new suppliers. Some of the larger Agencies (e.g. WFP, UNICEF and UN/PD) maintain their own supplier rosters, and have their own supplier registration procedures. In the South

African case supplier qualification was part of the ‘wish list’ of sought after improvements.

One supplier qualification issue of particular relevance to the South African case is that of being able to verify both the status – as in micro business or historically disadvantaged – and the veracity of the supply chain. There has been experience in South Africa of companies only ‘fronting’ an organization that claimed to be either ethnically run or in some way disadvantaged. The US Federal government had a ruling on manufacturing content, for example, resellers can’t just package. Gauteng Shared Services is particularly concerned to be able to trace and verify who is doing what within supply chains, not just to meet objectives over supply but also because no information exists on current supply chains. The issue of ‘box droppers’ (a term used in the IT industry for front companies used as a disguise by members of the supply chain, and here used to refer to any company performing this practice) in South Africa has a parallel in the UN case where supplier registration is a part of the strategy to encourage suppliers from developing countries.

The Gauteng province case raises the issue of how a lack of supplier pre-qualification can lead to too many bidders (from the buyer’s point of view) and too many failed bids (from the suppliers’ point of view). The US system claims to have tackled this issue quite successfully.

#### **5.14 SUPPLIER PERFORMANCE**

Comparatively little discussion on supplier performance appeared in the cases. No detailed measures were given for supplier evaluation, although these were sometimes brought out in the discussions (e.g. South African case, US Federal case).

The US state and local case highlighted that the buyer can be dependent upon the supplier for information (especially with regard to benchmarking) and that there are opportunities here for suppliers to manipulate the system. Suppliers’ ability to play the system also came out in the English NHS case, where in some markets suppliers are in powerful positions, and in others due to the fragmented nature of NHS spend suppliers can be in advantageous positions. The issue of inter-organizational fragmentation affecting supplier performance also emerged in the UN case, and it is suggested here that supplier performance in large and diverse organization often reflects ‘customer performance’.

The Singapore case gave details of how suppliers can be managed with impressive and growing levels of sanctions if they are failing. The US Federal case highlighted that use of past performance data on suppliers is mandatory. Similarly the Singaporean system of sanctions on failing suppliers will send out a clear warning to under performing suppliers. It may be that the two systems together are one way of ensuring that suppliers to the public sector take performance seriously and develop public sector competencies. There is a risk that the more involved, and demanding the process of supplier performance monitoring, the more cost will be added to the supply base and create a deterrent to new suppliers seeking public sector work.

#### **5.15 SUPPLY POLICY**

Common themes emerge around the principles on which procurement must be based, e.g. in the Gauteng case there are four pillars: “Value for money; Open and effective

competition; Ethics and fair dealing; Accountability and reporting”, with a fifth political one of ‘equity’. These are not dissimilar to the three key principles which shape the procurement policy of the Singapore government: fairness; value for money and probity. The simpler division in the German system between efficiency and formality in fact captures the conflicting demands inherent in all the stated principles. In general though, the cases reveal more similarity in the principles underpinning public procurement than differences.

The Australia case gives more detail on these principles – nine in all – but then comments on the poor integration of these objectives. Indeed in the Australian system, there is an ‘Estimates Committee’ in the national parliament dedicated to cutting expenditure, suggesting the system is not trusted to manage itself. One theme that has emerged in the Australian case is the willingness of the Australian system to change and experiment. Whereas, in the main, the Belgian case reveals the inherent preference for the status quo of the procurement system in Belgium. However such risk avoidance is under threat from the recent Copernicus reform. The reform aims to give greater autonomy to the heads of Public Administration, giving them more freedom in how to achieve the goals established by the political system. Such an emphasis on outcomes rather than constant monitoring of inputs also categorises the Australian and US state and local cases, where increasingly procurement personnel are facing new challenges to create outcomes rather than manage tender processes. The South African case is another example of a move to an outcome driven model of public procurement.

The restricted goals in the Singapore case (fiscal conservatism and risk avoidance) reinforce the suggestion that as the objectives set for procurement broaden so the work content of procurement broadens. However the US case highlights how ‘loosening’ control of public procurement may allow new forms of illegal influence to enter the system, something which Singapore has staunchly avoided. The Gauteng case is one where a comparatively revolutionary approach can be undertaken, underwritten by mention in a new constitution. However such radical reform reflects in part both the newness of the post apartheid government and the desperation of conditions for many ordinary South Africans. Without such tumultuous stimuli, it appears reform of supply policy will continue to be incremental and piece meal. Therefore although in the German case for example the new role of the state is to be a catalyst and enabler of change, it is not clear how radical that change can be without external stimuli of a dramatic order. In the Canadian public works case there is a clear threat that unless the PWGSC changed to its new emphasis on specialized client service teams it might have been bypassed or closed entirely.

Dramatic change has taken place in the English NHS case, as central government has blurred the boundaries between the public and private sectors. However this supply policy is a reaction to problems of lack of investment and capacity in the NHS rather than procurement driven. The impact on the role of procurement is significant though, as purchasing on price changes to managing markets, managing relationships with various bodies including Public Private Partnerships and commissioning. The existence of a national body with a strategic and policy remit enables a market management approach to be taken.

In the Canadian case on consortia it appears that public entities with few resources (educational institutes) are duplicating effort across the sector in developing e-business wasting resources they cannot afford. Yet it is apparent that a certain degree of independence is considered vital by each institution. In Australia, competition has been observed between states. Part of supply policy appears to be this decision on what independence means, and why it is necessary. It is also notable that in forming or joining consortia as a supply policy the Canadian study suggests consortia are a response to constraints rather than a proactive strategy.

In terms of proactive supply policies, lack of adequate information for policy initiatives is highlighted in the Australian e-commerce case. In Australia the e-enablement of SMEs is a significant driver of e-procurement strategy along with promoting SME access to the Government market. However the case states that there is a lack of information for policy making: again very few entities have good management information about their procurement profiles as a basis for business case development for e-procurement. The South African case also highlights the need for better information to drive forward socially responsible procurement. To achieve the strategy of encouraging the participation of HDIs in public contracts, spend analysis and knowledge of supply chains is a prerequisite. In the US Federal case there is the public commitment to small businesses with the impressive achievement of 23% for prime contracting. This is one of the few cases that cite procurement officials having to deal with protests, disputes and appeals. One of the cultural influences on US procurement appears to be a concern that there should be opportunity for public debate on procurement issues. Whilst the UN case also features transparency as a goal, it appears that the arena for debate on key issues such as local sourcing is more internal to the UN than external and media oriented.

Many of the cases feature support for indigenous industry, but the most extreme example of purchasing supporting economic development is in the UN case. In the UN, maximum development impact from funds can be achieved by sourcing locally or regionally. The procurement function itself is then able to become a mechanism of development assistance, in that it provides institutional investment in local or regional businesses by contracting with them.

Specifically in relation to e-, many cases make the argument that, for procurement, the movement from process to policy will be facilitated by adopting electronic systems. Certainly the experience in Queensland suggested that e- can facilitate both a reduction in overall workload and a move to 'higher value added work' by purchasers.

### **5.16 EVALUATING OUTCOMES**

Several of the cases highlight important new work on establishing better data for procurement decision making. The Gauteng case featured an extensive spend review whilst the Australian state case reports on the new GEM system improving standards of data collection. The US state/local case highlights a key issue with regard to continuing gaps in procurement information – that it is often no one's specific responsibility to collect it. This US case also raises the cost of gathering data for cost analysis and benchmarking. In the Canadian study of higher education consortia it was raised that consortia members did not attempt to record/cost the amount of time they dedicated to the consortia.

The US cases suggested the US Federal government has gone a long way in translating centralised overseeing of local contracting into procedures that can take account of criteria beyond price, highlighting the connection between planning and budgeting more strongly than the other cases, creating a mechanism that allows for a (potentially) sophisticated review of acquisition needs. There appeared to be considerable scope in such a system for interventions by politicians. In the English NHS case procurement appeared to be in a divide between patient and financial outcomes; the two outcomes appeared to trade off against one another in many instances. The issue also raised how, when, and at what level interventions should be made in such a complex system. NHS procurement professionals however have more influence than in the Netherlands health system. It is perhaps in the UN IAPSO case that the problem of translating large scale – and therefore to some extent amorphous – goals into precise strategies is at its starkest. In the UN case there is a suggestion that the grander goals become, the more individual department/agency responsibility can recede. The Gauteng province case provides an example of how procurement can attempt to quantify and co-ordinate ‘visionary’ government policies.

The Singapore case provides an example of the contribution procurement can make to government goals indirectly. It has long been the aim of Singapore to be seen as an international business and trade centre. Achieving this target includes making Singapore an attractive place for international business activities. The probity and transparency of public procurement in Singapore makes an important, possibly critical, contribution to securing Singapore’s international reputation. Similarly in the Belgian case, an important responsibility of the national government is to maintain acknowledgment of the diversity of nationalities and cultural groups that make up the Belgian state. Through its openness and devolved nature public procurement, Belgium helps to ensure this need for diversity is recognised and practised. (The success of the regional consortia in the Finnish case may play a similar role in boosting local/regional feelings). The role of Gauteng province procurement in establishing black businesses (and benefitting other historically disadvantaged minorities) is very clear as it is a special initiative.

This section shows that some outcomes are in themselves part of wider public policy rather than specific initiatives. Although commonality could be observed in the core principles by which the various national procurement offices work e.g. shared values like probity and transparency and value for money, there was not the same consensus on outcomes. The English NHS case and the Gauteng province case suggest that where broader objectives are set than simply price or cost, new procurement metrics will be needed that are capable of dealing with trade offs between cost and other, perhaps conflicting, objectives.

## **6 CONCLUSIONS**

This study was an exploratory study to undertake a comparative investigation of public procurement. There was a general ‘line of inquiry’, but no specific research questions; rather, all participants shared a desire to listen to each others’ accounts, and see what emerged. Many expressed surprise at what they learnt was occurring in other nations, and several commented on the value of learning from similar cases to their

own and from cases that differed greatly. Different structures, values, scales of operation, and many other factors, proved useful for comparison.

The first main conclusion to be drawn is that this event was unique. The whole field of public procurement has received very little research attention to date. Senior practitioners, therefore, are poorly served in terms of managerial guidance, published work, education programmes and fora at which they can debate and learn from peers.

Despite the lack of international learning in the field, there were many similarities of aspirations, policies, strategies and processes across the international jurisdictions represented. The core drivers of procurement policy being aligned to, and supporting delivery of, government policy on issues such as social reform, positions public procurement as distinctly different to private sector. Some imperatives arising from technology availability in the form of e-procurement causes common issues to surface in the public and private sectors; however, the public sector will still treat the issue differently, for example in ameliorating the impact on the SME community, or the impact on less developed nations. The most striking observation from the study was the substantial impact of social reform upon the field. Academically, this prompts a stretching of the field to look to disciplines beyond purchasing, supply and operations management, towards sociology, psychology, socio-economics, organisational theory and other knowledge bases where theories and concepts exist that enable treatment of complex, multi- and inter-disciplinary issues with social features.

The other highly visible particularity of the study is that it demonstrated the extreme complexity in the multi-level systems that connect government policy, procurement policy, and practice in the supply market. Whilst some very large, multi-national, diverse private sector groups exhibit complexity, the scale and nature of the complexity appears 'simpler' in the private sector than was observed in this study.

The process of drawing out research questions from this study will continue. However, some emerged during the event and participants expressed a desire to form a number of 'communities of interest'. Notably these included:

- Public procurement as a lever of social reform
- Sustainability
- Information to support public procurement
- Appropriate levels of procurement decision making in large, complex, confederal public sector networks
- Addressing the skills and competences shortfall

We propose to derive researchable questions from the communities of interest, then design IRSPP2 to be a themed, focused event that provides answers that move the subject area ahead on those themes.

## APPENDIX 1: CASE STUDIES

Case	Case synopses
1A Australia State	<p><b>Professor Guy Callender and Dr. Paul Schapper</b>  <i>Public Procurement Reform in Australia: a Federal-State Evaluation.</i>                      Within the complex federal system of government in Australia, public procurement illustrates the tensions that exist in a system where public procurement is managed independently at national and sub-national level. Procurement reform has been a feature of public sector reform in Australia over the past ten years in each jurisdiction and is the principal focus of this case study.</p>
1B Belgium	<p><b>Bert Baeyens and Marc Martel</b>  <i>Budget and Organization reform: Impact on Public Procurement in Belgium.</i>                      The paper describes and compares the actual and future interaction between organization, budget and public procurement regulation on federal level and in Flemish municipalities. Rather than present conclusions it informs with the goal of facilitating an exchange of ideas.</p>
1C Singapore	<p><b>Dr David Seth Jones</b>  <i>Features and recent reforms of government procurement in Singapore.</i>                      Singapore has been noted for its commitment to efficiency, high standards and strict measures to deter corruption in public management. This has been reflected in public procurement. In part one, the paper examines the principles and practices shaping the various stages in the government procurement process in Singapore. Features which are highlighted are the promotion of open competition, the avoidance of preferential selection and limited sourcing, the prohibition on negotiation with prospective suppliers, and controls to ensure high standards of probity in tender management and the award of contracts. The second part of the paper considers recent reforms to public procurement in Singapore. These include creating ever wider access, especially for foreign suppliers, to an already open procurement market.</p>
1D US State and Local	<p><b>Dr Clifford P. McCue and Kirk W. Buffington and Aaron D. Howell</b>  <i>The Fraud/Red Tape Dilemma in Public Procurement: a Study of U.S. State and Local Governments.</i>                      U.S. state and local governments provide a rich body of potential theory development given that there is sufficient variances in both control and accountability structures – each state has a unique procurement process, and this is even more manifest at the local level where little procurement guidance is provided. Specifically, this case study attempts to answer the following questions: What reform efforts have governments initiated in procurement policy, organization structure, personnel recruitment and training, expenditure authorization levels, review and oversight as they continue to attempt to decentralize purchasing control? And, what are the projected trends that will impact the success or failure of the decentralization issues over the next decade?</p>
2A Finland Regional Consortium	<p><b>Timo Kivisto and Professor Veli-Matti Virolainen</b>  <i>Consortia purchasing and logistics in Kuopio area – lessons learned from a four-year project, Finland.</i>                      The case assesses a regional/municipality co-operative venture against theoretical concepts of a purchasing consortium. It particularly focuses on transaction cost theory, since a reduction in transaction costs was a major driver for the establishment of the consortium.</p>
2B Higher ed consortia, Canada, US, UK and Australia	<p><b>Mary Aylesworth</b>  <i>Consortia Purchasing for Higher Education in Canada, US, UK and Australia.</i>                      This study of purchasing consortia focused on two areas of interest within higher education. First, what is the real value of consortia purchasing and second, can a framework be identified to optimize cooperative purchasing initiatives?                      Phase I began with a literature review followed by in-depth interviews with key purchasing managers and consortia representative in Canada, the United States, the United Kingdom and Australia. Information and knowledge gained in Phase I was used to develop an interview framework for the Phase 2 survey of senior purchasing managers in Canadian higher education.</p>
2C Australia procurement education	<p><b>Dr Ken Dooley and Christine Tonkin</b>  <i>The development of procurement education in Australia.</i>                      The case presents the drivers for, and the impact of, educational support for purchasing</p>

Case	Case synopses
	<p>policy in Queensland, in the context of the wider national (federal) policies and structures for purchasing. The case has a number of dimensions:</p> <ul style="list-style-type: none"> <li>• the national purchasing and supply context</li> <li>• regional (state) purchasing supply systems and structures</li> <li>• educational support for purchasing at national level</li> <li>• regional (state) approach to procurement education.</li> </ul>
2D Germany consortium for electricity	<p><b>Professor Michael Essig and Berthold Schafer</b>  A purchasing Co-operative for Energy Sourcing in Germany.  The case gives a picture of the complex structure of public procurement in Germany in general and is illustrates this with the cooperative purchasing of energy at the German Aerospace Center.</p>
3B UK English National Health Service	<p><b>Professor Christine Harland, Andrew Rudd, Dr Louise Knight and Samantha Forrest</b>  <i>Procurement in the English National Health Service.</i>  This paper presents the case of purchasing and supply in the English National Health Service (NHS). Part 1: describes the complex structure of the NHS, and its various purchasing and supply organizations; provides information on expenditure and the extent to which it is influenced by purchasing professionals; explains how goods and services are sourced; describes the key characteristics of markets that supply the NHS. Part 2 focuses on key reforms currently under way in the NHS, and discusses how these are influencing efforts to design and implement structures and practices to improve the efficiency and effectiveness of procurement, and so deliver better value money goods and services.</p>
3C Canada National Public Works and Services	<p><b>John J. D. Read</b>  <i>How to Improve Procurement Services to Clients: Presented by Public Works and Government Services Canada.</i>  The Canadian Department of Public Works and Government Services (PWGSC) operates as a common service agency for the Government of Canada. PWGSC's procurement arm is the largest such organization in Canada, accounting for some 10% of total procurement by all levels of government. It is quite unique in the western world, with responsibility for both civil and military procurement. There are many initiatives under way to improve the management of the Canadian federal government – such as a greater focus on citizens, more emphasis on management for results, broad reforms in human resources management, and a new focus on horizontal management. There is also the exploding use of various “e” tools and approaches that are changing the fundamental nature of government operations, at a time when financial constraints continue to press departments to find more efficient and effective ways to meet their mandates. These considerations, and the realization that it had to increase its attention to retaining and satisfying its clients, led PWGSC in 2002 to conduct a wide-ranging examination of its approach to client service. The results of this comprehensive reorganization and refocusing of the department are reported.</p>
3D Netherlands National purchasing of healthcare provision	<p><b>Drs. Henk van Vliet and Professor Jan Telgen</b>  <i>Purchasing consequences of Dutch health care organisation and financing.</i>  The Dutch healthcare system is a mix of public and private schemes. With a total turnover of € 44 billion, the health care sector towers far above other large sectors such as education, and housing. This turnover accounts for approximately 9% of the gross domestic product. The case details the purchasing consequences of managing within such a hybrid and fragmented system.</p>
4A US Federal	<p><b>David Drabkin and Professor Khi V. Thai</b>  <i>U.S. Federal Government procurement: structure, process and current issues.</i>  Public procurement in the United States is very fragmented, therefore the paper focuses on the U.S. federal procurement structure and process, which was harshly criticized during the “Reinventing Government” movement in the early 1990s. Uneasiness by elected officials and customers (service delivery managers, and citizens) about rule-driven processes, and perceived inefficient delivery systems has led to two legislative pillars of procurement reform: The Federal Acquisition Streamlining Act of 1994 and the Clinger-Cohen Act of 1996. The paper focuses on reform issues mandated by the two Acts above, and on identifying the issues that emerge from the reform process.</p>



Case	Case synopses
4B E-commerce in Australian States and European nations	<p><b>Christine Tonkin</b>  <i>e-Procurement: a cross jurisdictional comparison.</i>                      This case study encapsulates an analysis of the adoption of e-procurement by selected Australian and European Union jurisdictions. While there are a number of studies that consider specific e-procurement projects, this case study takes the jurisdiction as the unit of analysis. In this way the range of e-procurement initiatives within a jurisdiction can be considered in the context of the public policy settings that pervade public procurement and substantially influence its nature within constituent organisations.</p>
4C South Africa Province	<p><b>Karen van Vuuren and Professor JA Badenhorst-Weiss</b>  <i>South African Provincial Government Reform: using a shared services model to transform 'Back-Office' support.</i>                      This case study focuses on the Gauteng Provincial Government (GPG), with specific reference to its newest Department, the Gauteng Shared Service Center (GSSC). The GSSC was established to pool together internal support functions that are frequently duplicated across the Provincial Government Departments.                      GSSC strives to promote good governance by building a Purchasing Unit that is team and performance oriented, flexible yet aligned to process - socially conscious, yet driven by value for money and customer satisfaction. GSSC actively pursues BEE (Black Economic Empowerment) collaborative efforts and targets to exceed any regulatory spend targets in this arena.</p>
4D United Nations	<p><b>Johan van de Gronden, Karsten Bloch, Niels Ramm, Professor Christine Harland and Dr Helen Walker</b>  <i>Procurement in the United Nations System.</i>                      This international case study describes purchasing and supply issues across a highly complex network of organizations that comprise the United Nations. The United Nations was established in 1945 by 51 countries committed to preserving peace through international cooperation and collective security. Today, nearly every nation in the world belongs to the UN, with membership now at 189 countries. Some of the major reform efforts impacting on purchasing and supply in the United Nations are presented in this case. Key issues and challenges include recognition of the procurement profession, cost effectiveness and performance management, the appropriate use of new technology and e-procurement, affirmative action for supplier development, and greater harmonization across the UN system.</p>

## APPENDIX 2: PARTICIPANTS

Study organisers: Jan Telgen and Christine Harland  
 Coordinators: Katy McKen and Louise Knight  
 Stream Chairs: Jan Telgen, Christine Harland, Richard Lamming, Roxanne Sutton  
 Facilitators: Helen Walker, Wendy Phillips, Nigel Caldwell, Hanke Telgen, Luitzen de Boer, Samantha Forrest, Louise Knight  
 Event managers: Katy McKen and Sandra Gandy

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Netherlands	Albert Blom	Council Member Retired Purchasing Director	NEVI Research Council Thales/Signaal
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UK	Ken James	Chief Executive	Chartered Institute of Purchasing and Supply
UK	Richard Lamming	CIPS Professor	CRiSPS, University of Bath
UK	Tom McGuffog	Visiting Professor of Business Chairman	University of Glasgow UK Partners for Electronic Business
UK	Roxanne Sutton	Principal Advisor Visiting Senior Fellow	The Prime Minister's Office of Public Services Reform CRiSPS, University of Bath
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### CASE PRESENTERS:

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Australia	Ken Dooley	Senior Lecturer	University of Central Queensland

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Denmark	Johan van de Gronden	Director	UNDP/IAPSO
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Netherlands	Henk van Vliet	Deputy General Secretary	National Health Tariffs Authority (CTG)
Singapore	David Jones	Adjunct Professor	Singapore Management University
South Africa	Hannie Badenhorst	Professor	University of South Africa
South Africa	Karen van Vuuren	General Manager, Procurement	Gauteng Shared Services
UK	Christine Harland	Director	CR/SPS, University of Bath
UK	Andrew Rudd	Associate Director of Purchasing	NHS Purchasing & Supply Agency
USA	Khi Thai	Director	Public Procurement Research Centre, Florida Atlantic University
USA	David Drabkin	Deputy Associate Administrator	JD, US General Services Administration
USA	Cliff McCue	Associate Professor	Florida Atlantic University
USA	Aaron Howell	Manager Procurement & Construction Contracting	Oregon State University, Representing NIGP
USA	Kirk Buffington	Manager, Procurement & Materials Management	City of Fort Lauderdale, Representing NIGP