

International Research Study
of Public Procurement

BUILDING PUBLIC PROCUREMENT CAPACITY & CAPABILITY

**ACADEMIC REPORT OF THE THIRD WORKSHOP
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Note on Authorship

This report was prepared by Phillips, Harland and Telgen, drawing on, and extensively quoting from, 23 written cases written by workshop participants and four stream reports written by workshop facilitators.

The data compiled during the workshop are considered to be owned jointly by all workshop participants.

The cases were written in advance of the workshop. Most of the tables in this report are compiled from material from the cases, often verbatim or using only slightly edited extracts.

Anyone wishing to cite this report or any of the cases is asked to include a reference to the IRSPP website (www.irspp.com) which lists and acknowledges all participants in the study.

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1. Executive summary

This research study brought together senior practitioners and leading academics from 17 countries to discuss and analyse cases relating to the building of public procurement capacity and capability.

Despite significant contextual variety across the cases similar issues were identified and it was possible to identify four key motives driving public procurement capacity and capability building:

1. The development of public procurement as a profession
2. The use of public procurement as a lever for change i.e. policy through procurement
3. Addressing the information imbalance
4. Delivering procurement efficiencies through structural change.

Our study of procurement capacity and capability identified professionalization of procurement as a key element in the building of procurement capacity and capability. Professionalization was recognised as a way of raising the profile and credibility of procurement and promoting the development of a common, transferable body of knowledge. It was also an accepted means of developing individuals with the ability to pursue policy objectives and deliver best practice.

The study also found that during the implementation of procurement capacity and capability building programmes tensions develop between delivering short-term economic objectives alongside broader long-term objectives. Suggested solutions included promoting the contribution made by procurement through the use of meaningful performance indicators and closer engagement with politicians. The importance of strong leaders with an understanding of procurement was also recognised.

The influence of different procurement structures upon procurement performance was also considered. The three main structures were presented:

1. Centralised
2. Decentralised
3. Collaborative procurement

Interestingly, there was no clear agreement on the optimal approach, although countries that have recently emerged from centrally controlled regimes were keen to pursue decentralised approaches. Northern European and North American nations appeared to be considering the benefits of more centralised and collaborative structures.

Although the study identified some common themes and approaches, the importance of addressing contextual and cultural differences was also acknowledged, underlining the need to respect and work with an organisation's cultural identity. Finally, it was also noted that many of the cases were in differing stages of development and that a "one size fits all" approach would not be appropriate, although much could be learnt from the experience of other nations, sectors and levels of government.

2. Introduction

Internationally governments are confronted with increasing demands from their citizens and users of their services influenced by changes such as devolution of government, technology shifts, increasing engagement of the private sector in service delivery and globalisation of service providers. Consequently public sector agencies are required to respond and adapt in a manner that meets these challenges. Such transformations are often associated with building capacity and capability, which has become a central theme for public policy (Hall, 2002), embracing a wide range of issues including sustainable development, healthcare provision, managing and delivering prison services and, increasingly, public procurement.

Public procurement of goods, services and works represents a considerable proportion of any nation's expenditure, accounting for around 15% of the world's GDP and in some developing countries, may be as much as 70% (UNDP, 2006). In recent years attention has been paid towards the importance of public procurement in stimulating national, regional and local development. A consequence of this interest has been a realisation that if public procurement is to fulfil its potential as a driver of social and economic improvements, there is a need to focus its role in enhancing capacity and capability. For example, in March 2005 the Paris Declaration on Aid Effectiveness (OECD, 2005) highlighted the need to develop the procurement capacity of developing nations. In response, the United Nations Development Programme (UNDP) developed tools and techniques for procurement capacity development and procurement capacity assessment, offering a systematic and integrated means of strengthening and optimising national or local capacities. The UNDP's approach complements the OECD Methodology for Assessment of National Procurement Systems, which measures the quality and effectiveness of those systems.

In the UK the Office of Government Commerce (OGC) has recently implemented Procurement Capability Reviews, which aim to assess the capacity and capability of central government procurement to deliver value for money (VfM), today and in years to come. According to John Healy MP, Financial secretary to the Treasury:

“Good procurement is essential to delivering good quality public services, and we will only achieve good procurement across Government if we know we have the right skills and capability in place. This programme of Procurement Capability Reviews draws on the very valuable learning that has been obtained through the Treasury's Financial Management Reviews and the Cabinet Office's Departmental Capability Reviews, and will allow us to ensure that we have the information on which we can build a world class procurement capability across Government.” (OGC, 2007)

Recognising the growing emphasis on building public procurement capacity and capability, the International Research Study on Public Procurement (IRSPP) organised its third workshop in Paris on 15th-18th September 2007 entitled "Building Public Procurement Capacity and Capability". The study, IRSPP 3, brought together leading public procurement practitioners and academics from 17 countries (see Table 1) to identify the gaps between *providers* of capacity and capability and *doers*. The doers are public sector service organisations that have experienced difficulties because of lack of public procurement capacity and capability (PPCC) and the policy

makers/providers are organisations that attempt to support public procurement development locally, regionally, nationally and internationally.

The aim and objectives of IRSP3 were:

- To conduct exploratory, qualitative research to identify the gaps between *providers* of capacity and capability and *doers* - those involved in implementing capacity and capability building programmes.
- To bring together a select group of the highest possible level of international academics and public sector practitioners in one forum
- To share and debate structured case studies of public sector services addressing capacity and capability issues
- To undertake a systematic literature review to provide a systematic and comprehensive review of current knowledge on capacity and capability and to gain an understanding of the approaches employed by different sectors when tackling issues relating to capacity and capability.
- To co-author academic papers to disseminate the findings to the rest of the academic community to be submitted for publication to the Journal of Purchasing and Supply Management and the Journal of Public Procurement. (Submission of papers will necessarily be some time after the event findings have been analysed and fully referenced papers written in the appropriate journal format)
- To publish a report for practitioners and academics in purchasing and supply

This report presents the findings of IRSP3. 23 cases were written, presented and discussed at the workshop. Ten cases reported on capacity and capability issues from a provider’s perspective, the remaining thirteen cases described their situation within a doer’s context.

The next section of this report describes the methods employed for IRSP3. Section 4 provides a brief overview of each of the written cases. Section 5 then provides a detailed comparative analysis of the cases. Section 6 presents key conclusions. This report is intended to provide a comprehensive overview of IRSP3 to serve as a resource for study participants to undertake further analysis on particular themes for separate publication.

Table 1 Countries represented at IRSP3

Australia	Belgium	Canada	Denmark
Finland	France	Germany	Hungary
Ireland	Italy	Netherlands	Portugal
Tanzania	Russia	South Africa	UK
USA			

3 Methods

3.1 Overview

The study group was comprised of leading public procurement practitioners and academics who were invited by the organisers to present cases either from the perspective of a doer or provider organisation. The following definitions were employed to help participants differentiate between doer and provider organisations:

'Doer' organisations are public sector organisations with an executive role to perform a public service. They may well have a procurement function or department, but procurement isn't their core role. They may outsource their procurement. Capacity and capability development may involve using consultants, interims, providing training, recruitment, outsourcing etc.

'Provider' organisations' core role is to provide some form of service relating to procurement, or including procurement, to public sector (and possibly private as well) doer organizations. They may not necessarily be within the public sector. Providers range in size and structure and include professional associations such as the National Institute of Governmental Purchasing (NIGP), the Chartered Institute of Purchasing and Supply (CIPS) and xxx (NEVI), education establishments offering research and education, training companies, management consultancies and trade associations. Some may contract for and on behalf of other doers (e.g. a collaborative procurement hub or procurement agency), others may provide framework agreements for doer organisations to use, and some may act as a centre of advice, guidance and policy. Capacity and capability may relate to their own internal capacity and capability but the purpose of this will be to enhance capacity and capability to support doers. Alternatively, it may be directly related to the doers' organisations e.g. providing training, education to them.

The organisers also invited certain individuals to act as inquisitors. Inquisitors included very senior practitioners or academics from various nations and parts of the public sector. The role of the inquisitors was to support the critical evaluation of cases, promote discussion following presentation of the cases and explore the key issues arising in more depth.

The workshop was divided into six streams, each containing three or four case studies. All participants were invited to provide notes of key lessons learnt from the cases they had attended and consider which of these might be transferable to their own context. Facilitators recorded the discussions following each presentation; case chairs presented summarised versions of these discussions during plenary sessions, enabling cross-case comparison. Facilitators then recorded the similarities and differences between cases that were observed by the participants during these plenary sessions.

The written cases, facilitator notes and plenary feedback make up the dataset that has been analysed by the authors of this report.

3.2 Prior to the workshop

3.2.1 Systematic literature review

The premise of the systematic literature review was to provide a systematic and comprehensive review of current knowledge on capacity and capability and to gain an understanding of the approaches employed by different sectors when tackling these issues. The findings of the review were used to develop a framework for analysis to structure the findings of the IRSPP 3 workshop.

The widespread uptake of the terms “capability” and “capacity” into everyday parlance, particularly by policy-makers, suggested a need to undertake a thorough review of existing literature and empirical evidence in order to enhance our understanding of how these terms are employed across sectors and disciplines. The study employed a systematic review of the literature as opposed to a traditional narrative review. Building on medical research methods, systematic literature reviews have gained increasing credence within management research (Tranfield et al., 2003; Denyer and Neely, 2004) and through the use of a transparent and reproducible process (Tranfield et al., 2003) aim to overcome the issue of researcher bias often evident in narrative literature reviews. The review employed a three-stage methodology as shown in Figure 1.

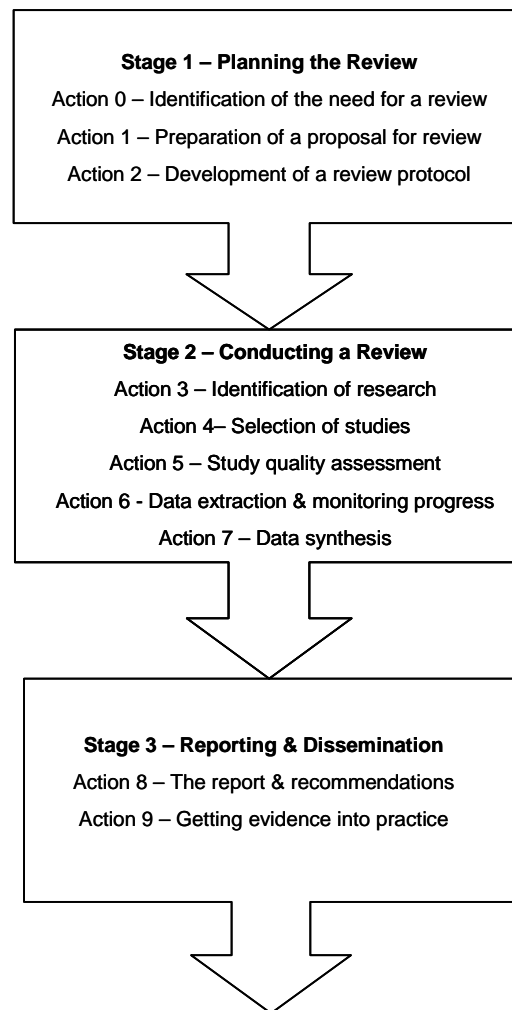


Figure 1 Stages of the systematic review (adapted from Tranfield et al. 2003)

The systematic review of the literature found that there are some recurrent themes that are common to many of the studies on capacity and capability. According to current knowledge, the following five factors should be considered when developing capacity and capability programmes:

1. The nature of the problem
2. Main actors
3. Resource issues
4. Key Issues e.g. political, cultural, social, economic, information
5. Future issues
6. (*Any other issues*)

In undertaking research into capacity and capability we have added the sixth point – “any other issues” to enable inclusion of other findings that do not fall into these categories. These six points were employed as the framework for analysis at the workshop, to enable comparison across cases and to support the identification of the key challenges in capacity and capability building.

3.2.2 Case preparation

To provide guidance and some degree of commonality for subsequent analysis, authors were provided with a case structure to use in the preparation of their cases (Figure 2). The case structure included a summary table, providing a short overview of each case. Once written, cases were circulated to all participants prior to the workshop with a detailed timetable. Participants were asked to read all the cases they would see presented in advance of the workshop.

Figure 2 Case structure

Abstract	
Up to 100 words	
Summary table	
Case characteristic	Data
Type of organisation	e.g. local government, public sector health provider, treasury
Number of employees	Note: Include interims in headcount
Total annual budget	Note: Please add a conversion to Euros
Geographical location	Country/ies, state, city
Service users	e.g. all national citizens, other government departments
Main services provided	
Top 3 spend categories	1.
	2.
	3.
Main deficit in public procurement	Capacity OR capability
Top 3 key requirements to develop public procurement capacity and capability	1. e.g. Professional institute to be established, higher education courses, executive training, mentoring, external financial support, exchange programmes, apprenticeships, consultancy
	2.
	3.
Part 1: Case description	
<ul style="list-style-type: none"> • Organisation description – e.g. role, size (e.g. budget, employees), location/s, mission, strategic objectives, governance • Service user markets served • Service portfolio • Expenditure portfolio – major spend areas and amounts 	
Part 2: Public procurement capacity and capability development – the problem	
<ul style="list-style-type: none"> • Perception of existing procurement capacity and capability within the organization/ sector/ nation 	
Part 3: Example public procurement project/ exercise where capacity and capability was deficient	
<ul style="list-style-type: none"> • Project/ exercise description • Particular public procurement capacity and capability required to perform the project/ exercise • Nature of the deficit in public procurement capacity and capability • Difficulties caused by the deficit 	
Part 4: Key requirements for the future impacting on the development of public procurement capacity and capability	

3.3 During the workshop

All participants in the workshop – case presenters, inquisitors, organisers and facilitators – took part in the case review discussions. Cases were presented in four streams of four cases and two streams of three cases. Each case was allocated 1.5 hours: 45 minutes case presentation followed by 40 minutes discussion and five minutes for the chair and facilitators to summarise the discussion.

With the exception of the facilitators, all participants moved between streams. For each case presentation, a chair was nominated to facilitate the discussion, in particular:

- Encouraging all to participate in the questioning and discussion
- Ensuring that any major gaps in the case are filled
- Ensuring the presentation and discussion progresses at the right pace to cover all the necessary elements within the scheduled time.

Inquisitors were invited to lead the case reviews/discussion by:

- Questioning case presenters to fill in gaps in the case descriptions
- Questioning case presenters to explore key issues in more depth
- Comparing cases to identify key differences and similarities
- Encouraging others to participate in the questioning and discussion.

Plenary sessions were held at the end of each case presentation, all participants attended these sessions and the chair from each stream presented a summary of the key issues arising from the cases. The summaries were structured around the proposed framework for post-workshop analysis.

3.4 After the workshop - analysis of the data

The facilitators prepared Stream Reports, recording the discussion within each stream. Each report included:

- Further information provided during the presentation that had not been captured in the written case study
- Discussion of the case
- The chairs' notes and observations
- Observations from the participants on the key lessons learnt from the cases and which of these lessons could be transferable to other contexts.

The resulting data were then analysed employing the six factor framework for analysis:

1. The nature of the problem
2. Main actors
3. Resource issues
4. Key Issues e.g. political, cultural, social, economic, information

5. Future issues
6. Any other issues

The data were analysed using NVivo, combining cases and identifying generic themes. A powerful and comprehensive software package, NVivo is designed to support qualitative research and analysis in a wide range of fields and qualitative methodologies. Generally, qualitative data are relatively unstructured and dynamic and cannot easily be subjected to quantitative methodologies. Across the disparate array of methodologies (such as action research, grounded theory and phenomenology) there are common themes associated with all approaches to qualitative data analysis. In each case, the researcher must explore data in a sensitive manner without quantifying the data *a priori*. As understanding develops, the researchers must record their findings by means, for example, of field notes, annotations, and models. All such records are considered to be data.

NVivo assembles data into two main data systems: the ‘document system’ and the ‘node system’. The document system consists of compound text, providing a means of organising, linking, integrating and exploring all aspects of a qualitative research project, from the data itself to the draft proposals and the bibliographies. In effect, it works as a project manager.

The node system provides both a structured and unstructured way of representing project topics, handling all the concepts, ideas, people and locations relating to the project. Through the nodes, project documentation may be coded according to the occurrence of any particular topic. The nodes may be catalogued in several different ways: ‘free nodes’, ‘tree nodes’, ‘case’ and ‘case type’ nodes.

The qualitative researcher’s ultimate goal is the creation of grounded theories that have been tested thoroughly by the data. This requires the formation of categories, concepts and ideas in a manner that allows thorough and effective exploration of the data. NVivo enables this, most commonly by using nodes. Free nodes are used for ideas or concepts that cannot be easily categorised; tree nodes are used for those topics that may be grouped and sub-grouped.

In the case of this research study, the nodes were chosen through discussions within the research team and through consultation with an expert panel, comprising of established procurement academics and practitioners. Using this approach, a list of nodes was drawn (see Figure 3). These nodes were then categorised as free nodes or tree nodes. The selection of the nodes was based on concepts, ideas, and themes that the research team (including practitioners) felt would be of relevance and interest to the project (thus combining the benefits of the literature, prior conceptual work and the experience of the practitioners). For instance, from the list it can be seen that the “key issues” have been sub-grouped into environmental, structural, managerial and operational. These subgroups were included based on feedback from both the expert panel and also as a result of the plenary sessions that took place during the workshop, where discussions centred on these key themes.

Given that more than one researcher was working on the study, the data was double-coded by the different researchers whose different renditions were then discussed. The

same ten pages of data were coded and the reliability was initially better than the 70% agreement level suggested by Miles and Huberman (1984 p63). Differences were addressed by tightening the definition of the codes in the light of the views of each researcher involved, with the aim of improving reliability in subsequent coding.

Recognising the dynamics of the project, the node list was not seen as permanent. Changes and additions were allowed throughout the duration of the project, allowing the inclusion, search and exploration of new ideas, concepts and themes as the project progresses. Figure 3 shows the free nodes and tree nodes as formulated and used for this study.

Figure 3 Free nodes and tree nodes employed during the study

<p>Free nodes <i>Nature of the problem</i></p>
<p>Tree nodes</p>
<p>1. Main actors</p> <ul style="list-style-type: none">→ Universities→ Central government advisory bodies e.g. OGC→ Professional bodies e.g. CIPS, NIGP, NEVI→ International development/aid organisations e.g. World Bank, UN→ Public procurement bodies→ The third sector e.g. voluntary organisations, NGOs→ Consultants – training as opposed to education→ Suppliers→ Citizens→ Supranational bodies e.g. EU→ Service users e.g. patients, prisoners
<p>2. Resources</p> <ul style="list-style-type: none">→ Funding – financial support→ Information - clear communication and effective distribution, sharing of facts and data/availability of this information→ IT – availability of effective compatible systems which support clear communication→ Time – availability of time to carry out objectives→ HR - staff<ul style="list-style-type: none">• Education, training & development – availability of courses to support staff development• Qualifications/skills – staff with suitable ability• Recruitment – enlisting new staff• Retention – keeping existing staff• IT – staff with sufficient IT skills
<p>3. Key issues</p>
<p>Environmental</p> <ul style="list-style-type: none">→ Political- issues influenced by the government of the state→ Cultural – issues relating to the mindset of a particular organisation/region/country→ Social – issues relating to the welfare of a community→ Economic – issues relating to the financial, monetary, budgetary, fiscal, commercial factors affecting national economy→ Sustainability – consideration of social, economic and environmental aspects of procurement→ Regulation/legislation – conforming to rules, laws, standards
<p>Managerial</p> <ul style="list-style-type: none">→ Credibility – deserving of belief, seen as being valid→ Leadership – exercising of authority→ Corruption-performing duties in an incorrect or improper way→ Non-compliance - not conforming to a specification, standard or law that has been clearly defined→ Power - the ability to make choices or influence outcomes→ Governance – management practice→ Knowledge – what is known in a particular field, acquired through education or experience<ul style="list-style-type: none">• Sharing – distribution of knowledge• Protection – guarding of knowledge, prevention of its dissemination beyond a defined boundary e.g. an organisation, department, group of individuals
<p>Structural</p> <ul style="list-style-type: none">→ Centralised – decision-making occurs at central point→ Decentralised - decision-making dispersed closer to the point of service or action

- Collaborative purchasing – joint purchasing of goods or services by a group of organisations
- Privatisation – transfer of ownership from the public to the private sector or subcontracting a function or service to a private firm
 - PPP – public private partnership
 - PFI – public finance initiative partnership

Operational

- Outsourcing - delegation of internal non-core operations to an external entity specializing in the management of that operation
- SMEs – small and medium sized enterprises
- Institutional
- Routines – working practice
- Models/tools – defined management approaches, techniques or procedures
- Suppliers – seller of products, processes or services
- Procurement practice/ approach – styles and ways of managing procurement
 - Efficiency / Value for Money - achieving maximum benefit from the goods and services that an organisation acquires
 - Innovation – application of ideas that are new to an organisation
 - Best practice – techniques/approaches practices recognised as efficient and effective by fellow practitioners
 - EBP - Basing procurement decisions on the best available empirical evidence and logic from both inside and outside the organization, rather than making decisions based upon the past experience, opinions or intuition of individuals alone.
 - Targets – objectives to be achieved
 - Decision-making process – the selection of a course of action
 - Strategy – long term plan of action to achieve a particular goal
 - Contracting issues – difficulties relating to agreements made between parties
 - image – perception of an organisation by external parties
- Performance - execution or fulfilment, achievement under certain conditions or return on investment of resources
 - Outcome
 - Process
 - Measurement
 - Broader value objectives

4. ***Future issues*** (use same nodes as key issues – see above)

3.5 The report

The report draws out the key issues arising from the cases presented at the workshop. Searches and analysis of the data relate to the free nodes and the tree nodes, consequently the report does not summarise the findings as they relate to each individual case, but, through cross-case analysis reports on each element of the framework, building on the data acquired throughout the IRSP3 workshop. For further details of each individual case, readers may refer to the proceedings.

3.6 Further publications

As stated in the initial objectives of the study, it is envisaged that several other publications will arise from IRSP3. By recording and reporting stream discussions, etc., the study organizers have sought to provide a dataset that will serve as a resource

for participants who wish to write journal articles using this data, perhaps in combination with data from other research activities.

An executive report has been prepared to convey key findings to practitioners.

IRSPP3 participants have formally agreed that data arising from the study is collectively owned, and any publications using the data will acknowledge the study and the contribution of all participants.

4 Case Overviews

4.1 Case A1- A joint project for Procurement Capacity Building in the Royal Kingdom of Bhutan

Case authors: Chick, G. & Harland C.

Case characteristic	Data
Type of organisation	Professional institute, incorporated by Royal Charter in the United Kingdom
Number of employees	107
Total annual budget of organisation	£12.5m (€18.7m)
Geographical location	Easton on the Hill, Stamford, Lincolnshire, the United Kingdom
Service users	42,000 members in 134 countries
Main services provided	Supporting individuals and organisations engaged in purchasing and supply; as well as representing and promoting the profession to a wide range of audiences.
Top 3 spend categories	1. Goods and Services 2. Staffing 3. Consultancy
Main deficit in public procurement being tackled	The development of Procurement Capacity Building in a developing economy.
Top 3 key initiatives to develop public procurement capacity and capability	1. To establish and embed procurement benchmarks and standards which are based on international good practice 2. To establish and professionalise a procurement community through a national people development strategy 3. To strengthen and support the wider roll out of procurement practices, in order to create a “Body” of procurement knowledge for the Royal Kingdom of Bhutan

4.2 Case A2 - IIPMM – Development of Undergraduate Degree by a professional organisation

Case authors: Crowther, D. and Davis, P.

Case characteristic	Data
Type of organisation	Professional Association
Number of employees	7
Total annual budget of organisation	€750,000
Geographical location	Ireland
Service users	> 500 members, > 500 students, > 50 corporate members
Main services provided	Education and Training
Top 3 spend categories	1. Education provision 2. Training provision 3. Public Sector Interest Group
Main deficit in public procurement being tackled	Capability
Top 3 key initiatives to develop public procurement capacity and capability	1. development and provision of provide higher education courses, 2. development and provision of training 3. development of public sector interest group to develop policy

4.3 Case A3- Leading Professional Development in Public Procurement: The National Role of the Australian Procurement & Construction Council

Case authors: Tondut, J. & Callender, G.

Case Characteristic	Data
Type of organisation	Peak council of departments responsible for procurement and construction policy for governments in Australia. APCC reports to a Ministerial Council. Case reports on national response to APCC Public Procurement Professional Policy using Western Australia as an example of the policy implementation.
Number of employees	In excess of 100,000 persons
Total annual budget of organisation	In excess of €60Billion p a
Geographical location	All Australian States except Tasmania
Service users	Government agencies
Main services provided	1. Common Use Arrangements/Contracts 2. Procurement Policy 3. Contract Planning and Management.
Top 3 spend categories (typical)	1. ICT services 2. Infrastructure goods and services 3. Health
Main deficit in public procurement being tackled	Development of public procurement as a profession to meet deficit created by population ageing and outsourcing creating greater procurement complexity, risk, managerial responsibility and leadership.
Top 3 key initiatives to develop public procurement capacity and capability	1. Categorisation of procurement actors as transactional, practitioners and professionals – with personal development policies and career pathways to match requirements 2. Engaging universities and other educational providers (including CIPS) to deliver procurement training and educational qualifications that match APCC professional standards. 3. build the pool of professionals across both the public and private sectors.

4.4 Case A4 - Coaching to world class: improving public procurement from the sidelines

Case authors: Stolwijk, W. & Telgen, J.

Case characteristic	Data
Type of organisation	national support and stimulation organisation, based in central government, but employing local government employees as well
Number of employees	Appr. 28 fte's
Total annual budget of organisation	Appr. € 4 m
Geographical location	The Netherlands, The Hague
Service users	All public procurement (semi) professionals in both central government and various forms of local government, including health care, housing associations, water boards etc.

Main services provided	Information and Networking through publications, bulletins, websites, meetings, workshops and conferences
Top 3 spend categories	1. Personnel
	2. marketing
	3.
Main deficit in public procurement being tackled	Capability
Top 3 key initiatives to develop public procurement capacity and capability	1. PIANO desk
	2. Tenders
	3. PIANO conference

4.5 Case A5 - South African State Owned Enterprises' Integrated Capacity and Capability Procurement Programme (ICPP)

Case authors: Van Vuuren, K. & Harland, C.

Case Characteristic	Data
Type of organisation	State Owned Enterprises* 100% shareholding by the Department of Public Enterprises (DPE) of the South African government
Number of employees	<u>Transnet</u> : 54,000 including interim staff <u>Eskom</u> : 30,000
Total annual budget** **(Assumption: Euro 1.00 = R9.00)	<u>Transnet</u> : R22.255 billion (Euro 2.47 billion) R11.655b capex (52%) and R10.6b opex (48%) <u>Eskom</u> : R33 billion (Euro 3.66 billion) R11b capex (33%) and R22b opex (66%)
Geographical location	South Africa
Service users	<u>Transnet</u> : bulk and manufacturing sectors (All citizens and most businesses in South Africa; most international shipping lines, African / multinational oil refineries) <u>Eskom</u> : industrial, mining, commercial, agricultural and residential customers and redistributors
Main services provided	<u>Transnet</u> : bulk freight transportation (ports, rail and pipelines) <u>Eskom</u> : electricity generation, transmission and distribution
Top 3 spend categories	<u>Transnet</u> : energy, rolling stock maintenance, fuel, electricity <u>Eskom</u> : coal, cables and conductors, transformers
Main deficit in SOEs' public procurement	Lack of attractiveness of the SOE as an employer of choice for supply chain professionals Reversal of historical human capital practices ("dumping" from operations, use of temporary staff, lack of mentoring programme). Unhealthy supplier belief in their power base General South African 5 – 10 year lag behind world class practices

Top 3 key requirements to develop public procurement* capability	The Integrated Capacity and Capability Procurement Programme (ICPP) provided by CIPS and IPSA consists of 3 elements, namely: Rapidly building expertise among senior managers and Strategic Sourcing teams Strengthen standards for procurement staff in SOEs, including membership to IPSA & CIPS and access to an e-learning academy Customisation of content to ensure strategic fit with the CSDP (Competitive Supplier Development Programme), as well as the South African diversity, social and legislative environments for the public sector.
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4.6 Case A6 - Developing public procurement capacity & capability: the case of the US federal government

Case authors: Drabkin, D., Vincent, L. & Thai, K.

4.7 Case B1 - Public Procurement in Hungary – Potentials for Development

Case authors: Laczkó, P., Kétszeri, L. & Tátrai, T.

Case characteristic	Data
Type of organisation	Péter Laczkó - Clarity Consulting Ltd., management consultancy - provider
Number of employees	58
Total annual budget of organisation	2006: 4.160.000 €
Geographical location	Hungary/Budapest
Service users	Consultancy clients
Main services provided	Management and IT consultancy
Top 3 spend categories	1. Consulting 2. Information technology
	.
Main deficit in public procurement being tackled	
Top 3 key initiatives to develop public procurement capacity and capability	1. perform consultancy 2. design and develop system 3. provide training

4.8 Case B2 - Capacity building for the social economy in Belgium

Case authors: De Leeuw, E. & Baeyens, B.

Case characteristic	Data
Type of organisation	Professional association
Number of employees	15 FTE
Total annual budget of organisation	1 million euro
Geographical location	Ghent, Flanders, Belgium
Service users	local and regional SME's, starting companies, social economy organisations, governments
Main services provided	Information, training and advice on starting up a business, corporate social responsibility. Rental of business units, business support
Top 3 spend categories	1. maintenance

	2. IT, telecom
	3.
Main deficit in public procurement being tackled	/
Top 3 key initiatives to develop public procurement capacity and capability	1. see text

Summary table VIB

Case characteristic	Data
Type of organisation	Professional association
Number of employees	4 FTE employees, 50 volunteers
Total annual budget of organisation	600.000 Euro
Geographical location	Belgium
Service users	Members of the association
Main services provided	Network Platform, training, information,
Main deficit in public procurement being tackled	Capacity OR capability
Top 3 key initiatives to develop public procurement capacity and capability	Provide training courses Support legal/professional initiatives Offering a suitable platform to communicate and network

4.9 Case B3 - Alignment of CHI Materials Management Leaders: Movement Toward Centralization

Case authors: Mears, P. & Schneller, E.

Case characteristic	Data
Type of organization	Corporate oversight body with a not-for-profit status
Number of employees	65000 full-time and part-time
Total annual budget	Revenues of \$6.8 billion in 2006
Geographical location	Colorado, United States
Service users	Market Based Organizations (MBOs) in 19 states
Main services provided	<ul style="list-style-type: none"> Acute care, critical and specialty hospitals Long-term care, assisted living and residential facilities Community Health services organizations
Top 2 spend categories	<ul style="list-style-type: none"> Employee compensation and benefits Supply related costs
Main deficit in public procurement	<ul style="list-style-type: none"> Lack of coordination among the MBOs for purchasing decisions Absence of an integrated computer system
Top 3 key requirements to develop public procurement capacity and capability	<ul style="list-style-type: none"> Strong MBO buy-in from CEO & CFO Seamless ERP performance Successful role and task development for locally placed MMs who report to corporate

4.10 Case B4 - The Public Procurement Regulatory Authority

Case authors: Mlinga, R. & Walker, H.

Case characteristic	Data
Type of organisation	Procurement oversight body responsible for ensuring that the procurement law in public sector is observed

Number of employees	51.
Total annual budget	Tshs. 4 to 5 billion (Euro 2.3 to 2.8 million)
Geographical location	Dar-es-Salaam Tanzania
Service users	Other government departments, National Audit Office, Parliament and General Public
Main services provided	<ul style="list-style-type: none"> to offer advisory services to public bodies and any other person; to monitor and enforce compliance with the Act; to issue standard bidding documents and guidelines for the better carrying out of procurement activities; to implement measures aimed at building procurement capacity in the country; Store and disseminate information on procurement opportunities and tender awards; and To facilitate resolution of procurement complaints.
Top 3 spend categories	Monitoring and enforcement. Capacity building Setting up of procurement management information system
Main deficit in public procurement	Inadequate number of procurement staff in the country
Top 3 key requirements to develop public procurement capacity and capability	Enhanced capacity of procuring entities and suppliers and providers to implement the Act Implementation of system for checking and monitoring procurement; Implement a developed system of sharing procurement information

4.11 Case B5 - Public procurement capability development in city of Imatra (Finland) – the lean way

Case authors: Kivisto, T., Meuronon, A. & Virolainen, V.

Case characteristic	Data
Type of organisation	Municipality
Number of employees	1939
Total annual budget	146 Mill. Euro
Geographical location	City of Imatra
Service users	Municipal citizens, enterprises within city limit, (tourists, potential enterprises)
Main services provided	Social- and health care services Education (from kindergarten to matriculation) Municipality infrastructure (roads, premises) Business units (water, heat)
Top 3 spend categories	1. Special health care 2. Social services 3. Construction works
Main deficit in public procurement	Capability
Top 3 key requirements to develop public procurement capacity and capability	1. consultancy 2. internal change management 3. allocation of time to procurement for non-

	professional buyers
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4.12 Case B6 - Canada: Managing Supplier Relations

Case authors: Hartley, T., Essig, M. & Slack, C.

Case characteristic	Data
Type of organisation	Public Works and Government Services Canada – Acquisitions Branch National Government Ministry – common service organization– mandated to procure goods for all national departments and agencies.
Number of employees	12,000 in Ministry, 1366 in procurement
Total procurement spend	8 990 800 000.00 Euros
Geographical location	Headquartered in Gatineau, Quebec (National Capital Region) regional offices (mini-departments) in most provinces.
Service users	Other government departments, some services to suppliers and potential suppliers
Main services provided	Procurement of goods and services on behalf of the national government as well as procurement policy and procurement management, Human Resources, Translation, Real Property Management, Banking including payroll and superannuation for all public servants, informatics and telephone services
Top 3 spend categories (over 9 years)	1. General Purpose Automatic Data Processing Equipment (Including Firmware), Software, Supplies and Support Equipment 2. Repair and Overhaul 3. Information Processing and Related Telecommunications Services
Main deficit in public procurement	The Government of Canada is facing a significant shortage in both capacity and capability over the coming years, with 32.5% eligible for retirement by 2012. In addition to being a challenge, PWGSC sees this as an opportunity to change the skill profile of the procurement community. One of the areas in which PWGSC is hoping to develop increased capability is managing relationships with suppliers in the open environment of public procurement.
Top 3 key requirements to develop public procurement capacity and capability	1. Organizational design to meet the needs of a new business model. 2. Employee engagement strategy 3. Management capacity

4.13 Case C2 - Public Regulations meet Private Enterprise: A Case of Spending EU Grant Support through Public Procurement

Case authors: Csaki, C. & Habi, P.

Case characteristic	Data
Type of organisation	A private firm (and a collaborating “intermediary” organisation)
Number of employees	Several Thousand
Total annual budget (<i>regarding the project in case</i>)	In the range of 1 Million €
Geographical location	Middle/Eastern-Europe

Service users	Corporate
Main services provided (<i>purchased</i>)	Environmental cleanup
Top 3 spend categories (<i>in this project</i>)	1. Contamination stripper 2. Ground water collection wells 3. Control electronics
Main deficit in public procurement	Capability
Top 3 key requirements to develop public procurement capacity and capability (<i>as a conclusion at the national/EU level</i>)	1. Education programs to be established for middle level 2. More integrated view and approach on the side of authorities 3. Awareness programs, distribution of related information and experiences

4.14 Case C3 - Evidence-based purchasing in the UK healthcare sector

Case authors: Harland, C., Bakker, E., Dickinson, G., Forrest, S. & Warrington, J.

Case characteristics	Data
Type of organisation	NHS Purchasing and Supply Agency (PASA – an executive agency of the Department of Health)
Number of permanent employees	265
Total annual budget	£27 million
Geographical location	Main offices at Reading and Chester in UK
Service users	Purchasers/clinicians across the NHS
Main services provided	Purchasing guidance and policy National contracts in certain product categories Evidence base for purchasing decision-making (via Centre for Evidence-based Purchasing with PASA)
Top 3 spend categories	
Main deficit in public procurement being tackled	Capability
Top 3 key initiatives to develop public procurement capacity and capability	1. Healthcare Industries Task Force 2. Development of best practice procurement framework 3. Exploratory research on evidencing the value of 4 pilot study innovations

4.15 Case C4 - Building Procurement Capability in UK Government Departments: Procurement Capability Reviews

Case authors: Waterman, J. & Walker, H.

Case characteristic	Data
Type of organisation	The Office of Government Commerce (OGC) is an office of HM Treasury
Number of employees	270 (w.e.f. 1 June 2007 – planned to decrease)
Total annual budget	£26,250m or €38,970m
Geographical location	Offices in London, Norwich and Leeds
Service users	Central UK government departments and the wider public sector
Main services provided	Set out the procurement standards departments need to meet; Monitor departments' performance against them, and ensure remedial action is taken where necessary; Make sure that people with the right skills are in the right jobs with the right incentives;

	Demand departmental collaboration when buying common goods and services; and Work closely with the Major Projects Review Group to ensure that the most complex projects are subject to high standards of scrutiny and support when the business case is approved, and before proceeding to tender and contract signature.
Top 3 spend categories	1. Staff Salaries
	2. Consultants and Interims
	3. Travel and Subsistence
Main deficit in public procurement	Capability
Top 3 key initiatives to develop public procurement capacity and capability	1. Improve capability, capacity and delivery of government procurement
	2. Deliver value for money savings from the government's procurement spend – particularly via collaborative procurement
	3. New Major Projects Review Group to scrutinise projects at key stages in their procurement

4.16 Case C5 - Reconciling departmental silos in procurement

Case authors: Eilander, S & Telgen, J.

Case characteristic	Data
Type of organisation	Central Government Agency providing policy guidance and support in Central Government Procurement
Number of employees	Approx. 8 in Regiebureau Approx 110.000 in Central Government
Total annual budget	Approx. € 1.5 million for Regiebureau Approx. € 13 billion for Central Government
Geographical location	The Hague, the Netherlands
Service users	Other government departments
Main services provided	Policy guidance
Top 3 spending categories	1. Personnel
	2. Consultancy
	3. IT
Main deficit in public procurement	Fragmented procurement infrastructure
Top 3 key requirements to develop public procurement capacity and capability	1. Professionalism of public procurement employees and their chief executives to be established
	2. Availability of information
	3. E-procurement

4.17 Case C6 - Sourcing Capabilities as a major element in governance reform: The case of service solutions as an important strategic procurement management capabilities at the Federal Office of Defence Technology and Procurement

Hoos, S., Essig, M. & Glas, A.

Case characteristic	Data
Type of organisation	Federal Office of Defense Technology and Procurement
Number of employees	3,500 members of staff located in Koblenz 7,500 in other locations
Total annual budget	3.35 E billion

Geographical location	Federal institution with headquarters in Koblenz. 10 other technical orientated locations all over Germany, additionally the armament coordination center for USA/Canada in Reston, Virginia (USA)
Service users	In addition to the German armed forces (Bundeswehr) several other public institutions, e.g. the Federal Agency for Technical Relief, the German Federal Police, communities
Main services provided	Development, testing and procurement of defense material
Top 3 spend categories	<ol style="list-style-type: none"> 1. Aerospace technology 2. Naval technology 3. Services
Main deficit in public procurement	Capability to integrate, build-up or reconfigure required competencies addressing rapid-changing environment
Top 3 key requirements to develop public procurement capacity and capability	<ol style="list-style-type: none"> 1. Learning and Change Competence; Network cooperation of administrations, enterprises and science for a conceptual development of strategic public procurement 2. Controlling Competence: Reliable data in order to document procurement effects and to sustain procurement decisions 3. Enforcement of the other strategic competencies

4.18 Case D1- Building Procurement Capability within a Public Sector Body – The Case of the French Atomic Energy Commission

Case authors: Correa, P. & Phillips, W.

Case characteristic	Data
Type of organisation	CEA – French Atomic Energy Commission -
Number of employees	15,600
Total annual budget	€ 3,210m
Geographical location	9 plants in France
Service users	All the CEA's divisions
Main services provided	Purchasing Strategies, procurement, relations with suppliers.
Top 3 spend categories	<ol style="list-style-type: none"> 4. Technical and Scientific Equipment 5. Nuclear equipment and services 6. Infrastructure works and services
Main deficit in public procurement	Insufficient use of the purchasing policy to develop entrepreneurial strategies
Top 3 key requirements to develop public procurement capacity and capability	<ol style="list-style-type: none"> 4. Executive training 5. Exchange Programmes 6. Precise definition of economic targets

4.19 Case D4 - Federal Agency on Education in Russian Federation: Perspectives and development of «EDUCATION» project in Russia

Case authors: Novikova, E., Rosanova, T. & Stepanov, V.

Case characteristic	Data
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Type of organisation	Education Provider
Number of employees	3420 employees
Total annual budget of organisation	48.228.571 Euro
Geographical location	Russian Federation, Moscow
Service users	Russian people, including students, young people, families with children
Main services provided	The education process provision, including normative and legal documents, methodical provision, economics of education, material and technical base, programs of education development, work with young people, social defence of children, international cooperation.
Top 3 spend categories	1. Prioritized project "EDUCATION" 2. Social defence of children 3. Material and technical base
Main deficit in public procurement being tackled	Capability
Top 3 key initiatives to develop public procurement capacity and capability	1. Perform research 2. Provide new courses and educational programs 3. Provide material and technical base for institutions

4.20 Case D5 - Making Procurement Connections in Wales: balancing local capability development and coordinated centralised procurement

Case authors: Sykes, M. & Bakker, E.

Case Characteristic	Data
Turn over / budget:	Cannot be disclosed
Staff:	ca. 70
Locations from which VW operates:	Caernarfon Swansea Cardiff Bedwas Caerphilly (all above location are in Wales, United Kingdom)
Main tasks:	Value Wales covers both policy development and operational delivery
Service areas:	Procurement (wider public sector and internal services) Capital and Property, Strategic Partnerships, Efficiency Improvement
Service users:	Welsh Assembly Government and all public sector organisations in Wales

4.21 Case D6 - Total Cost of Ownership: Application of TCO tool for ICT procurement in education

Case authors: Twinomugisha, A. & Davis, P.

Case characteristic	Data
Type of organisation	Charitable Body
Number of employees	14
Total annual budget of organisation	n/a
Geographical location	Dublin office, Nairobi office and within its programme countries

Service users	Rwanda and Kenya
Main services provided	GeSCI has developed country programmes in Namibia, India, Ghana, and Bolivia; and developed knowledge programmes to support its country partners.
Top 3 spend categories	1.n/a
	2.
	3.
Main deficit in public procurement being tackled	Capability
Top 3 key initiatives to develop public procurement capacity and capability	GeSCI provides strategic advice to Ministries of Education in developing countries on the effective use of Information and Communication Technologies (ICTs) for education and community development. Adopting a demand driven, collaborative and comprehensive approach we aim to improve the quality of teaching and learning through the strategic and effective use of ICTs, thereby transforming education, empowering communities and promoting development.

4.22 Case E - Procurement Capacity Development: Assessing Procurement Capacity - the United Nations Development Programme (UNDP) Approach

Case authors: Ejlskov-Jensen, K. & Phillips, W.

Case characteristic	Data
Type of organisation	Multilateral development organisation
Number of employees	Over 7,000
Total annual budget of organisation	Approx. USD 330 millions = Euros 245 millions (Budget for 2006-2007 biennium USD 658 million)
Geographical location	166 countries in all regions of the world
Service users	Developing countries
Main services provided	UNDP (www.undp.org) helps developing countries build and share solutions to the challenges of: Democratic Governance Poverty Reduction Crisis Prevention and Recovery Energy and Environment HIV/AIDS UNDP helps developing countries attract and use aid effectively. In all our activities, we encourage the protection of human rights and the empowerment of women.
Top 3 spend categories	Professional services Civil works Medical products
Main deficit in public procurement being tackled	Public Procurement capacity of developing country partners at organisational/institutional and enabling environment entry points.
Top 3 key initiatives to develop public procurement capacity and capability	Procurement capacity assessment approaches including articulating capacity development strategies. Promotion of increase use of national systems for procurement for aid effectiveness. eProcurement approaches for public procurement

	in developing countries
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5 Data summaries and discussion

The following chapter presents the analysis of the data. The framework for analysis presented earlier was used as a means of structuring the process and NVivo was employed to code the data. Consequently, the analysis of the data is structured around the following 5 issues:

1. The nature of the problem
2. Main actors
3. Resource issues
4. Key Issues e.g. political, cultural, social, economic, information
5. Future issues

“Other issues” was not included as the coding embraced a broad array of topics addressed during the workshop. Also, the dynamic nature of NVivo enables new codes to be incorporated, therefore any issues that had not been included in the initial list could be included as the analysis progressed and categorised under the appropriate node.

During the plenary sessions that followed each session, participants were asked to compare the cases and consider the similarities, differences and any other interesting cases as they related to the six issues employed by the framework for analysis. The plenary sessions are reported on and compared to the findings of the data analysis.

5.1 Nature of the problem

Table 2 provides an overview of the nature of the problem presented by each case. As can be seen, the nature of the problem posed by each case varied significantly. However, many of the cases do share many of the same issues and from this it has been possible to identify the follow key themes:

1. The development of public procurement as a profession
2. The use of public procurement as a lever for change .i.e. policy through procurement
3. Addressing the information imbalance
4. Delivering procurement efficiencies through structural change.

Table 2 Nature of the problem

Case	Nature of the problem
A1 A joint project for Procurement Capacity Building in the Royal Kingdom of Bhutan (Chartered Institute of purchasing and Supply)	National project delivered locally to train and develop and build human resources and transfer knowledge on tools and techniques relating to procurement best practice. The aim is to reduce poverty, ensure good governance, promote the private sector whilst preserving cultural heritage and supporting sustainable development.
B1 Public Procurement in Hungary – Potentials for Development	National, centralised approach whereby a gap relating to E commerce had been identified - a gap between use of the technology and the potential of the technology. In 1998 problems arose with the centralised system – one product, one contract. The system did not allow them to

	<p>contract with more than one supplier even though they were dealing with thousands of different institutes. E commerce was placed at the heart of the government agenda, focusing on:</p> <ul style="list-style-type: none"> • Information provision for systems approach • Support from the actors – suppliers and users • Trained people – part of day job
D1 Building Procurement Capability within a Public Sector Body – The Case of the French Atomic Energy Commission	<p>Organisation moving from 100% state funded to quasi –private, entrepreneurial – having to find 50% funding from the private sector, outside France.</p> <p>Creation of a new procurement function, 4 years ago and has to make its mark.</p> <p>Procurement used as strategic tool for firm to evolve</p> <p>Every year have to get 50 % of budget from outside the state</p> <p>Move procurement from being a procedural process towards strategic one.</p>
A2 The Irish Purchasing and Materials Management Association (IIPMMA) - Development of Undergraduate Degree by a professional organisation	<p>The need for a formal structured system of ongoing education and professional development. The National Framework for Qualifications forms the basis of a new more flexible and integrated system of qualifications. There was a drive within Ireland for such a system as society was moving towards a lifelong learning society. As such it was felt appropriate to develop a program that was positioned within the framework, and at a level that was not currently offered in the marketplace.</p> <p>A programme has been developed which aims to develop a creative and scientific approach to procurement and supply management and to place it in a strategic context within the modern organisation – again it was emphasised that a modern organisation could be public, private or not for profit. The central aim is to equip the learners with an analytical framework within which they can apply the knowledge to achieve winning solutions in their organisations. The nature of the programme and the emphasis on project work and research is designed to help the learners apply their learning creatively to real-life situations in their organisations.</p>
B2 Capacity building for the “social economy” of Belgium	<p>Capacity building for the social economy.</p> <p>The evolution of the ‘not for profit’ sector Not for profit business must be sustainable yet develop some people in order for them to leave to go into private and public sector – leaving them with less capability. Have to shift from social service mindset to social entrepreneurship</p>
C2 Public Regulations meet Private Enterprise: A Case of Spending EU Grant Support through Public Procurement (Hungary)	<p>How major changes in the regulatory environment affect public procurement decision making (Hungary joined EU on 1st May 2004 – overnight many organisations had to follow new EU regulations). A large firm had won EU grant support to complete an environmental protection project. Like many applicants they were not concerned that beneficiaries needed to follow traditional Public Procurement rules. As a private organization they had nothing to do with PP otherwise. This case study presents the difficulties and uncertainties the company faced during the procurement process as well as during the implementation of the resulting project.</p>
D2 A Flaw in the Economy: A Case Study of Women, Minority & Small Business Capacity Development Strategies Utilized by Local Governments in the U.S. & Canada	<p>While current research suggests that small and historically underutilized businesses (SHUB) development strategies have had limited impact on the economic vitality of communities, and on the capacities of specific SHUBs to enjoy lasting benefits from advantageous procurement policies, there has been little research on the effectiveness of procurement procedures on economic development for SHUBs. We propose that government contracting can be used as an effective procurement and economic development tool by including social equity in the policy evaluation matrix. The case includes a detailed examination of the relationship between the activities of procurement practitioners and economic development policies used by local governments in the</p>

	U.S.
A3 Leading Professional Development in Public Procurement: The National Role of the Australian Procurement & Construction Council	<p>The case discusses the relationship between the Australian Federal Government and states. The federal system in Australia features uneasy power sharing between the federal government and the states. Central government administers policy and funding in many public sector areas, however state governments deliver the services, creating a situation where parliament holds financial authority, yet is not responsible for delivering the services.</p> <p>In 1996 the national government decentralised procurement and abolished the Department of Administrative Services (DAS), the former centralising authority. It is now difficult to assess total procurement costs to central government agencies and there are claims that procurement activities are now valued less by public service staff. The federal government recently abolished central spend statistics and reduced the number of civil servants involved. However there is the possibility of a change of government occurring later this year and there is likely to be a national enquiry into previous decentralisation of procurement. Further details of procurement reform on the national level in Australia can be found at APCC (2003).</p> <p>A key strategy of APCC is to support professional development programmes in procurement careers paths to advance individuals in the Australian public sector up to the executive level, involving engagement of Universities and professional bodies. This is in response to concerns by the APCC that are reflected in the procurement field as a whole, of whether procurement is a discipline with professional status and further, the recognition of that profession (APCC 2006).</p> <p>There is a historical backdrop to the case problem, with the constituent states that make up Australia having existed as part of the British Empire until 1901 when Australian independence occurred and a constitution was created.</p>
B3 Alignment of the US Catholic Health Initiatives (CHI) Materials Management Leaders: Movement Toward Centralization,	<p>The case focussed on the issue of centralisation and collaboration in procurement in the US healthcare sector. It featured Catholic Health Initiatives (CHI), the second largest catholic healthcare organisation in the USA. CHI is a corporate organisation with a number of loosely affiliated healthcare facilities which act as market based organisations throughout 19 states in the continental USA. CHI have undertaken a centralisation initiative to improve performance through procurement. The central strands of the centralisation initiative are the implementation of an enterprise resource planning (ERP) system and a merger between CHI's Group Purchasing Organisation (GPO) Consortia and another GPO. The merger is aimed at improving leverage by replacing numerous local contracts by the constituent organisations of CHI and centralising procurement at the corporate level. The Changes in procurement at CHI have raised a number of issues and have not yet shown a beneficial impact on performance.</p>
C3 Evidence-based purchasing in the UK healthcare sector	<p>The case discussed change programmes in public sector healthcare procurement in the UK, with a particular focus on evidence-based purchasing. A key driver of the change programmes was the Supply Chain Excellence Programme, running between 2005 and 2007, which gave rise to three findings, namely to buy healthcare supplies better on a national level, to build a new network of procurement hubs and that logistics and much of procurement could be outsourced to the public sector in a major outsourcing deal with DHL and Novation as partners. The collaborative procurement hubs (CPHs) are tasked to deliver £270 million of savings by 2007, improve support for clinicians involved in purchasing and to encourage innovation. NHS PASA (the National Health Service Purchasing & Supply Agency) has been restructured to support these changes, including the creation of a new Centre for Evidence Based Purchasing (CEP), created by the transfer of the former Device Evaluation Agency into PASA. CEP aims to underpin</p>

	<p>purchasing decisions by providing objective evidence to support the uptake of useful, safe, innovative products and related procedures in health and social care.</p> <p>The changes are in response to a number of issues identified with NHS procurement as part of the Healthcare Industries Task Force (HITF), such as the organisation being seen as a late and slow adopter of technologies, that there is no single route of entry for new products. Not all professionals are subject to professional practice and fragmentation occurs with various levels of capacity and capability. As in other nations, clinicians can be influenced directly by suppliers. Overall, operational and commercial objectives are not necessarily aligned with healthcare objectives. Conflicting performance targets and measurement have resulted in a fragmented way of looking at value in the procurement process.</p>
A4 Coaching to world class: improving Dutch public procurement from the sidelines	<p>A preliminary enquiry into fraud in the construction sector in the Netherlands led to the establishment of PIANO. The enquiry found only 20% compliance to the EU rules. PIANO was started in 2005, to establish a knowledge network for public procurement practitioners. The aim was to:</p> <ul style="list-style-type: none"> · Develop practical knowledge · Further professionalism · Achieve value for money · Set up exchange of knowledge · Support new developments <p>The knowledge network is a virtual cluster, with a portal in PIANOo desk. There is also a physical cluster, supported by an annual congress, seminars and visits. There are account activities for provinces, municipalities and waterboards. Public procurement professionals share best practice with the virtual cluster, making their story available to others.</p> <p>The standard of capability is low in public procurement. PIANOo desk is an inexpensive way to share knowledge. Smaller municipalities don't use the portal, yet could arguably benefit most.</p>
B4 Interventions of The Public Procurement Regulatory Authority of Tanzania to Build Procurement Capacity in Tanzania	<p>The Public Procurement Regulatory Authority was established in 2005. An act was passed in 2005 which creates a complicated picture. There is a shortage of trained staff in Procurement Management Units. There is a lack of procurement knowledge, and a shortage of funds. There are overlapping efforts with various oversight agencies. There are difficulties of balancing interests of procuring entities, suppliers and service suppliers. There is a need to do what is urgent, then later what is required.</p>
C4 Building Procurement Capability in UK Government Departments: Procurement Capability Reviews	<p>Conducting procurement capability reviews across UK government. Improve capability across government departments and in central government. Shortage of senior higher level commercial skills. Need to establish current picture. Need to raise capability so it withstands current climate in public services.</p>
D4 Federal Agency on Education in Russian Federation: Perspectives and development of «EDUCATION» project in Russia	<p>Federal Agency on Education decides how money is spent across Russia. It provides services for schools, universities etc. It identifies possible points of growth, introduces new managerial mechanisms for financing educational institutions.</p>
A5 South African State Owned Enterprises (SOE): Integrated Capacity & Capability Procurement Programme	<p>The South African government is keen to use public procurement to both drive VFM & stimulate local economies to tackle social & economic issues such as unemployment & poverty. The problem is a capacity gap for procurement staff – particularly at strategic level. Other issues include:</p>

	<p>Lack of investment in infrastructure become bottleneck for sustainable economic development</p> <p>Integrate issues - need to develop an integrate procurement strategy to achieve different objectives such as economic development, social objectives (unemployment) /industry/labour policy</p> <p>Policy through procurement – using public spending to grow indigenous capability rather than importing</p> <p>Need to improve state owned enterprise’s image and competitiveness</p>
B5 Public procurement capability development in city of Imatra, Finland	<p>This case presents the issues of a small city. Procurement is decentralised and there is little control over the procurement process, which has give rise to a number of issues include:</p> <p>Lots of no-contract compliance buyers – poor contract management</p> <p>Decentralised purchasing but no purchasing guidance, no purchasing control. No quality control of purchasing.</p> <p>Purchasing staff mainly have an administrative role – absence of the ‘intellect buyer’</p> <p>Lack of education development system in Finland</p> <p>Against outsourcing in Finland – purchasing changes without job loss</p>
C5 Breaking up departmental silos: cooperating in central government procurement, the Netherlands	<p>The Dutch central government is highly decentralised and faces the following issues:</p> <p>How to manage 30 billion spend</p> <p>How can category management advance collaborative purchasing</p> <p>Reconciling/breaking up dept silos</p> <p>No strategic sourcing</p>
D5 Making procurement connections in Wales	<p>Value Wales was established in 2006, following devolution in Wales. Although value Wales is not looking to making procurement centralised it is looking at ways of introducing collaborative purchasing. This has been driven by a number of factors:</p> <p>Financial pressure and need for savings and value for money</p> <p>Purchasing is an issue on political agenda</p> <p>Low level of purchasing influence</p> <p>Increasing county councils from 8 to 22 but no skills back up</p>
A6 Developing public procurement capacity & capability: the case of the US federal government	<p>Fragmentation of the public procurement profession both in terms of the number of professional organisations (e.g. NIGP; UPPCC; NCMA etc.) and their training/capacities & capabilities – there is no generally accepted certification. There is no common body of knowledge for professionals across different sectors resulting in a terminology clash (e.g. purchasing / acquisition) and a difference between the public and /private sector. The door is “closed” to graduates as experience is needed to enter further qualification courses. Consequently public procurement professionals have a low level of formal education. Also the split between. federal, state and local government is too pronounced</p>
B6 Canada: Managing Supplier Relations	<p>The Government of Canada has observed an information imbalance between the government and its suppliers. The “problem” is three-fold with an imbalance in the outflow of information from the government to the supplier, the inflow of information that the government receives from the supplier, and internal information dissemination.</p> <p>Types of information in actual information flows and gaps include:</p> <ul style="list-style-type: none"> • Complete information on the financial, managerial and personnel make up of suppliers and their respective subcontractors. • The extent of existing relationships between suppliers and the government. • The interpersonal relationships across the department and their impact on contract administration and performance. • Lessons learned across the government on supplier performance challenges and successes. • Suppliers’ capacity to adapt to changing requirements by the government. • Knowledge of the short and long term intentions of the supplier and

	<p>their approach to the government market and their market positions overall.</p> <ul style="list-style-type: none"> • Full impact of procurement policies on the market place. • Short and long term analysis of an industry’s outlook. <p>With these pieces of crucial information missing, or not shared, the government is not making full use of its resources, nor is it positioning itself to be a better customer.</p>
<p>C6 Sourcing Capabilities as a major element in governance reform; the case of strategic procurement management capabilities at the Federal Office of Defense Technology & Procurement</p>	<p>As many internally initiated reform activities of “modern government” in Germany have failed, a more fundamental strategic approach is needed. The effect for the public procurement function is tremendous. In the “fulfilment” state model numerous procurement procedures have been operated under great long-term planning reliability in a relatively stable environment. Due to the rapid changing conditions and a high degree of uncertainty more and more former public performance processes are being contracted-out to gain flexibility and efficiency. The development towards a “responsibility” state leads to an increased procurement volume, while reciprocally the performance-depth of the public sector decreases and budgets level off. Increasing demand affects not only quantity but moreover quality and changes in the composition of different required goods and services. This resulting complexity for dept. and vendors is difficult to manage</p>
<p>D6 Total Cost of Ownership: Application of TCO tool for ICT procurement in education</p>	<p>The Technology Options project has been developed in conjunction with a number of stakeholders who include officials from a number of public sector bodies in both Africa and the United States of America. It was found that the planning and deployment of ICT’s in schools today suffers from four major problems:</p> <ol style="list-style-type: none"> 1. Planning officials, school principles and other decision makers do not emphasis or in some case even consider the educational objectives at all. ICTs are procured without any due consideration for what purpose they will actually serve. 2. Decision makers often focus purchase decisions on the ICT hardware and software and there is no consideration given to procuring the appropriate content, training of teachers, support and maintenance, which together form the end to end system. 3. Budgets only consider the immediate costs and seldom, if ever, consider the long term costs of purchasing and deploying ICTs. For example costs for replacements, disposal or even operating costs for refresher training, maintenance and technical support are often ignored. <p>ICTs are often equated with computers in laboratories. There is no consideration given to other alternative technologies. Even where there is some awareness, decision makers are still faced with a myriad of questions and complex decisions on an almost daily basis.</p>
<p>E Procurement Capacity Development: Assessing Procurement Capacity - the United Nations Development Programme (UNDP) Approach</p>	<p>In March 2005, The Paris Declaration on Aid Effectiveness highlighted the need to develop the procurement capacity of developing nations. However, although principles exist to guide public procurement, there is no global standard approach for the measurement of public procurement. Traditionally, efforts by donors to mitigate procurement risks have mainly relied on the use of Project Implementation Units (PIUs), outsourcing to procurement agents and/or stipulating use of donor systems for procurement. While these approaches can relieve short-term delivery and/or capacity issues it is recognised that their use can undermine national ownership and inhibit long-term capacity development. In addition, the change from project-focused development assistance to programmatic approaches increases the imperative to</p>

	<p>strengthen and use national systems.</p> <p>Improved public procurement capacity also impacts on economic and social results. When the fundamental procurement principles of open competition and transparency are combined with operational efficiency, reduced corruption and increased professionalism, the result is greater value for money and increased public service delivery. Public procurement is also a stimulus for growth in the domestic and/or regional private sector as the government is one of the main investors in the private sector and thus hugely influences the way that business processes evolve within the country.</p> <p>Procurement reform projects have been implemented in many developing countries, but have generally been unsuccessful. The reform programmes have usually been supported by the multilateral development banks in countries where they lend and have tended to focus on three areas: (i) legal reform (ii) reform of procurement institutional arrangements and (iii) training of procurement staff in the new law and procedures.</p> <p>Increasingly, public procurement reform projects are adopting a more holistic approach, tackling not only the formal aspects of the procurement system, but also capacity development aspects. In line with this approach, the UNDP has developed unique tools and guides to procurement capacity development and procurement capacity assessment, offering a systemic and integrated means of strengthening and optimising national or local capacities.</p>
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5.1.1 The development of public procurement as a profession

The development of public procurement as a profession was common across many of the cases, not only as a means of raising the profile of procurement, but also as a means of developing individuals with the skills and tools to position procurement within a strategic context. For example the Irish Institute of Purchasing and Materials Management (IIPMM) is involved in developing an undergraduate degree for the professional purchasing organisation, the key objective being the development of capabilities and competencies among employees necessary to bring about and sustain significant improvements in procurement performance.

In Australia, the need to support professional development in the public sector has been driven by fears that public service employees are placing less value on the role of procurement relative to other management functions; consequently there is a need to support the career development of procurement professionals to enable progression to executive level within the Australian public sector. Through professional development it was also hoped that procurement would be recognised as a profession.

Within the US federal government the factors driving professionalization of public procurement related to the need to develop a standard formal qualification for public procurement. Currently, the number of public procurement organisations and the array of different qualifications results in a lack of a formal body of knowledge across different sectors, resulting not only in difficulties in communication but also recognition of any individual's abilities and qualifications.

Both the French Atomic Energy Commission (CEA) and the Belgian case study of the social economy considered the skills set of procurement individuals as opposed to professionalization. In both cases there was a need to develop individuals and alter

their mindsets, promoting a shift from a public/social service mindset to one of entrepreneurship.

Finally, CIPS is developing training programmes in the Royal Kingdom of Bhutan to equip public sector employees with tools and techniques relating to procurement best practice. The underlying rationale is that with skilled individuals it will be possible to deliver policy objectives such as the reduction of poverty, ensure good governance and promote the private sector. This relates to the next key theme, namely the use of public procurement as a lever for change.

5.1.2 The use of public procurement as a lever for change

In addition to the Royal Kingdom of Bhutan, cases representing South Africa, Value Wales, USA and UNDP all looked at ways in which public procurement could be employed as a policy lever. The South African government is keen to use public procurement to both drive value for money (VfM) and stimulate local economies to tackle social and economic issues such as unemployment and poverty. The US case study of SHUBs looked at whether consideration of social equity during government contracting would be an effective procurement and economic development tool. As an international development organisation, the UNDP focused on assessing procurement reform programmes as a means of strengthening and optimising national or local capacities.

5.1.3 Addressing the information imbalance

Addressing the information imbalance broached a number of issues that included the transfer of information not only within organisations, but also across organisations. Common to all cases was the need to provide information in a standard format that could be easily accessible. For example, the CEA ensures that supplier assessments are made available on a national database, this assessment and frequent interaction with suppliers not only provides the CEA with a better understanding of the markets, but also provides suppliers with a better understanding of the CEA's programmes, as they evolve, and also its purchasing policy. This makes the CEA's tender process more efficient and helps suppliers develop better bids.

The Canadian government has observed that in order to develop itself as a better customer it needs to address the information imbalance, improving the flow of information between the government and its suppliers and also the flow of information across government departments.

In Hungary, E-commerce is a key issue on the government agenda, and the problem presented by the case was the difficulties relating to the development of a product and supplier catalogue using a standardised system. This requires building a common architecture and language and the development of harmonized product attributes. It is not only difficult for suppliers, the majority of which are SMEs, to provide this information electronically, but also public employees in charge of procurement see E-commerce as a part-time job have no motivation to promote it.

In the Netherlands, a parliamentary inquiry into fraud in the construction sector found an illegal network of firms 'distributing' governmental construction works among

each other for prices set in this network. The parliamentary commission looked into how such fraud was possible to discover whether the procurement rules had been applied in the right way. In response, the Professional and Innovative Public Procurement Network for Governmental Clients (PIANOO) was established. PIANOO is an organization consisting of representatives from all government levels: central, provincial, local and from the water boards. Operating as a virtual knowledge network, it aims to help governmental bodies enhance the quality of their procurement function through disseminating information, knowledge and experience regarding the correct application of procurement rules.

5.1.4 Delivering procurement efficiencies through structural change

Several of the cases looked at how different procurement structures impacted upon procurement performance. The three main structures presented were:

1. Centralised
2. Decentralised
3. Collaborative procurement

Interestingly, there was no clear agreement on the optimal approach, although countries that have recently emerged from centrally controlled regimes were keen to pursue decentralised approaches. Northern European and North American nations appeared to be considering the benefits of more centralised approaches, although as the US Catholic Health Initiative case study highlighted, a shift to a centralised approach has yet to demonstrate a beneficial impact on performance. In the UK, collaborative procurement is becoming an increasingly common means of gaining leverage and in a similar vein the Dutch central government is looking at category management as a means of developing a more flexible central government, efficiency, improved quality, a better understanding of procurement spend, compliance and a solid basis for incorporating key policy themes.

5.1.5 Plenary discussion on “nature of the problem”

During the plenary sessions, in considering the “nature of the problem”, participants were asked to consider the similarities, differences and interesting issues that arose across the cases and these are presented in Table 3. These findings are based on people’s perceptions as they related to the summaries presented by the case chairs. From the plenary discussions it can be seen that participants felt that many of the cases focus on processes as opposed to outcomes i.e. adopting and implementing approaches as opposed to what needs to be achieved and how this should be done.

As our analysis highlighted there was a focus on professionalization. However, it was felt that studies focused on either the professionalization of procurement as a whole or within specific areas such as particular sectors or departments.

Participants also felt that there was a bias towards standardised processes across the cases, although as the differences column highlights – what works somewhere may not work elsewhere.

The fourth difference is similar to the information balance highlighted by the data analysis, focusing on the need for uniform information that can easily be accessed across an organisation.

The final point recognised the need to look externally for procurement capacity and capability, for instance working with other organisations to develop the necessary skills and expertise.

The differences highlighted that many of the cases were at different stages of development and this must be acknowledged when comparing across cases. Also, the majority of cases were top down i.e. driven by policy-makers.

Finally, as highlighted earlier some cases focused on centralisation, whereas others focused on decentralisation.

The interesting issues highlighted the conflicting objectives of achieving the long-term goals against the backdrop of the shifting objectives set for them by the organisations that they serve. The participants also raised the issue of entering risk into the equation when undertaken procurement reform programmes.

Table 3 Summary of plenary discussion on “nature of the problem”

Similarities	Differences	Interesting Issues
<ul style="list-style-type: none"> • Focus on processes not outcomes • 2X camps: Professionalization &/or Competence, Capability building in specific areas • Appears bias towards standardised processes globally • What is the unit- spend, category, product, service provision? • Procurement capacity & capability may reside outside organisation 	<ul style="list-style-type: none"> • Contexts – what works somewhere may not work elsewhere • Most cases ‘top down’ but one ‘bottom up’ • Cases at different stages of development/ governance in capacity & capability building • Some centralisation, some decentralisation 	<ul style="list-style-type: none"> • Burden on procurement to satisfy organisations they serve • Role of risk in case problems

5.2 Actors

During the case presentations, the participants were asked to identify the key actors involved. In undertaking the analysis the actors were coded according to the following categories:

1. Universities
2. Central government bodies e.g. OGC
3. Professional bodies e.g. CIPS, NIGP, NEVI
4. International development/aid organisations e.g. World Bank, UN
5. Public procurement bodies
6. The third sector e.g. voluntary organisations, NGOs
7. Consultants – training as opposed to education

8. Suppliers
9. Citizens
10. Supranational bodies e.g. EU
11. Service users e.g. patients, prisoners

In analysing the data, we considered the presence of these actors across the cases (see Table 4). From Table 4 it can be seen that central government bodies featured most prominently, having been identified as key actors in 16 of the 22 cases. Professional bodies also featured strongly and were cited as key actors in ten of the cases. Service users, consultants and suppliers appeared in six of the cases, closely followed by universities, which appeared in five of the cases. International development agencies were less frequently mentioned, appearing in only three of the cases. Interestingly, procurement bodies were only mentioned in two of the cases, but this may be attributed to the fact that public procurement bodies tend to operate as central government advisory agencies and consequently were coded as such. The remaining categories were only cited once.

Table 4 Main actors cited in the cases

Main Actors	Number of cases cited in
Central government bodies	16
Professional bodies	10
Consultants	6
Suppliers	6
Service users	6
Universities	5
International development/aid organisations	3
Procurement bodies	2
The 3 rd Sector	1
Citizens	1
Supranational bodies	1

Although it is difficult to develop strong assumptions from the cases, due to the sample size and the contextual variety, it is clear that central government bodies play an intrinsic role in building public procurement capacity and capability. Ministries of Economic Affairs and Finance were most frequently cited, identifying the value that may be accrued through building the capacity and capabilities of public procurement and implementing legislation/directives that would require an increase in public procurement capacity and capability. Public procurement bodies such as OGC, APCC, and the Hungarian Council for Public Procurement were responsible for bringing about change, ensuring that objectives are achieved through the development of the appropriate approaches.

Professional bodies were seen as an important means of raising the capabilities of public procurement professionals through the provision of training and formally recognised qualifications and for developing nations were employed as a means of introducing and promoting procurement best practice. CIPS was frequently cited and recognised as offering a globally recognised code of procurement practice.

Consultants also played an important role in training procurement professionals and, for example in the Finnish case, which looked at the development of public procurement capability, consultants were seen as an external source of expertise.

Service users were discussed in terms of outcomes i.e. the impact upon procurement reform programmes on service users. Few cases discussed the role of service users in the actual process of developing and implementing procurement programmes. The UK evidence based purchasing (EBP) case did address this aspect, discussing the challenge of involving patients in the evidencing process, very little of which has occurred so far.

Although suppliers were mentioned as key actors in six of the cases it was in terms of difficulties of engaging with suppliers as opposed to the central role that they played. For instance, an initiative by the Hungarian government to develop E-solutions encountered difficulties in obtaining information from suppliers. Similarly, the US case looking at the effectiveness of procurement procedures on economic development for small and historically underutilized businesses (SHUBs) discussed the difficulties in identifying and engaging with tier three SHUB suppliers. In another US case looking at centralisation and collaboration in procurement in the US healthcare sector, the problems of implementing central contracts, particularly the creation of local contracts between materials managers and suppliers were highlighted.

Universities were seen as playing a central role in developing and offering formal qualifications for purchasing and supply professionals. However, cases suggested that they were competing in the same market as professional bodies and the roles of universities versus professional bodies were not clearly defined. Many of the cases such as that of the APCC and the IIPPM identified the role of universities in the development of procurement professionals, but also recognised that universities and professional bodies are also competing with each other for business. The UK case on EBP also mentioned that, in the UK, there is currently relatively low demand for higher education offerings that are solely on procurement, suggesting the need for universities to offer broader programmes that embrace the field of purchasing and supply as well as other business areas.

5.2.1 Plenary discussion on “main actors”

In the plenary discussion it was noted that professional organisations featured in many cases, highlighting the role they played in providing training and support. It was noted that external sponsors were often similar. Focusing on developing nations, it was noted that the same international development agencies featured across the cases e.g. the World Bank, DFID and the UN. The role of universities was seen to differ across cases and discussions centred on their role as educators offering formal graduate courses and an understanding of theoretical developments as opposed to their role as trainers and providers of executive development courses.

The role of government agencies was discussed in terms of the levels at which they operate and that, across cases, this varied from national, regional to local. The differing role of consultants was identified i.e. trainers versus solutions providers. It

was also noted that in some cases the EU was a key stakeholder, but in others little attention was paid to the EU and EU legislation.

The boundaries of organisations also differed; some operated at an international level and were responsible for implementing international procurement capacity and capability programmes e.g. the UNDP case, whereas others, such as the Finnish case study on developing procurement capability in the city of Imatra, operated at a local level. This related to the interesting issue of size - participants felt it is easier to achieve results if the central organisation is of a manageable size.

Table 5 Summary of plenary discussion on "main actors"

Similarities	Differences	Interesting Issues
<ul style="list-style-type: none"> Professional organisations External sponsors often similar 	<ul style="list-style-type: none"> Role of Universities (educator v trainer) National/ regional/ local level depts. & agencies Boundaries of organizations Consultants in some EU in some 	<ul style="list-style-type: none"> Size matters- if manageable, easier to get results

5.3 Resource issues

During the case presentations, the participants were asked to identify the key resource issues. In undertaking the analysis the data were coded into the following categories:

1. Funding – financial support
2. Information - clear communication and effective distribution, sharing of facts and data/availability of this information
3. IT – availability of effective compatible systems which support clear communication
4. Time – availability of time to carry out objectives
5. HR - staff
 - a. Education, training & development – availability of courses to support staff development
 - b. Qualifications/skills – staff with suitable ability
 - c. Recruitment – enlisting new staff
 - d. Retention – keeping existing staff
 - e. IT – staff with sufficient IT skills

Human resource issues featured most prominently and it must be noted that there was wide variety in the number of staff employed by the representative organisations ranging from 4 to 14,000 employees. The top three resource issues, in terms of frequency of occurrence across the cases were:

1. Education, training and development
2. Qualifications and skills
3. Funding

5.3.1 Education, training and development

In the majority of cases, the focus was on the need to educate and train procurement professionals; this issue was highlighted for a number of reasons including:

- Developing individuals with an understanding of best procurement practice
- As a means of developing strategic thinkers who could deliver policy/strategic objectives
- To raise the profile and credibility of procurement as a profession.

Within developing nations such as Tanzania, the Royal Kingdom of Bhutan and South Africa, the training of procurement professionals was seen as an intrinsic means of achieving social and economic development. For instance, in South Africa, it was felt that with skilled procurement professionals it would be possible to pursue policy objectives such as VfM and to stimulate local economies to tackle issues such as unemployment and poverty.

In the Royal Kingdom of Bhutan, training programmes are delivered locally to develop and build human resources and transfer knowledge on tools and techniques relating to procurement best practice. The aim is to reduce poverty, ensure good governance, promote the private sector whilst preserving cultural heritage and supporting sustainable development.

5.3.2 Qualifications and skills

The UK OGC case and the Australian APCC highlighted the need to develop individuals with top level skills that could advance to positions at an executive level. Both cases highlighted the need to employ and develop qualified and highly skilled individuals as a means of raising the profile and credibility of the profession. This was also discussed in the French CEA and Value Wales cases. The study of the development of E-solutions in Hungary mentioned that E-commerce was seen as “part of the day job”; recruitment and training of skilled individuals was presented as a means of implementing change and bridging the gap between the use of the technology (E-solutions) and the potential of the technology.

5.3.2.1 Funding

Funding was also seen as a major resource issue, although shortage of funding was commonly acknowledged, it was a major issue for developing nations who were highly dependent upon external sources of funding, especially from external development agencies such as the UN, DFID and the World Bank. Cases presented from nations that have recently joined the EU, such as Hungary, were keen to target the EU for funding. In many cases, organisations were centrally funded, although there appears to be growing pressure on organisations to earn their own income e.g. the CEA case and the Belgian case study; the CEA has to generate 50% of its income from the private sector.

5.3.3 Other resource issues

In terms of recruitment, the APCC case also highlighted that in five years time one in five procurement professionals will have retired, emphasising the need to develop qualified individuals. This was also cited as an issue in the Dutch study of central government procurement. In Australia, training incentives have been offered such as a contribution of fees for the first half of an executive MBA. The French CEA case highlighted the need to employ individuals with mixed skills sets who could address different aspects of procurement; the CEA recruits four types of individuals: business school graduates, those with a legal background, purchasing professionals and personal assistants (PAs). PAs were seen as an important means of bringing people together from different departments and backgrounds and of maintaining a network of appropriate experts.

Difficulties retaining individuals were also cited. The Value Wales case identified the need to attract and retain high quality staff. The Belgian case study and the APCC case acknowledged that in training up people with the desired skill set there was a risk that these individuals might be lost to the private sector, resulting in less capability.

Information technology was not commonly mentioned as a resource issue within the cases, although there was acknowledgement of the need to develop a standardised approach with a common architecture and language and the Hungarian study on E-commerce highlighted the need to train individuals with the necessary skills.

5.3.4 Plenary discussion on “resource issues”

The plenary discussions at the end of each session (see Table 6) noted the prominent role played by the World Bank in funding procurement programmes in the developing nations. The differences noted focused on organisational differences, in terms of the variation in knowledge and training capacity of the represented organisations and also the number of employees and organisational spend.

An interesting issue raised in discussion centred on whether Chief Procurement Officers (CPOs) should be procurement professionals and the need to make procurement part of general management studies programmes.

Table 6 Summary of plenary discussion on "Resource issues"

Similarities	Differences	Interesting Issues
<ul style="list-style-type: none"> World Bank driver (+/-) in developing cases 	<ul style="list-style-type: none"> Knowledge, training capacity of professional orgs in some cases Staff: approx 4 to 500,000 Spend: up to & over US\$2tr 	<ul style="list-style-type: none"> CPO should be procurement professional, procurement should be part of general Management education

5.4 Key issues

As mentioned earlier the key issues were grouped into four main categories each of which had sub-categories (see Table 7):

1. Environmental

- 2. Managerial
- 3. Structural
- 4. Operational

Table 7 Key issues - the sub-categories

1. Environmental	2. Managerial	3. Structural	4. Operational
<ul style="list-style-type: none"> - Political - Cultural - Social - Economic - Sustainability - Regulation/legislation 	<ul style="list-style-type: none"> - Credibility - Leadership - Corruption - Non-compliance - Power - Governance - Knowledge <ul style="list-style-type: none"> - Sharing - Protection 	<ul style="list-style-type: none"> - Centralised - Decentralised - Privatisation <ul style="list-style-type: none"> - PPP - PFI - Collaborative purchasing 	<ul style="list-style-type: none"> - Outsourcing - SMEs - Institutional - Models/tools - Suppliers - Procurement practice/approach <ul style="list-style-type: none"> - Efficiency / Value for Money - Innovation - Best practice - EBP - Targets - Decision-making - Contracting issues - image - Performance <ul style="list-style-type: none"> - Process - Outcome - Measurement - Broader value objectives

The following section presents the findings as they relate to each of these four sub-categories.

5.4.1 Environmental issues

The key environmental issues related to political, cultural and regulatory/legislative factors. The remaining issues related to social, economic and sustainability issues and following coding, data arising to these issues referred to them in passing and were of no empirical significance. Consequently, this section shall focus on the three key environmental issues identified during the analysis.

5.4.1.1 Political issues

In terms of political issues it was evident that the initiation and implementation of procurement programmes required strong political support. Increasingly, procurement is being employed by politicians as a driver for change. For example, the German Federal Office of Defence Technology and Procurement has become a major element in governance reform; a previously rule-based procurement system is being transformed into a long-term strategic system, in order to achieve the government’s objective of transforming Germany into a “responsibility” state.

Similarly the UK OGC case, the Hungarian study of E-commerce, the CIPS partnership with the Royal Kingdom of Bhutan and the South African State Owned

Enterprises (SOE) Integrated Capacity & Capability Procurement Programme all saw public procurement being placed at the heart of the government agenda. In the UK OGC, the Value Wales and South African cases public procurement was seen as a key means of driving VfM. In the UK, Procurement Capability Reviews (PCR) will assess how far procurement in central government meets the demanding standards required to deliver value for money now and in the future. In Hungary, public procurement is being employed as a means of bringing about modernisation, to address the perceived gap between the potential of E-technology and its use in Hungary. In South Africa, Wales and the Royal Kingdom of Bhutan, public procurement is employed as a means of achieving social and economic objectives. In South Africa procurement is seen as a means of stimulating local economies to tackle social and economic issues such as unemployment & poverty whereas in the Royal Kingdom of Bhutan, public procurement is being used as a means of supporting the nations move towards democracy and bring about improved quality of life and private sector growth.

Several cases also highlighted the pressure that politicians are placed under to demonstrate how public money is being spent. This in turn places pressure on public procurement which must show that they are using their resources intelligently. In Australia, a public enquiry into government procurement activities since 1996 has fuelled tensions surrounding the debate on centralisation versus decentralisation, regarding which approach delivers optimal performance. In developing countries such as Tanzania, there is a need to demonstrate how funds from developmental agencies have been utilised as donor agencies often provide funds, but under certain conditions which outline how the funding should be used. In line with this, the UNDP case highlighted that procurement reform projects such as those supported by the multilateral development banks have tended to focus on three areas: (i) legal reform (ii) reform of procurement institutional arrangements and (iii) training of procurement staff in the new law and procedures. The UNDP case went on to show that such programmes are generally unsuccessful, if progress is to be achieved a more holistic and systemic approach needs to be adopted that offers an integrated means of strengthening and optimising national or local capacities.

5.4.1.2 Cultural issues

The introduction of programmes aiming to enhance procurement capacity and capability often gave rise to cultural issues as organisations introduced structural changes and new approaches. Issues tended to relate to either:

1. Fear of losing cultural heritage

Or

2. Recognition of the need to adopt a new cultural ethos.

The first issue, fear of losing cultural heritage, tended to relate to the introduction of procurement initiatives in developing countries, whereby an external organisation such as CIPS or the World Bank would be involved in supporting change programmes, whether it be through training (CIPS) or funding (World Bank). In the case of the Royal Kingdom of Bhutan, CIPS had been invited to develop an understanding of procurement best practice. During the presentation, it was

recognised that, in order to retain Bhutan's cultural identity, there was a need to align any approaches with Bhutan's cultural ethos. The case highlighted the risk of "intellectual colonisation", where external organisations attempt to implant their norms and values into a society and identified the need to find a balance between Western standards and local values and behavioural patterns.

Similarly, the UNDP and the Tanzanian case drew attention to the influential role that external sponsors may have upon procurement reform programmes. The UNDP case discussed how, traditionally, efforts by donors to mitigate procurement risks have mainly relied on the use of specialist project units, outsourcing to procurement agents and/or stipulating use of donor systems for procurement. While these approaches can relieve short-term delivery and/or capacity issues it is recognised that their use can undermine national ownership and inhibit long-term capacity development. It was suggested that procurement programmes should aim to strengthen and use national systems in a coordinated and systematic way. The approaches employed will depend on a country's context, its stage in the reform process and the objectives driving the reform process and should go beyond simply the delivery of training programmes.

Other cases focused on the need to adopt a new cultural ethos - it was notable that countries emerging from a communist, centralised regime were keen to embrace a more decentralised, free-market approach, but found that they were hindered by individuals who were embedded in the "old ways" of working. The French CEA case and the Belgian study of the social economy sector both emphasised the need to develop a more entrepreneurial approach as a means of countering the pressure to acquire more external funding. The CEA has overcome this through employing individuals with a variety of different skill sets and also recruiting young graduates who had not had the opportunity to become embedded in past practices. It was also felt that such a cultural change would improve suppliers' perception of the CEA.

The Belgian case recognised that it is difficult to recruit entrepreneurs from outside, since the majority are used to much higher salaries and are therefore difficult to find. The case proposed the internal recruitment of social economy entrepreneurs and for some years a number of training programs and initiatives for social economy managers have been set up to meet this demand, although this is allied with the risk of losing these managers to the private sector.

Finally, the move towards a new cultural ethos often gave rises to clashes between different stakeholder groups. This was particularly evident in the US Catholic Health Initiative, which discussed how there were fears that clinicians and suppliers would feel alienated if any changes were implemented and that staff would leave, perceiving their new roles as being more operational than they were in the past.

5.4.1.3 Regulatory and legislative issues

Several of the cases noted the influence of regulation and legislation upon procurement programmes. The majority of European cases made reference to the EU procurement directive, noting how its transposition varies across nations and the impact this has on procurement capacity and capability. However, the Dutch PIANOo, the French CEA and the Hungarian study of E-commerce all discussed how the EU directives could be employed more creatively, with both PIANOo and the

CEA looking at ways in which EU countries could work together under the directives. PIANOo highlighted how information could be usefully exchanged whereas the CEA looked at the notion of shared tenders amongst EU procurement organisations.

Other cases highlighted the difficulties procurement organisations faced operating at different levels of government – each level operating under its own regulatory regime. The US study of SHUBS looked at the perceived effectiveness of local policies and the influence of Federal and state government. The study found that procurement policies are rarely synchronized among public agencies, even those within a particular county, creating confusion in the business community. It was suggested that successful public procurement policies are those that are coordinated with economic development strategies and that procurement professionals may have to become more actively engaged in policy development and implementation. However, discussions following presentation of the case raised the issue that closer involvement may increase the risk of procurement bearing the blame for any errors made by the politicians.

The APPC study also noted the tensions that exist between Federal and State regimes. The study discussed the relationship between the Australian Federal Government and the states. The federal system in Australia features uneasy power sharing between the federal government and the states. Central government administers policy and funding in many public sector areas, however state governments deliver the services, creating a situation where parliament holds financial authority, yet is not responsible for delivering the services. It was suggested the difficulties that have arisen may be overcome if a uniform agreement on the status of public procurement could be achieved.

The Tanzanian case discussed the difficulties of donor organisations imposing their own regulatory structures upon developing nations, resulting in complexity and non-compliance as organisations struggled to align their approaches with externally derived regimes, particularly when the government mandate on procurement regulations are not supported by sufficient staffing, finances or resources.

5.4.2 Managerial issues

Two key managerial issues were identified during the analysis of the data:

1. Non-compliance
2. Knowledge sharing

The remaining issues gave rise to no significant findings and consequently are not presented in this section.

5.4.2.1 Non-compliance

Several of the cases noted the low level of compliance across organisations; the PIANOo case study showed that in the Dutch construction industry there had been, at one point, only 20% compliance to the EU rules. Non-compliance was particularly evident in the Tanzanian PPRA case study; the PPRA is investigating why organisations are not complying, so that it can offer advice and develop solutions.

In the US CHI case it was noted that the national level organisation has limited authority to force the local level organisations and procurers to use framework contracts. Further, managers are hired and fired at the local level and not by CHI on a national level. These factors make it challenging to develop a coordinated business strategy. Healthcare professionals also have a strong influence, consequently, excessive local autonomy in procurement decision making and contracting has diminished the scale of procurement occurring at the centre and therefore the leverage gained.

5.4.2.2 Knowledge sharing

Five of the cases referred to issues related to knowledge sharing. The cases highlighted the need to share information amongst organisations in a standardised manner that is widely understood, although the Dutch study on central government procurement acknowledged the difficulties associated with transferring information across departmental boundaries.

Another Dutch case, that of PIANOo, discussed how PIANOo chose not to operate as a knowledge centre, but as a knowledge network ‘mobilizing’ experts and expertise where and when needed through networking. Networking occurs both virtually and physically. Physical networking consists of conferences, workshops, personal meetings and the like. Virtual networking is done by means of IT: the portal on the Internet and the PIANOo desk: a confidential, virtual discussion platform where professionals exchange knowledge and share experiences.

The PIANOo case study went so far as to suggest that information held by the network should be shared amongst different EU organisations. It was also suggested that such information sharing could be exported or copied in other countries, as procurement practitioners all face common issues, although practitioners in different countries must interpret information according to their own contexts.

5.4.3 Structural issues

The central issue relating to structure focused on the debate on which organisational structure was delivered the optimal performance benefits: centralisation or decentralisation. Some cases also looked towards collaborative purchasing approaches; the issue of privatisation gave rise to no significant data.

5.4.3.1 Centralisation versus decentralisation

Many of the previous sections have referred to centralisation and decentralisation, highlighting the move of new EU member nations away from a centralised regime towards one that is decentralised as opposed to the move by Western European and North American organisations towards more centralised or collaborative approaches.

The CHI case focused on the issue of centralisation and collaboration in procurement in the US healthcare sector; the CHI has undertaken a centralisation initiative to improve performance through procurement. The central strands of the centralisation initiative are the implementation of an enterprise resource planning (ERP) system and a merger between CHI's Group Purchasing Organisation (GPO) Consortia and another GPO. The merger is aimed at improving leverage by replacing numerous local

contracts by the constituent organisations of CHI and centralising procurement at the corporate level. The changes in procurement at CHI have raised a number of issues and have not yet shown a beneficial impact on performance.

Discussions following the CHI presentation centred on ways to enforce a centralisation policy. A key suggestion was that a successful policy would not require enforcement from the centre, but peer pressure amongst the market based organisations, so that should a hospital step out of line, the others cry foul and encourage compliance.

The discussion also noted the often cyclical nature of centralisation and decentralisation and the number of similarities between the CHI and the Irish healthcare sector. In both cases centralisation has been built on the back of a technical solution that was available, in the case of CHI this was the Lawson ERP system and in Ireland a SAP ERP system. It was also noted that that CEO commitment is essential to make an initiative such as centralisation a success.

The APCC presented the problems arising from decentralisation. In 1996 the Australian government decentralised procurement and abolished the Department of Administrative Services (DAS), the former centralising authority. According to the case study, it is now difficult to assess total procurement costs to central government agencies and there are claims that procurement activities are now valued less by public service staff.

5.4.3.2 Collaborative purchasing

It was apparent that several nations are looking towards collaborative purchasing as a means of leveraging procurement capacity and capability, with the CHI, Value Wales, the Dutch central government and English NHS cases all reporting on initiatives to develop collaborative purchasing arrangements.

Within the English NHS there are now ten collaborative procurement hubs (CPHs) set up, at varying stages of development, covering a large number of NHS Trusts, the local level organisations that commission healthcare in the UK. A key driver of the change programmes was the Supply Chain Excellence Programme, running between 2005 and 2007, which gave rise to three findings, namely to improve the purchasing of healthcare supplies at a national level, the building of a new network of procurement hubs and the outsourcing of logistics and much of procurement DHL and Novation. The collaborative procurement hubs (CPHs) were tasked to deliver £270 million of savings by 2007, improve support for clinicians involved in purchasing and to encourage innovation.

The CHI case discussed how many hospitals under the CHI umbrella have been trying to use regional collaborative procurement hubs for procurement. However the merged Group Purchasing Organisation (GPO) set up as part of the procurement centralisation initiative is not seen as a co-sourcing contractor, but as an outsourcing customer. Consequently, there is a debate around whether a formulary or capitulated model is preferable.

The Dutch study of central government identified the need for a sound, strong procurement organisation, posing the question of “how to reconcile departmental silos?” promoting a shift towards more collaborative purchasing arrangements. Category management was identified as the key building block for achieving the desired procurement infrastructure. The essence of category management is devising a strategy for dealing with a specific type of product or service. Ideally, this would cover the entire life-cycle of that product, from the time of purchase until it is replaced.

The organisation of category management is based on a division of tasks and specialisation, not centralisation. It is not the intention to set up a new Rijks Inkoop Bureau (Central Procuring Unit). Categories would be allocated to the departments that are best suited to accommodate them. This may be a ministry that spends a significant amount on the product group in question, or which has excellent knowledge of the product because of its primary task. For example, the category manager for energy could reside within the Ministry of Defence (the largest buyer of energy) and the category manager for communication could be assigned to the Ministry of General Affairs, the smallest procuring department, but nevertheless the department housing the Netherlands Government Information Service. Specific procurement will remain the domain of the departments. Procurement groups within departments will therefore not disappear (with the exception of smaller departments that decide to throw in their lot with the larger ones).

Value Wales’ vision is to “help the public sector make the best use of its resources” and one of its key objectives is to improve collaborative working by promoting and supporting changes in the way in which services are organised and delivered; encouraging and facilitating collaborative arrangements and shared services to improve service delivery and maximise value for money.

Value Wales has been actively involved in a variety of collaborative initiatives. It has already let or facilitated collaborative agreements that by April 2007 have realised savings for the wider public sector of £32.29M; and has a number of new projects underway. Most of these collaborative initiatives take the form of ‘lead-buying arrangements’, where procurement exercises are carried out by one organisation, for example a Local Authority or consortium. Once in place, contracts (and the relationships with suppliers) are sometimes managed by the same organisation and ‘customer focus groups’ are used as representatives of the internal customers and purchasing departments from each of the different sectors. Value Wales however has often taken the lead in most operational and organisational elements such as the contract negotiation, contract management, liaison with key stakeholders, coordination and measuring savings. Following the case presentation, discussions highlighted the need for strong leadership and clear policy directives and the development of meaningful performance indicators that would demonstrate the benefits of collaborative procurement arrangements.

5.4.4 Operational issues

As can be seen from Table 7, operational issues covered a wide range of factors, however the analysis found very little significant data relating to operational issues.

The main issues identified were SMEs, EBP, performance and the image of procurement.

5.4.4.1 SMEs

Several cases referred to the need for closer engagement with SMEs, citing the size of public procurement contracts as an obstacle, since large contracts tend to discourage SMEs from bidding. Currently, the CEA is working on developing better working relationships with innovative SMES. The CEA not only wants to increase its proportion of purchases negotiated with local SMEs from 15% to 25%, but also to promote technology transfer, develop licensing agreements and enable the use of heavy equipment.

Hungary has a high proportion of SMEs, but very few of these engage directly with public procurement organisations. The experience of the Directorate of Central Services (DCS) is that the suppliers participating in the centralized public procurement system (85% of them are SMEs) are not prepared for electronic public procurement. The aim of DCS is to facilitate co-operation with Hungarian SMEs. However, as in the Irish study on education and professional development, SMEs simply do not have the time to engage in training programmes, despite, as highlighted by the Belgian case on the social economy, the need for skilled individuals with an understanding of procurement.

5.4.4.2 Evidence-Based Purchasing (EBP)

Several of the cases (e.g. The US study of SHUBs, the US CHI and the UK study of EBP) picked up on the increasing need for evidence, particularly within the healthcare sector. In the US, there are many new products with implications for patient safety. There is a necessity to involve clinicians in this process and the regulatory environment in the area frequently changes with the outcomes of court cases on product safety and patents. This is linked to concerns of evidencing the value of new products.

The development of evidence-based purchasing in the NHS is currently at an early stage, but a new Centre for Evidence Based Purchasing (CEP) has recently been established. CEP aims to underpin purchasing decisions by providing objective evidence to support the uptake of useful, safe, innovative products and related procedures in health and social care.

A key issue is developing a new benefits framework which is broader than the traditional stance of looking solely at financial savings. The new framework will need to look at new types of measures related to issues such as sustainability, or even improved patient outcomes through procurement, a particularly challenging area. Whole life costs, quality of life measures could also be involved in a new concept of value that will be evidenced, highlighting a further challenge of compiling different performance measures.

CEP itself is struggling with how to define value as described above, in a broader way than its traditional technical evidence role. Initial work suggests that value can be related to efficiency or broader outcomes, and can be evidenced on many levels, further complicating the picture of trying to understand and evidence value. CEP also requires enthusiastic champions of the broader value framework, while the capacity

and capability of staff in Trusts and CPHs to use evidence may require an increased focus on training, as also described in other cases.

5.4.4.3 Other operational issues

Across the cases there was some reference to performance. The Value Wales case emphasised the need for meaningful performance indicators and this was mirrored by the APCC case which identified a growing focus on outputs as opposed to processes, although the SHUB case study emphasised the need to focus on outcomes as opposed to outputs i.e. not simply the creation of new jobs, but also the nature of these jobs.

Finally, both the CEA and Value Wales identified the need to improve the image of public procurement. For Value Wales an improvement in the level of professionalism across procurement in Wales and achievement of the set efficiency targets would underline the strategic influence of procurement. This was reinforced by the CEA; here it was suggested the image of procurement could be enhanced through measurable results and also through developing a close relationship with the CEO of the organisation.

5.4.5 Plenary discussion on “key issues”

As can be seen from Table 8, the plenary discussion on key issues drew many parallels to the findings derived from the analysis of the data. Similarities between cases that were identified also included professionalization, lack of compliance and client resistance. Further issues identified during the discussions included the legal ramifications of knowledge sharing, the management of high network complexity the measurement of value versus broader objectives.

The participants noted a difference between how public procurement organisations perform i.e. a focus on procurement process as opposed to a focus on outcomes. It was also noted that in some cases public procurement is employed as a means of achieving government objectives whereas in others it is seen as a means of delivering a service.

Interesting issues raised included observation of the move towards EBP and how this could be undertaken. It was recognised that procedures are easy to measure, but how do organisations set about measuring strategic issues? It was also noted that despite efforts to overcome departmental silos, they still exist. Furthermore, although the cases emphasised the role played by different actors, it was still not clear how interactions between these actors could be developed and enhanced. Finally, it was acknowledged that performance is interpreted differently, what the end customer deems important may not tally with the buyer’s perception.

Table 8 Summary of plenary session on "key issues"

Similarities	Differences	Interesting Issues
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<ul style="list-style-type: none"> • Values of procurement (mindset) • Professionalisation • People motivation/ alignment • What & who drives change needs to be understood • Lack of compliance • Tension between economic & broader social objectives • Legal issues of sharing knowledge/ confidentiality of network • Client resistance, physicians acting as barrier in health sector • Managing high network complexity • Measurement of value for money v broader objectives • Internal/ external stakeholder management • Political agenda as a driver, now all cases have strong involvement for procurement in policy issues • Competency & capability development beyond education into: Institutional reforms/ incentives, Leadership capacity, Education/ training/ learning, Accountability & voice mechanisms • Gaps between strategic & operational levels re implementation 	<ul style="list-style-type: none"> • Performance of public procurement process (compliance) v public procurement outcome (performance) • Purpose of public procurement: contributor to government objectives or contributor to service • S. Africa strong national strategy v general level of acceptance of procurement 	<ul style="list-style-type: none"> • Easy to measure procedures, but how to measure/ evidence strategic issues? • Silos still exist • How to develop interlinks between different players (inc. academia & practice) • Performance different to buyer & end customer
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5.5 Future issues

As with current key issues, future issues were coded for under the four main categories of environmental, managerial, structural and operational issues. No significant data was retrieved during analysis of the operational and structural issues; consequently these sub-categories are not discussed in this section.

5.5.1 Environmental issues

Future environmental issues confronting the participating organisations were centred on cultural and regulatory/ legislative issues.

Culturally, the need for a common understanding of public procurement was identified, but it was also recognised that this also gave rise to further problems, namely the need to address the cultural needs of individual nations and, indeed, as the Canadian study of supplier relations identified, the cultures of different organisations and departments. The e-Schools and Communities Initiative (GeSCI) highlighted that it is necessary to understand the context of a country – the problems facing African countries are very different to those confronting European nations. This was

reinforced by the CIPS partnership with the Royal Kingdom of Bhutan which recognised the importance of retaining a nation’s cultural integrity and identity.

Future regulatory and legislative issues focused on EU directives, both the CEA case and the Belgian study of the social economy perceived the EU directives in a positive manner, as a means of creating new opportunities, provided the directives were employed in a creative manner.

5.5.2 Managerial issues

Key managerial issues for the future identified during the analysis focused on credibility and leadership. It was recognised by several of the cases that if the credibility of procurement is to be improved, there is a need to professionalise the procurement community both through membership of professional bodies such as CIPS and NIGP and through education, training and development.

Both the IIPMM and the APCC case studies raised the need to position the profession. The APCC case discussed whether procurement is a profession in a classical sense, akin to those such as accountancy, law and medicine, or whether comparisons should be made with disciplines or fields such as marketing and human resource management. Controversy also surrounds whether degrees or membership of a professional body such as CIPS should give an individual the right to practice as a procurement professional, the latter usually being the case in the accountancy profession for example. The case made the point that professional development is needed at all levels of the developing field or 'profession', however there are different implementation challenges at each level.

The importance of strong leadership was also identified as a future issue by the CEA, Value Wales, the Dutch central government, the CHI and the English NHS cases. Both the CEA and CHI cases emphasised the importance of CEO commitment and the study of EBP and the English NHS recognised the need to develop champions who would lead and promote new initiatives.

5.5.3 Plenary session on “future issues”

As with the data analysis, the plenary session did not identify a significant number of future issues. However, as discussed above participants identified the need to enhance and promote the image of procurement; the impact of changes in the political environment in driving procurement objectives was also identified. Finally, the difficulties in tackling the day job in parallel with achieving long-term development were recognised.

Table 9 Summary of plenary session on “future issues”

Similarities	Differences	Interesting Issues
<ul style="list-style-type: none"> • Lots to do in short space of time, make difference today, yet also do long term development • Future political changes may influence drivers • Image of procurement 		

5.6 Other issues

As mentioned earlier, “other issues” were not coded for as the list of nodes covered a sufficient range of topics and any new issues could be incorporated during the analysis and categorised under the appropriate tree node. However, during the plenary sessions, participants were asked to raise any issues that they felt had not been included in previous discussions and these are presented in Table 10.

During the discussion the need to share knowledge was emphasised, yet participants questioned how this should be undertaken. For instance is there a need to develop a shared taxonomy and shared databases? Also, as previous discussions highlighted, procurement still suffers from an image problem and there is a need to enhance and develop its credibility as a profession.

As the analysis showed, the political environment has a significant influence on public procurement, yet few of the cases actually mentioned the role of politicians, despite the closeness of elected officials in procurement decisions.

Interesting issues discussed again focused on the need to develop procurement as a profession; the means for doing this included building a resource base and a common body of knowledge. However, it was noted that all the participants had attended the workshop as they all had a shared interest in procurement. Consequently, it was only logical that they would express a need to develop procurement as a profession and as a field of study.

Finally, it was also noted that the majority of cases centred on the current and future states of play, overlooking the success and failure of initiatives. It was felt that much could be learnt through the study of successful and failed programmes.

Table 10 Summary of plenary discussion on "other issues"

Similarities	Differences	Interesting Issues
<ul style="list-style-type: none"> • Virtual community – how to share knowledge (databases, taxonomy?) • Politicians rarely mentioned, yet need their engagement to drive change • Closeness of elected officials • Image problem for procurement 		<ul style="list-style-type: none"> • Concept of professionalism, need to build resource base, body of knowledge • We are all because we are interested- tautological? • Lots of work on current & future state of cases, yet little on success/failure, consequences of actions & performance measurement

Summary and conclusions

This final section of the report presents a summary of the key findings relating to the data analysis, a summation of the key issues identified by the participants during the final plenary and concluding comments

5.7 Summary of key findings

5.7.1 Nature of the problem

Despite variation across the cases, particularly contextually, four recurrent themes were identified during the analysis:

1. The development of public procurement as a profession
2. The use of public procurement as a lever for change .i.e. policy through procurement
3. Addressing the information imbalance
4. Delivering procurement efficiencies through structural change.

The development of public procurement as a profession was common across the majority of the cases and was perceived as a means of not only raising the profile and credibility of procurement, but also as a means of positioning procurement strategically.

The use of public procurement as a lever for change was evident in several of the cases. The use of procurement as a policy lever was particularly pertinent in developing nations e.g. The Royal Kingdom of Bhutan and South Africa, where procurement was employed as a means of bringing about social reform. However, it was noted in such situations, procurement is faced with the difficulties achieving immediate short-term economic objectives against long-term social goals.

In addressing the information balance, a number of issues were discussed which included the need to enable the transfer of information both inter- and intra-organisationally, the need to develop a common, standardised format and the need to improve the way in which procurement knowledge and understanding is disseminated.

The influence of procurement structure upon performance was also considered by some of the cases. Overall, three structures were considered:

1. Centralised
2. Decentralised
3. Collaborative procurement

There was no consensus on the optimal approach, although it was interesting to note that nations recently emerged from centrally controlled regimes were more prone towards decentralised approaches. Northern European and North American organisations looked to be moving towards more centralised and collaborative structures.

5.7.2 Main actors

Due to contextual variety and the sample size it was difficult to draw solid findings from the cases. However it was clear that central government bodies play a key role in building public procurement capacity and capability, particularly in terms of employing procurement as a means of achieving policy objectives.

Professional bodies were identified as a common means of building the capabilities of public procurement professionals through training and the provision of formally recognised qualification.

Other key players identified included consultants – as an external source of expertise; service users – in terms of the difficulties of enabling their involvement in procurement processes and suppliers, focusing on the difficulties of supporting supplier engagement.

5.7.3 Resource issues

Three key resource issues were identified during the analysis:

1. Education, training and development
2. Qualifications and skills
3. Funding

Education, training and development focused on:

- Developing individuals with an understanding of best procurement practice
- As a means of developing strategic thinkers who could deliver policy/strategic objectives
- To raise the profile and credibility of procurement as a profession.

Qualifications and skills were seen as an important means of raising the profile and credibility of procurement as a profession and to enable the advancement of procurement professionals to executive positions.

Although funding was perceived as a major resource issue, it was particularly for developing nations, which were extremely reliant upon external development agencies such as the UN, World Bank and DFID.

The impending shortage of procurement professionals was touched on: in nations with increasingly ageing populations, many procurement figures will retire within the next five years.

5.7.4 Key issues

The key issues were grouped into four categories:

1. Environmental
2. Managerial
3. Structural

4. Operational

Key environmental issues related to political, cultural and regulatory/legislative factors. It was clear that the successful implementation of any procurement programmes required political support and engagement and that politicians are increasingly viewing procurement as a policy lever.

Cultural issues focused on two areas:

1. Fear of losing cultural heritage as procurement initiatives were overseen by external organisations, which also had their own strong cultural identity.
2. Recognition of the need to adopt a new cultural ethos and to adopt new, different and potentially conflicting ways of working.

The influence of regulatory and legislative issues upon procurement initiatives was discussed, noting how EU legislation was transposed differently across member states. It was also noted how regulatory regimes varied across different levels of government, which gave rise to co-ordination issues. Developing nations highlighted the problems associated with donor organisations imposing their own regulatory structures upon the recipient nations, which resulted in complexity and high levels of non-compliance.

Managerial issues centred on non-compliance and knowledge sharing. Discussions on non-compliance focused on why organisations fail to comply and how the situation could be improved. The need to promote knowledge sharing on procurement issues was recognised. It was suggested that this could be promoted not only nationally, but also internationally.

The third category of “structural issues” addressed the centralised versus decentralised debate and also noted the growing shift towards collaborative purchasing structures, particularly in Northern European and North American nations.

The main operational issues identified related to the need to engage more closely with SMEs, the increasing pressure on procurement to present evidence and the consequent shift towards evidence-based purchasing. Further operational issues included the development of more meaningful procurement indicators, which could be employed to emphasise the contribution made by procurement in achieving social and economic objectives.

5.7.5 Future issues

Much of the data on future issues focused on the development of procurement as a profession, highlighting the need to develop a common body of knowledge and to build the credibility of both procurement individuals and leaders. However it was recognised that contextual differences needed to be recognised and reflected in any future initiatives.

5.8 Participants' summary

During the closing plenary session, participants were asked to reflect on the key issues that had arisen from the cases, as summarised in the plenaries following each case session and to identify which of these were important. In order to do this the participants were divided into the following three groups:

1. Practitioners
2. Consultants
3. Academics

5.8.1 Practitioners' summary

During their discussions the practitioners identified the following issues as important:

1. Value within and value of procurement
2. Defining of value
3. Measuring/demonstrating value
4. Short-term versus long-term objectives
5. Human resource management and skills

In discussing the first point, the practitioners considered addressing the value within procurement as a short-term issue that could be addressed through highlighting the contribution made by those within procurement; this could potentially be through the development of separate teams dealing with different technical issues and through strong leadership. The value of procurement was perceived as a long-term issue that could be tackled through emphasising procurement's contribution towards economic growth, both strategically and economically. This would require engagement with politicians. Attention was drawn to the fact that politicians already see procurement as a tool and the procurement community needs to act on this. This could be supported through "icons of progress" – making public any significant achievements that have been realised through procurement.

Defining value gave rise to discussions on "*what is value*" and "*what is value in VfM?*" For instance, is it politically driven or, in the case of developing nations, externally driven by donor agencies such as the World Bank? It was concluded that the definition of value is the same, it is the context that varies and this is reflected in society i.e. a focus on sustainability or on localisation.

It was suggested that the measurement of value should focus on levels and emphasised performance as a key issue. It was noted that procurement needs to define its accountability.

Balancing the tension between long-term and short-term objectives required the development of an arsenal of short-term measures and long-term objectives, ensuring the necessary skills are present within the procurement community. Short-term measures involved identifying those skills gaps that are preventing short-term objectives from being fulfilled and filling these gaps. The achievement of long-term objectives would require investing in the education of "next-generation" procurers, countering the shortage of procurement professionals that may soon confront many

nations with aging populations. Here, the value of the academic community was recognised through the creation of work or study programmes.

The focus on human resource management related to the development and building of competencies within procurement. The importance of strong leadership was acknowledged alongside identifying “best practice” in leadership. It was also noted that there was a need to develop individuals with both a strong understanding of business allied with an understanding of procurement. It was suggested that education bodies should exchange training material to ensure the development of a standard and shared understanding of procurement practice and that “t”-type learning plan should be employed that included both general management and procurement.

5.8.2 Consultants’ summary

The consultants identified 5 key issues:

1. Gap in strategy and leadership capabilities
2. A need to enhance the image and profile of procurement
3. The influence of non-professional buyers
4. Difficulties in accessing specialised expertise
5. Dealing with new business paradigms e.g. globalisation

The solutions provided by the consultants were, respectively:

1. Recruiting people with a business mindset
2. Adopt a marketing culture to promote the profession
3. Endeavour to have procurement recognised as a business function.
4. Creating learning and development plans for
5. Professional procurers
6. Non-professional procurers
7. Looking at ideas from other sectors and cultures

5.8.3 Academics’ summary

The academics discussed the summary of key issues and ranked them in terms of their research importance. The research priorities identified using this approach were:

1. The tension between economic and broader objectives
2. Competency & capability development
3. The value of a procurement mindset

In researching the first point relating to the tension that exists in achieving economic objectives versus broader objectives, the academics acknowledged the need to recognise and understand contextual differences such as differences between public sectors, variation in size, the level of transparency in different organisations and consequently how applicable it would be to apply theory in the face of such variation.

With respect to the second two points, the academic group considered the need for professionalisation and how this should be achieved. It was suggested that the attributes of a “procurement mindset” needed to be identified and promoted through the development of a common body of knowledge and the building of core

competencies. However, there was recognition that there would be variation across nations.

5.9 Concluding comments

This study was organised in response to recognition of the growing emphasis that is being placed on building procurement capacity and capability and the lack of research that exists in terms of the approaches and processes that may be adopted to tackle this objective. Despite the contextual variety, the framework for analysis provided a structure that supported cross-case comparisons and the identification of common themes.

In investigating procurement capacity and capability it has become evident that the professionalization of procurement is seen as a key element. Professionalization has been identified as a means of raising the profile and credibility of procurement, a means of promoting the development of a common, transferable body of knowledge; as way of positioning procurement strategically and of developing individuals with the ability to pursue policy objectives and deliver best practice.

The study also highlighted that the implementation of procurement capacity and capability building programmes often heightens the tensions between delivering short-term economic objectives alongside broader long-term objectives. Suggested solutions included promoting the contribution made by procurement through the use of meaningful performance indicators and closer engagement with politicians. The importance of strong leaders with an understanding of procurement was also recognised.

Although the study identified some common themes and approaches, the importance of addressing contextual and cultural differences was also acknowledged, underlining the need to respect and work with an organisation's cultural identity. Finally, it was also noted that many of the cases were in differing stages of development and that a "one size fits all" approach would not be appropriate, although much could be learnt from the experience of other nations, sectors and levels of government.

At the end of the workshop, participants were asked which issues IRSP should focus on in the future. The following points were raised:

1. Developing an understanding of performance measurement?
 - What is value?
 - How do we differentiate between output and outcome?
 - What constitutes evidence?
 - What difference does procurement make and how can this be measured?
2. How should procurement be portrayed?
 - What is procurement's purpose/role/identity?
3. Identifying best practice
 - Learning from both failure and success.

Participants were also asked to consider the format of IRSPP 4. It was agreed that more countries should be involved and that the agenda should enable information exchange and should include a practitioner forum. The focus of the workshop should be on the identification of common measures that could be implemented across nations and levels. In terms of the format, participants suggested that individuals should be divided into small groups that would support in-depth discussion; the streams should be arranged around focused disciplines.

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Appendix A: Participants

Study organisers: Christine Harland and Jan Telgen
 Coordinators: Katy McKen, Wendy Phillips and Helen Walker
 Facilitators: Nigel Caldwell, Graham Dickinson, Wendy Phillips, Jens Roehrich, Helen Walker, Jurong Zheng
 Event managers: Katy McKen and Adèle Draper

Table 11 List of participants

Country	Name	Role	Organisation
Australia	Guy Callender	Chair of Strategic Procurement	Curtin University of Technology
Belgium	Bert Baeyens		Public Procurement Management
Belgium	Els de Leeuw	Adviser	Connect
Canada	Tara Hartley		Public Works & Government Services Canada
Canada	Chelsey Slack		Public Works & Government Services Canada
Denmark	Kirsten Ejlskov-Jensen	Capacity Development Adviser - Procurement	United Nations Development Programme
Finland	Timo Kivistö	Consultant	Timo Kivisto Consulting Ltd
Finland	Ari-Pekka Meuronen	Purchasing Manager	The City of Imatra
Finland	Veli-Matti Virolainen	Professor of Purchasing and Supply Management	Lappeenranta University of Technology
France	Phillippe Correa	Directeur des Achats et des Ventes	Commissariat à l'énergie atomique
Germany	Michael Essig	Chair for Materials Management & Distribution	Bundeswehr University Munich
Germany	Andreas Glas	Scientific Assistant, Institute for Law and Management of Public Procurement	Bundeswehr University Munich
Hungary	Csaba Csaki	Research Fellow	Budapest University of Technology & Economics
Hungary	Laszlo Ketszeri		Directorate of Central Services, PMO
Hungary	Tunde Tatrai	Assistant Professor	Corvinus University of Budapest
Ireland	Des Crowther	Chief Executive Officer	Irish Institute of Purchasing & Materials Management
Ireland	Paul Davis	Lecturer	Dublin City University Business School
Ireland	Alex Twinomugisha		Global e-Schools and Communities Initiative
Italy	Alessandro Ancarani	Associate Professor	University of Catania
Netherlands	Siep Eilander	Chief Procurement Officer	Ministry of Economic Affairs
Netherlands	Dirk- Jan Kamann	Professor	University of Groningen

Country	Name	Role	Organisation
Netherlands	Wouter Stolwijk	Manager, PIANOo	Ministry of Economic Affairs
Netherlands	Jan Telgen	NEVI Chair of Purchasing Management	University of Twente
Russia	Ekaterina Novikova	Associate Professor	Plekhanov Russian Academy of Economics
Russia	Tatiana Rosanova	Dean of Marketing	Plekhanov Russian Academy of Economics
Russia	Vladimir Stepanov	Head of Department of Logistics	Plekhanov Russian Academy of Economics
South Africa	Karen van Vuuren	General Manager, Strategic Supply Management	Transnet Limited
Tanzania	Ramadhan Mlinga	CEO	Tanzanian Public Procurement Regulatory Authority
UK	Gerard Chick	Head of Knowledge Management	Chartered Institute of Purchasing and Supply
UK	Andrew Erridge	Professor of Public Policy and Management	University of Ulster
UK	Samantha Forrest	Head of Research	NHS Purchasing and Supply Agency
UK	Eric Gates	Commercial Director - ISTAR	Defence Procurement Agency, Ministry of Defence
UK	Mark Gwilym	Lead Project Manager, Value Wales	Welsh Assembly Government
UK	Ken James	Chief Executive	Chartered Institute of Purchasing and Supply
UK	Martin Sykes	Chief Executive, Value Wales	Welsh Assembly Government
UK	Kavalneer Walia	Director, Government Procurement Service	Office of Government Commerce
UK	John Warrington	Director of Policy & Innovation	NHS Purchasing and Supply Agency
UK	Jason Waterman	Senior Adviser, PCR Development	Office of Government Commerce
USA	David Dise	Director, Office of Procurement	Montgomery County, Maryland
USA	Rick Grimm	Chief Executive Officer	National Institute of Government Purchasing
USA	Eric Prier	Associate Professor	Florida Atlantic University
USA	Gene Schneller	Professor	Arizona State University
USA	Khi Thai	Director, Public Procurement Research Centre	Florida Atlantic University