Helping your procurement process perform:

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In the current challenging economic climate, public sector organisations are under increased pressure to provide cost-effective purchasing of goods and services to deliver value for money to the taxpayer.

Visibility equals value

The Office of Government Commerce states, "Every pound saved is a pound that can be spent on providing better public services: good procurement is essential."[1] This is a goal that all departments seek to achieve, but often they do not have the technology in place to deliver it.

For this to work, visibility into the procurement process is essential. But often managers do not have access to all of the important information to make those decisions, such as third party resources and suppliers. Contracts are often bundled together in one end of month payment, without clear consideration of cost breakdown of those items by department.

Many departments' pool budgets for projects but do not always record how these budgets have been pooled. As a result, there can be a lack of documentation or paperwork on orders and to record how those orders were allocated across the various departments.
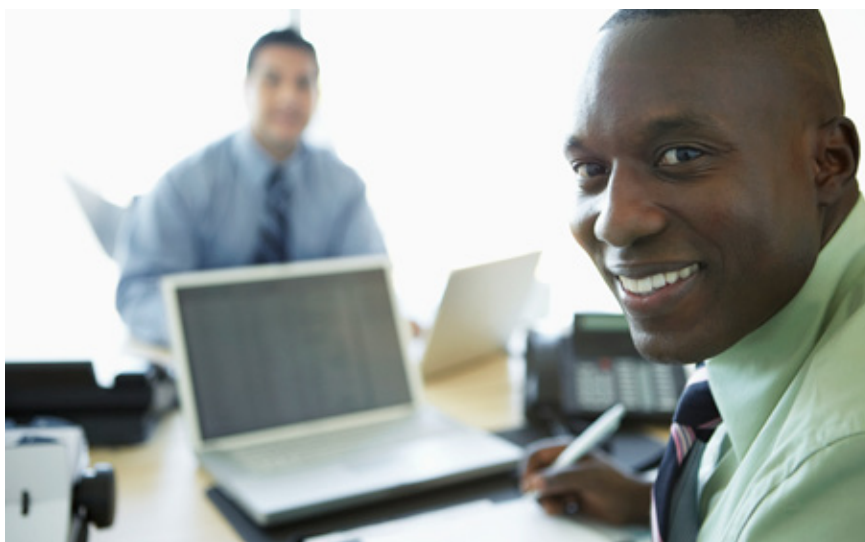
Departments then struggle to accurately track invoices for projects and often, the exact amount of money spent is rarely known. Matching purchase orders, invoices and receipts should be a simple process but can often become a time-consuming chore that takes valuable resources away from more critical tasks. Department heads find that when they ask the vital questions: "Am I within my budget?", "Who are our key suppliers?", "Are they under contract?", "How much are we spending?", the answers are hard to find.

A risky business

Some public-sector organisations are also unaware about which of their suppliers are high or low risk, leading to confusion and potential problems.

By not fully understanding the risk of specific suppliers to deliver goods requested and on budget, departments risk stock shortages and financial shortfalls which can leave them paying for stock that will never be delivered, leading to budget errors and supply shortages

These problems persist because many organisations have inefficient systems for sharing information. Silos of information exist as some departments rely on spreadsheet based systems to track and record contracts and stock or individual tracking tools residing on desktops. This can lead to problems with data integrity, data duplication, or incorrect and out-of-date figures being updated without the decision makers knowing.

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This disjointed approach to critical information management is a systemic problem. Rarely is information centrally stored, in some cases it can be found on paper based documents, leaving the data out of reach of senior management. This approach must change if a complete view of all information on suppliers, contracts and finances is accessible and available to be viewed by the many, not the few.

Aspiration into action

With the Treasury Sub-committee's request that the public sector "must reduce costs"[2], now is the perfect time for managers to take a new approach to the procurement process. Departments will struggle to deliver an efficient procurement process via spreadsheet based systems that do not allow effective information sharing across the organisation.

The Government's Operational Efficiency Programme proposes: "The private sector never stops seeking greater efficiency in the ways that it purchases and provides services, and neither should the Government."[3] Improving the performance of

procurement processes is one way in which this can be achieved through first class information management.

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Endnotes

1 Office of Government Commerce: www.ogc.gov.uk/documents/CP0094.pdf

2 Treasury sub-committee's report on Government cost-saving programmes and efficiencies: www.publications.parliament.uk/pa/cm200809/cmselect/cmtreasy/520/52002.htm

3 Operational Efficiency Programme: www.hm-treasury.gov.uk/press_40_09.htm