



By Morven MacNeil,
GO Features Editor

GO Interview – Michael Stokes

Michael Stokes, Director, Procurement, at the London Development Agency, speaks to GO Features Editor Morven MacNeil about the latest developments within the organisation and the importance of using portals such as CompeteFor.

The London Development Agency (LDA) is one of the nine Regional Development Agencies (RDAs) set up by the Government to transform England's regions through sustainable economic development.

As a functional body of the Greater London Authority (GLA), the LDA plays a key role in helping to deliver the Mayor of London's vision and priorities for the capital. The LDA works with the Mayor to develop his strategy for London's sustainable economic development and helps deliver his priorities for London as well as the Government's priorities for the RDAs.

GO spoke to Michael Stokes, Director, Procurement, at the LDA, about the developments that have taken place since he took on his new role and how portals such as CompeteFor can help open up the supply chain to SMEs.

Could you give our readers an update on the major developments within the LDA since you became Director of Procurement?

I started at the LDA in July 2008 and have been Director since March 2009. I've been really busy since I started – we have introduced and issued a Gateway process similar to OGC's for all LDA projects.

We are now moving to a commissioning model, which in essence means packaging our needs better. We've got about 600 projects currently running at the LDA, and a number of them are due to finish by the end of the financial year. The commissioning model is looking holistically across the agency – what are we working on, and how can we work better and more strategically? ▶



Michael Stokes

► So, if there's a project for development in a certain part of London we are now looking to take a wider view and say that if we are going to regenerate an area, then let's see if we can up-skill and train people to get into employment. It's about taking a more sensible approach to commissioning and is a massive shift away from how the LDA previously operated. Now we're very much focused on end customer outcomes, market warming and getting suppliers ready and enabled to compete for contracts. We are also introducing risk and reward payment mechanisms into contracts. And we have a much deeper insight into what our unit costs are; which previously we may not have known.

We have tighter contract management, and again that feeds into risk and reward and ensures that outputs are delivered. We also have a number of cutting-edge procurement projects, such as the London Thames Gateway Heat Network, which is taking excess heat generated from Barking Power Station and feeding that into homes in the east end of London along

online spend analysis, the knowledge centre, CompeteFor, eTendering and responsible procurement. If this portal takes off, then it is envisaged that within the next 12 months there will be a single point of access for suppliers seeking contract information about all London authorities.

How can London 2012 buyers and suppliers communicate more effectively?

The starting point is really as simple as registering on the various systems and portals available, such as CompeteFor and the regional portals run by the RDAs. Buyers and suppliers should also be holding events giving details of up and coming contracts, issuing press releases and highlighting where people can go to access information about contracts.

What else? I think buyers could offer suppliers more training to show them what is expected of them when they submit a bid to a public sector organisation. We've done a number of seminars lately where I've talked about what is required to win a public sector contract. We are tasked with adhering to EU Regulations so we require quite a lot of information and documentation; if we could give suppliers a better insight into what our requirements are then that would help them. I think we could offer some form of eTraining for suppliers as well. It doesn't necessarily need to be face to face – we could build an eSystem enabling suppliers to see how to bid for public contracts. And we can make our processes less bureaucratic. It's very onerous for suppliers when bidding for public sector contracts. We are currently undertaking a review of our documentation and will be asking more sensible and more aligned questions – so, say, if a contract is not a high health and safety risk we will only be asking for confirmatory statements as regards health and safety legislation. We are looking to remove barriers and we have communicated this to our suppliers.

Since the economic downturn we have also looked at our bidding process. Previously, if you wanted to go to the market as a consortium you used to have to have a lead bidder, and it would be the lead bidder's financial standing which would be taken into consideration and evaluated. Now we have said you can have either a lead bidder or you can have the joint turnover for all organisations within the consortium

evaluated so that it encourages the consortium to go for larger contracts. These are just some of the ways we can communicate better with each other.

How has the LDA mandated the CompeteFor service across the organisation?

Getting buy-in from the Board, GMT and Group Directors was relatively easy. We have undertaken full staff training and we continue to do so with any new upgrades. We also work closely with our legal colleagues to make sure that our contracts and our grant agreements reflect the use of CompeteFor and the requirement for suppliers or grant teams to flow down all sub-contracting opportunities. Once it was passed through the Board the system was then rolled out across the LDA; it has been mandated since September 2008.

How successful has CompeteFor been in opening up the supply chain to SMEs?

In terms of the LDA, very successful. To date, 106 LDA contracts have been posted on CompeteFor and three quarters of those contracts have gone to SME organisations. Now, would that have happened before without CompeteFor? I don't believe that it would.

How important a role will SMEs play in delivering a successful Olympic Games?

I think they will be crucial. The tier 1 contractors – the multinationals and the bigger players in the market – are always going to be larger organisations, but the sub-contractors they require to assist them in delivering the Olympics will typically be SME organisations and construction firms. Without the involvement of SMEs I don't think the Olympics would be delivered on time – they play that crucial a role in delivering and assisting with making sure timelines are adhered to and we are on schedule. It was the need to ensure SME involvement in the Olympics that led to the creation of CompeteFor in the first place.

Supplier accreditation is becoming an increasingly important area for buyers and suppliers; how does this fit in with better quality procurement?

Given the current economic climate, it is absolutely crucial for us to know how capable our suppliers are of delivering our contracts; do they have appropriate policies and procedures in place, systems

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the Thames Gateway; an exciting project for anyone to be involved in.

One of the first things I did as Director was to review the department and our procurement processes in consultation with users across the agency. This has led to a number of changes: we now hold more targeted training sessions for larger projects; we have increased and widened our non-regulated thresholds; and there is a project under way to reduce bureaucracy within the agency, which we are contributing to.

We have been approached by Capital Ambition (London's Regional Improvement and Efficiency Partnership) and given funding to undertake a feasibility study to build a London Procurement Portal which will be the single platform for local authorities to access things like the contracts register,

that have been quality assured? We need to know that they are financially sound. I do sympathise with suppliers, as there are various accreditation systems out there asking them for varying bits of information. But the public sector needs to have that information, so I see accreditation working very well. It's good to know that companies have the necessary processes, procedures and financial turnover, and it gives you a good benchmark when comparing companies.

What is the most significant change that you have seen in recent years with regard to procurement?

We have seen a lot more heads of procurement or directors of procurement sitting at what might be called the top table in some organisations and even at board level. I think this still needs to increase, but there has certainly been a significant rise in the last few years. Senior managers and CEOs are also now actively looking to procurement to deliver significant bottom line savings. The profile of procurement has changed completely too; there are very few organisations now that do not have heads or directors of procurement. One of the biggest changes, particularly in the public sector, is the pressure to ensure that we conduct our contracts in an open and transparent way, and that the evaluation criteria we publish are actually used when we evaluate the tenders.

What are the most important challenges that need to be addressed by the public sector in its role as the procurer of goods and services?

Given the budget position and the pressures we find ourselves under, the next few years are going to be challenging. The new EU Directives will place the way contracts are let and awarded under greater scrutiny. The spending reviews have indicated that there will be real-terms cash reductions across government. There is a massive expectation that we can nevertheless deliver more with less; and when I say less I'm not just talking about cash, I'm also talking about headcount.


I think the biggest challenge, particularly around procurement, is collaboration. There are some really good pockets of collaborative work going on but we need to do more as it reduces officers' time, reduces costs for tenderers and maximises our buying power – you should get more for your return if you are going out on a larger

contract. We also need to seriously consider shared services. This doesn't necessarily mean that we all need to be sitting together in a service centre. We could buy on behalf of another organisation or authority taking a lead buyer or a lead category manager role with devolved categories.

If we go back to budgets and challenges, we need to ask ourselves and our customers some hard questions. What is it you really require from us? What are the essentials? And what would you be prepared to pay for? Particularly for a local authority, there may be some services that they need to start charging users for. These may be difficult questions, but we cannot ignore them any longer.

What key message do you have for procurement professionals in 2010?

It's going to be a difficult year. The procurement role is going to become more critical to organisations and procurement professionals have to demonstrate how they can deliver contracts that meet the requirements of the end user while enabling value for money and reducing costs. I think we are going to see more challenges from suppliers because it is not just the public sector purse that is being tightened – the private sector and industry are feeling the pinch as well. Tendering for contracts in the public sector is expensive; it's a long process when you are following EU Regulations and it's costly to tenderers. The longer this economic uncertainty continues, the more challenges we are going to face from suppliers who have invested a long time and a lot of money on a contract and have been unsuccessful. There will therefore be an even greater need to ensure that we are absolutely watertight on how we are letting and awarding contracts.

This is the ideal time to be in procurement – we need to turn the current economic situation to our advantage and really demonstrate the benefits of having a strategic procurement department. 

Thank you for speaking to GO.

Further information...

For further information, please visit:
www.lda.gov.uk

To register on CompeteFor, visit:
www.competefor.com

CompeteFor sets the standard

CompeteFor, the online 'business dating' website, is celebrating its second anniversary with the 5000th business opportunity advertised on the service since its launch in January 2008.

CompeteFor was designed by the London Development Agency with the London Business Network and London 2012 to give small and medium-sized businesses the chance to go for contract opportunities arising from the London 2012 Olympic and Paralympic Games. Together with the Olympic authorities and their main contractors, more than 600 buying organisations are now placing opportunities on CompeteFor.

Over 100,000 businesses across the UK have registered on CompeteFor to take advantage of the 5000 opportunities ranging from printing to event management contracts and from training to abseiling services. Around 74% of contracts awarded have been placed with SME businesses and 18% of them have gone to businesses with ten or fewer staff.

The success of CompeteFor has been most felt in London, where local businesses have won almost a third of the contracts awarded through the portal so far.

The Mayor of London, Boris Johnson, said: *CompeteFor is charging ahead in its quest to help businesses, many from the capital, scoop key London 2012 and GLA contracts. There are still more contracts up for grabs and I want the smaller companies in particular to know how easy the system is to use and what the huge benefits are. We need more clever thinking like CompeteFor to keep driving London back into rude financial health. Others should be emulating this champion service.*

Ian Lucas, Minister for Business and Regulatory Reform, said: *This is a very significant milestone to have reached and illustrates just how successful and user-friendly the CompeteFor website is.*

CompeteFor is continuing to grow. There are still over £1 billion worth of Olympic-related contracts to come to the market. The Greater London Authority 'family' the London Development Agency, Transport for London, London Fire and Emergency Planning Authority and Metropolitan Police now use the system routinely for their procurement of goods and services. Westminster City Council has also adopted CompeteFor to strengthen its procurement code and support local businesses.

To register on CompeteFor, visit:
www.competefor.com