



Buyer be wise

The government's approach to outsourcing is symptomatic of an age-old problem in procurement – wilfully ignoring long-term value in favour of quick savings. It's time for clients to become team players, say Vinci's Tony Raikes

Facilities management professionals, like their colleagues in other built environment professions, are enduring a frustrating time right now. FM suppliers are constantly finding that procurement teams want to renegotiate contracts to find savings while retaining the same level of service. Or in the case of major government contracts, they are simply seeking the lowest price from the outset.

It is clear that decisions made on price are beginning to affect quality – across the board in the built environment, not just in outsourcing. To guarantee value for money, the long-term impact must be considered, not just the short-term gains favoured by many customers, especially the so-called specialist procurement teams.

In my specialist area of support services – Vinci Facilities is the FM, maintenance and refurbishment division of Vinci Construction UK – suppliers wince at the debate in the media regarding how the government manages its major outsourcing projects. It is as if the civil servants wilfully ignore both whole-life costing and the principles of the 2012 Social Value Act, which aimed to ensure wider social and community benefits were always considered as part of public procurement. They are seduced by the perceived security offered by the biggest service providers who have the scale to undercut their rivals, all the time risking the type of media storm seen in March when the Public Accounts Committee slammed the government's outsourcing record.

The solution to this dilemma is a better understanding of each other's requirements. A more open dialogue between customer and supplier will reduce tensions and build trust, allowing both the client to achieve its objective and the contractor to make a margin. In short, we need to be more collaborative.

Success is no longer just about completing on time and in budget. Social value issues are critical measures, as are targets on low carbon, waste and improved productivity. But they cannot be delivered via a procurement process obsessed with costs and that ignores value.

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A good procurement process is good for business – it drives improved service and value, and encourages less waste. But procurement is about a balance of power. Get that wrong and everyone loses – and the people who lose most are the end users and employees at the sharp end of unrealistic service delivery agreements.

We highlighted the theme of collaborative business with our customers and stakeholders at a special event held at Vinci's Technology Centre UK last week. The venue was appropriate because all sorts of organisations use the facility to test products, systems and processes at a design stage to make sure a project succeeds. That's important, because time invested at the beginning of a project has a massive impact on the value derived after completion.

So, to achieve the right balance we must, as an industry, consider how to educate the clients (and our supply chain) and support our people better – something that Don Ward, chief executive of Constructing Excellence, championed strongly at our event. The government wants to see delivery times reduced by 50%; Ward argues that can only be achieved through strategic alliances and early involvement by the whole team. In theory this can save over 5% on costs alone and drive long-term value for the customer. If clients can

recognise this potential then they will drive the collaborative procurement process.

Because collaboration is all about agreeing from the outset what the outcomes of a project are going to be. That requires early involvement of not just the contractors, but the facilities teams that will manage the building when it is completed. It does not mean a lengthy discussion about money; it is about working as a team to drive value for all concerned – and this all happens at the procurement stage.

Of course, nobody ever said that procurement was going to be easy. The mutual suspicion between the teams, even FM service providers and contractors who are on the same side, as well as the innate wariness of procurement professionals on the other, can only be overcome by bringing them together. Once this collaborative principle is established then the purchasing process can be aligned with the corporate objectives of all parties. We are trying to champion this wherever we bid for new work, but we are also driving the principle within existing contracts. All too often, if the procurement process has not been as collaborative as possible, then the long-term effects impede innovation and efficiency all the way down the line.

We are seeing this in one of our healthcare contracts where red tape inherited from the PFI agreement means that often a damaged chair might take weeks to replace. The Vinci team is working with the estates team to bring together all of the various suppliers in the chain to cut this to a matter of hours. But the only way to do this is to cut through the process and work as a team. If an integrated team had worked with the customer and its buying team to pursue a collaborative procurement model then the bureaucracy might have been avoided.

This is what gives outsourcing a bad name. It is what is hampering the whole built environment. But first all of us need to work together. Then we can educate the customers – from small developers to the government – that collaboration is the answer to finding long-term value.

Tony Raikes is managing director of Vinci Facilities