

PART IX

MARKETS AND ECONOMIC DEVELOPMENT

BASE LINING PUBLIC PROCUREMENT PRACTICE - AN IRISH CASE STUDY

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ABSTRACT. While Ireland is a recognized leader in the use of e-procurement across the public sector, the same cannot be said of its record in collecting and analyzing data on the public procurement market. This case reports on a simple yet highly effective initiative that addressed this 'knowledge gap'. It did so by negotiating access to Ireland's national e-procurement database of 4,000 buyers and 70,000 suppliers and undertaking a comprehensive online survey of these two populations.

Data sets across public sector vary widely. Political input and bureaucratic processes mean that many public bodies struggle to present accurate data sets for discussion. How do you baseline the data required? How do you decide on the questions to be asked? Although these are areas addressed extensively in academic literature, there is little evidence of these being addressed in public bodies in particular in the area of public procurement. This paper sets out the development of a data set and the initial results of a large-scale survey carried out in a single jurisdiction. The research is built on the collaboration of a public procurement body and an academic institution

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INTRODUCTION

Prior to the implementation of the initiative in question, public procurement in Ireland suffered from a lack of reliable data on the characteristics, behaviors and attitudes of buyers and suppliers. This made the task of policy impact assessment almost impossible and left all interested parties – procurers, suppliers, policy makers, researchers - in the dark as regards trends within the public procurement market. In the interests of an effective public procurement system the overriding goal was to map public procurement in Ireland.

After contemplating this ‘knowledge deficit’ problem and how best it could be remedied, the Procurement Research Unit working out of Dublin City University Business School devised a simple yet effective solution – exploit Ireland’s e-procurement architecture to comprehensively survey suppliers and buyers. While Ireland had little if any current data on the workings of the public procurement market, it did have a sophisticated e-procurement portal containing the contact details of 4,000 buyers and 70,000 suppliers. It was time to leverage this e-procurement portal in order to better understand the workings of the market, which it was co-coordinating.

For this initiative to work buy-in had to be secured from the National Procurement Service (NPS) of Ireland, which controls Ireland’s centralized e-procurement portal. Impressed by the merits of the proposal and the opportunity it presented to enhance our understanding of the procurement market; the NPS gave the Procurement Research Unit the go-ahead to carry out its survey. The NPS also lent the survey its imprimatur, which provided institutional backing to the initiative.

Background

Public sector procurement has moved centre stage in the economic policy debate in Ireland. On the one hand attention has focused on the imperative of realizing better value for money in the procurement of goods and services by public sector organizations, which forms one aspect of Ireland’s overall deficit reduction strategy. Already, significant cost reductions and cashable savings have been achieved by many public sector

organizations as part of this drive to extract greater value from suppliers. However, the straitening economic times in which the Irish economy finds itself has also thrown into relief the crucial role that public sector procurement can play in getting Ireland back on the road to sustainable growth. New economic realities call for bold thinking and new approaches on how this country makes use of its public procurement spend.

In Ireland, as in other developed economies, it is now acknowledged that key aspects of economic policy – strengthening the indigenous business base, encouraging the commercialization of new products and services, fostering a green and sustainable economy – can all be underpinned by public procurement policy and practice. The Irish public sector spends an estimated €15 billion on goods and services, making it by far the biggest buyer in the Irish economy. Targeted appropriately, this public procurement spend has the ability to give effect to core economic and social policy objectives. In particular, public procurement can be leveraged towards the goal of creating new employment by linking the awarding of contracts to the creation of new positions in micro and small enterprises throughout Ireland.

Among the central objectives of public procurement in Ireland is to ensure that a “level playing field” exists as far as small indigenous suppliers are concerned.

Small and Medium Sized Enterprises (SMEs) are ‘...central to the dynamism and prosperity of the European economy (Dannreuther, 1999). From a sustainability perspective, SME participation in public procurement has been identified as a means to generating ‘higher competition’ for public contracts which in turn leads to the delivery of ‘better value for money’ (European Code for Best Practices Facilitating Access by SME’s to Public Procurement Contracts). It is for this reason that the role of the SME sector within public procurement has been the focus of much debate throughout the European Community (EU) over the past decade. Much of the literature makes the connection between the shared needs that exists between the SME sector and the public procurement profession, none more so than the OGC (2008) ‘Good practice identification - Advice for transferability’ which comments that ‘SMEs must be involved in the building of a strategic procurement approach’.

The EU procurement directives governing procurement policy are designed to 'prohibit hidden protectionism in the form of buy national public purchasing regimes' (McLachlan, 1985) which in essence forces contracting authorities to advertise all purchases at a national level (below threshold) and at a European level (above threshold). The advertisement of contracts is a double edged sword for the SME sector as although advertising all contracts make tendering opportunities accessible to the SME sector, it also attracts the larger organisations who in many instances can deliver services and supplies at lower cost based on their purchasing power.

At a national level, SME participation in public procurement has been identified as a 'good way of helping to support small business' which interestingly has the positive effect of leading to 'improvements in service delivery' to the public sector' (Loader, 2007). It is this 'win/win' outcome which has driven a number of initiatives (both at a national and at a European level) being developed which are designed to remove any perceived barriers to entry that the SME sector have identified as problems with the current public procurement process. However, any attempt to favour a 'buy national' approach to public procurement can have negative consequences as 'not encouraging intra-EC competition' results in 'the public sector paying more than it should for the goods it buys and, in doing so, supports sub-optimal enterprises in the EU'. (Martin et al, 1997).

In August 2010, the Department of Finance issued Circular 10/10 : Facilitating SME participation in Public Procurement. The purported purpose of the circular was to ensure that contracting authorities in the public sector would begin to 'structure' their tender opportunities in such a way as to increase both access and participation in public sector procurement.

The details contained within the circular made reference to similar initiatives which had been published previously from the EU as part of a wider focus on the SME sector. In 2008, the Commission of the European Communities published their working document 'European code of best practices facilitating access by SMEs to public procurement contracts' which was designed to give all member states guidance on how to ensure a

'level playing field' for all 'economic operators wishing to participate in public tendering'.

The Department of Finance accepts that although improving SME participation is the key objective of Circular 10/10, it also understands that achieving value for money is a primary driver for all contracting authorities. Additionally, the Department of Finance also accepts that the measures introduced by Circular 10/10 may also have a negative impact on the 'operational efficiency' of the procurement function and as such, the Department of Finance state that the 'measures' contained within the Circular will be 'kept under review'. It could be argued that by keeping any policy 'under review' suggests a lack of confidence in the desired policy outcomes however there is sufficient theory to suggest that each policy when introduced does have its design stage at the beginning 'to allow room for policy implementers to improve on the original design' (Bardach, 2005).

From the perspective implementing any public policy, there is an obligation on the policy maker to ensure that the policy is having the desired effect. To do this, an efficient feedback loop is required so that there is an effective communication conduit between the policy maker and the policy administrator. All too often, positive public policy outcomes are negatively affected by poor implementation (Nakamura and Smallwood, 1980). In the instance of Circular 10/10, the policy maker is the Department of Finance however it is less clear as to who the policy administrator is.

From a grass roots perspective, the ultimate administrators of Circular 10/10 are the contracting authorities themselves. A major drawback to having the contracting authorities positioned as the policy administrators is the wide variety and number of public sector procurement departments who all have their own interpretation of Circular 10/10, their own attitude towards the SME sector, their own portfolio of products which may not be compatible with the SME sector and most importantly their own reporting structures which may not be aligned with the policy objectives of Circular 10/10.

The Department of Finance issued Circular 10/10 to all heads of departments in the public sector with instructions to 'bring to the

attention of all staff' within the department and also to ensure that 'arrangements are put in place so as to ensure and monitor its implementation'. The fact that no standardised methodology for monitoring or reporting on the new policy guidelines were given by the Department of Finance, it is unclear as to how the performance and effectiveness of the Circular is intended to be measured. This key point is reinforced by Haselbekke (1995) who comments that not only are the 'efficiency' and 'effectiveness' of public policy important but in order to be able to measure both of them successfully you must be able to extract 'information on performance' (outputs) and 'effects' (outcomes).

One of the key elements required to measure the effectiveness of any policy is accurate and relevant data. Data establishes a baseline from which improvements can be measured. In 2009, the Procurement Innovation Group introduced this key element to the arena of public procurement by advising that, 'Better reporting could improve the information required to manage public procurement in a strategic way'. For the purposes of measuring the effectiveness of any policy on increased participation in public procurement, any data collected would need to be done so in a centralised manner to ensure that the data is uniformly collected across the many different state and semi-state procurement departments.

If the data collected and measured was accurate and derived from a centralised procurement source, a number of reliable metrics could be established in order to measure the performance and effectiveness of Circular 10/10. Ramsey & Bond (2007) have observed that once there are a number of reliable metrics then it is possible to 'find the indicators' which will identify and measure the 'tangible deliverables and outputs of an initiative'. In the instance of Circular 10/10, although its objective is well stated and defined, the lack of any 'reliable metrics' makes the task of measuring the effectiveness of Circular 10/10 that much more difficult.

The lack of any coherent and standardised approach to monitoring and measuring the effectiveness of Circular 10/10 gives rise to the potential that the very people tasked with the implementation of the requirements might not have the necessary focus needed to ensure that the objectives are achieved. An

example of an implementation strategy put forward by Howlet et al (2009) suggests that there should be 5 stages in the implementation process. Agenda Setting, Formulation, Decision Making, Implementation and Evaluation. It is unclear whether or not a comparative process was used prior to the publishing of Circular 10/10.

Another potential difficulty faced when trying to introduce and implement Circular 10/10 is the fact that by their very nature, the procurement departments of contracting authorities are different. As with the implementation of any public policy, there are different views expressed by different stakeholders. Norman (2002) categorised the stakeholders into 3 separate groups. 'True Believers', 'Pragmatic Sceptics' and 'Active Doubters'. The critical objective of any successful policy implementation is to engage all the stakeholders simultaneously.

In order to effectively engage with the stakeholders from the perspective of policy introduction, policy implementation and policy measurement, it is essential that the 'pre-policy' status is not only understood but is also driving the policy objectives. If you do not know where you are then how are you going to know where you are heading and more importantly how are you going to know when you get there?

It is by facilitating greater access that opportunities for the growth and professionalization of small indigenous suppliers will emerge. Given that over 4 out of every 5 firms in Ireland have 9 employees or less, that they concentrate exclusively on the domestic market and form the lifeblood of local economies up and down the country, the importance of ensuring that public procurement makes itself more accommodating to doing business with this enterprise cohort cannot be underestimated. In particular, procurement in its policy and practice needs to differentiate between micro enterprises, small enterprises and medium enterprises. This is because the challenges a micro enterprise of 5 employees faces is qualitatively different to the challenges faced by a small firm of 35 employees or a medium-sized firm of 200 employees.

Recent data available from the European Commission suggests that small and medium-sized enterprises (SMEs) were hardest hit

by the economic downturn, with the SME sector's contribution to the Irish economy falling five percentage points from 53% to 48% between 2007 and 2010[†]. Against this evidence indicating that small firms are less able to withstand recessionary conditions in comparison to large firms, it is vital that efforts are redoubled to leverage the public procurement spend of the State in their support. During the last decade small businesses, rather than large corporations, acted as the engine of employment growth throughout the European Union, creating 85% of all new jobs in Europe between 2002 and 2010. In attempting to boost economic growth, it is this cohort of enterprises that policy makers need to have firmly in their sights.

The logic to closer integration of public procurement with the interests of small indigenous suppliers cannot be underestimated. Facilitating greater numbers of small suppliers in competing for public sector contracts is consistent with the economic policy objectives of strengthening the indigenous base of small businesses, generating local employment and sustaining local economies, and promoting entrepreneurship and business risk taking across society. As Ireland attempts to grow its economy out of recession these objectives have assumed critical importance. Furthermore, the economy and the Exchequer stand to gain from having a greater number of actively competing suppliers as increased supplier diversity and competition will translate into better value for money, innovative product and service offerings and a dynamic indigenous business landscape. It is clear that through astute management of public sector procurement myriad State objectives can be supported.

Methodology and Background

In December of 2011 the National Procurement Service (NPS) undertook Ireland's first national online survey of public procurement practice. Assistance in the design of the survey and analysis of data gathered was provided by the Public Procurement Research Group, which is based in the Faculty of Business at Dublin City University (DCU) and is led by Dr Paul Davis.

[†] Small Business Act (SBA) Fact Sheet 2010/2011 Ireland

The survey was distributed in electronic format to approximately 70,000 suppliers and 4,000 public sector procurers registered on www.etenders.gov.ie[‡]. Survey Monkey was the software package used for the purposes of this conducting this online survey. The distribution of the online survey was carried out over a two-week period. Registered users of www.etenders.gov.ie were contacted on two separate occasions over a two-week period in December. Public procurers and suppliers were contacted separately. Some survey questions were common to both groups and some survey questions were particular to either procurers or suppliers.

Of those registered users who received the survey, over 3,168 suppliers and 414 public sector procurers completed the survey. An even higher number of suppliers and procurers started the survey but did not complete it in its entirety. With over 50 questions to answer for both surveys to be completed, many of them requiring detailed information, the level of response from both suppliers and public procurers was excellent and adds to the credibility of the data obtained and generalisability of the findings made. No doubt, the willingness of both parties to engage with the research can be taken as a sign of the high level of interest from all public procurement stakeholders and a collective desire to ensure that the public procurement system is the best it can be.

The survey had multiple objective, including:

- To profile the individuals involved in tendering for public sector business and the firms in which they are employed
- To profile public procurers and the public sector organizations in which they are employed
- To establish the activities that make up the role of public procurer and the role of supplier
- To gauge the level of interaction and engagement between public procurers and suppliers

[‡] www.etenders.gov.ie acts as the central portal for all public sector procurement in Ireland and is recognized as a cornerstone of Ireland's e-business initiatives.

- To establish the means through which public procurers advertise their contracts and evaluation procedures used for the award of contracts
- To identify how suppliers source public sector contracts and to examine the typical contract value they aim to win
- To assess the implementation of Circular 10:10 guidelines aimed at facilitating SME access to public procurement
- To determine the key motivators for suppliers attempting to win public sector contracts and the factors that impede them in doing so
- To scrutinize the impact of EU Directives on public procurement practice in Ireland from both a supplier and a procurer perspective; and

Results

Given the breadth of data collected, findings are grouped within broad thematic areas. These encompass the procurement process from the initial stages of conducting market research and interacting with buyers or suppliers, through to the advertising of contracts, the tender specification and the feedback given subsequent to the award of the contract. Some of the findings to emerge from the survey are positive and represent improvements in the way public procurement is managed in Ireland. Some of the findings are more negative in tone, however, and highlight aspects of public procurement that need to be addressed.

Of course, data is but one element of carrying out research. Equally important is what we infer from the data and how we subsequently act on the data. In this vein, a series of actionable recommendations are set down, all with the intention of improving the workings of the public procurement system in Ireland. These actionable recommendations have as their objective improving the overall functioning of the public procurement system in the interest of all stakeholders in the Irish economy and wider society. The actionable recommendations relate to suppliers and to public procurers. If acted upon they will help to improve the system as it currently operates.

Finding out what the market can provide is essential to the role of a procurer. Yet, the results of the survey show that conducting

research on suppliers and markets is the least attended to of all the activities that make up the role of procurer in any organization. Just over 50% of public procurers say that conducting research on markets and suppliers forms part of their role. In contrast, 92% of surveyed procurers say that creating tender forms and related documentation forms part of their role. Likewise, 89% of surveyed procurers are involved in deciding on qualification criteria to be used in procurement. This is certainly one area that is neglected by public procurers and its importance underestimated. The knowledge that comes from researching what the market has to offer in terms of the price and quality of goods and services available is essential to realizing value for money in public procurement.

Equally, finding out how you can service the needs of the market is essential to success as a supplier. However, like procurers, suppliers appear to be overlooking the importance of 'doing your homework' on what the market needs and how buying takes place within a given market. From the survey it is found that less than 1 in 3 suppliers stated that conducting research on public sector firms and their buying habits forms part of their role. In contrast, over 90% of suppliers say that completing tender forms and related documentation forms part of their role. If procurers are not fully informed of what suppliers can provide and suppliers are less than knowledgeable about potential buyers in their marketplace, then the market for public sector contracts will function in a sub-optimal way.

Interaction and engagement between public procurers and suppliers is integral to a healthy public procurement market. For suppliers, interaction with buyers affords them the opportunity to pinpoint how they as the supplier could add value to the procuring organization. For buyers, interaction ensures that they have their finger on the pulse as regards what the market can offer as well as staying alert to technological developments and trends in the offing. The survey results indicate low levels of interaction and engagement in Ireland's public procurement market. When asked if they or another person from their firm attended a 'meet the buyer' event in the last year, only 15% of suppliers attended a 'meet the buyer' event. Less than 30% of public procurers state that they or someone in their organization attended a 'meet the buyer' event in 2011.

It is acknowledged by the European Commission that the creation of a centralized portal for public sector contracts in the form of www.etenders.gov.ie represents a key element in Ireland's overall e-governance strategy. Results from the survey clearly illustrate that e-Procurement is now central to the workings of the public procurement market in Ireland. A discernible shift towards public procurers advertising available contracts online in keeping with Circular 10:10 guidelines issued by the Department of Finance is identified.

73% of public procurers advertise all contracts for ICT services with a value of 10,000 euro or more on www.etenders.gov.ie; 85% of public procurers advertise all contracts for supplies and general services with a value of 25,000 euro or more on www.etenders.gov.ie; and 92% of public procurers advertise all contracts for works and related services with a value of 50,000 euro or more on www.etenders.gov.ie. This demonstrates a high level of compliance in respect of making public sector contracts available through the designated e-tenders web portal. Interestingly, almost 1 out of every 4 procurers stated that they advertised all their available contracts over the last 3 years on www.etenders.gov.ie.

The way in which suppliers now source public sector contracts also highlights the centrality of e-procurement. Over 90% of suppliers surveyed make use of www.etenders.gov.ie to identify business opportunities with public sector organizations. This should come as no surprise as Ireland is the recognized leader in the use of e-Procurement, encompassing e tendering and e awarding, across the European Union. The next most popular means through which suppliers identify contracts available is through 'word of mouth' (32%) and request for bids from procurers (30%).

The results of the survey also indicate that e-Procurement has helped to simplify the tendering process as well as injecting greater transparency into the advertising of public sector contracts. Approximately 3 out of every 4 suppliers state that www.etenders.gov.ie has increased the number of public sector tendering opportunities available to their firm; 2 out of 3 suppliers state that www.etenders.gov.ie has increased the frequency with

which they tender for available contracts; and 6 out of 10 suppliers are of the opinion that www.etenders.gov.ie has made the process of tendering for public sector contracts easier.

While 68% of procurers agree that advertising on www.etenders.gov.ie has increased the quantity of tenders they receive, a slight majority (46%) thinks it has not increased the quality of tenders. However, a slight majority also agree that www.etenders.gov.ie has helped to lower the average bid price while also increasing the number of foreign suppliers tendering for public sector contracts in Ireland.

The survey findings also provide a snapshot of the procedures used by public procurers in how they going about sourcing suppliers. For supplies and general services contracts worth less than €25,000, just over half of respondents use the '3 quotes' procedure. For supplies and general services contracts worth between €25,000 and 125,000, 83% of respondents use the Open Procedure; for a works contract worth under €50,000, 57% of respondents use the Open Procedure; and for a works contract worth between 50,000 and €250,000, approximately 72% of respondents use the Open Procedure.

Most economically advantageous tender (MEAT) is the preferred method of evaluation in the case of both supply/services and works/services. More than 4 out of 5 respondents indicate this to be the case.

In the last 3 years more than 2 out of every 3 suppliers tendered for 20 contracts or less. This can be contrasted with the only 6% of suppliers tendered for more than 100 contracts in the last 3 years. In respect of value of contract sought, over 60% of suppliers typically tender for contracts with an estimated value of less than €125,000.

Among the measures aiming at making public procurement more small business friendly is allowing applicants only to declare that they have the requisite financial capacity and insurance criteria for the contract under consideration. Close to 9 out of 10 public procurers state that they allow supplies at the time of tendering only to declare that they have the relevant financial capacity and insurance criteria necessary to undertake the contract.

Approximately 55% of suppliers state that this is also their experience.

How public procurement in its policy and practice can support overarching economic and social policies is coming under greater scrutiny. In recent years policy aimed at leveraging public procurement for the commercialization of innovative goods and service offerings has been set down, notably in the Buying for Innovation Report. The results from this survey are positive as regards public procurers' awareness and attention to innovative SMEs and what they can offer in helping to better deliver public services. Almost 2 out of 3 public procurers state that SME access to public procurement is an important or highly important consideration for them. Elatedly, almost 7 out of 10 public procurers state that innovation is an important or highly important consideration in determining how they go about procuring goods and services.

However, results from suppliers' experiences of the public procurement system suggest that much remains to be done if procurement practice matches up to aspirations and policy pronouncements. Among the main findings in this regard include:

Only 23% of suppliers agree or strongly agree with the suggestion that contract are broken down into lots in order to facilitate SME access. When asked the same question less than 30% of public procurers agree or strongly agree that they break contracts into lots in the interests of SMEs.

Only 20% of suppliers agree or strongly agree that contracting authorities are flexible in the type of proof of financial capacity they accept. When asked the same question approximately 50% of public procurers agree or strongly agree that they are flexible in the type of proof of financial capacity they accept.

Only 30% of suppliers agree or strongly agree with the statement that pre-qualification criteria are relevant and proportionate to the circumstances of the contract

Only 15% of suppliers agree or strongly agree with the statement that joint bidding is encouraged among SMEs.

How to deal with a tendering process that demands considerable time and effort simply to complete documentation has been the perennial bugbear of small suppliers when it comes to discussing the public procurement system. Even with the migration to e-Procurement and attempts to streamline the public procurement procedures, finding time to complete the paperwork for tender submission is still cited by suppliers as the primary barrier that inhibits them in competing for available contracts. The second barrier cited was the requirement in many contracts to already have a certain level of experience of delivering services to the public sector and the third most frequently cited barrier was the cost of compiling a tender (incl. labor, materials).

When public procurers were asked as to what they considered to be the primary barriers affecting small suppliers, meeting financial capacity requirements emerged as the most frequently cited, followed by the cost to compile a tender and finding time to complete the paperwork for tender submission.

Public procurers express varying levels of agreement on whether social and environmental issues are important in procuring suppliers, services and works. Exactly 60% of procurers state that environmental sustainability is an important or highly important consideration for them. Approximately 52% of procurers state that the sustainability of the local economy is an important or highly important consideration for them, with 37% saying it is neither important nor unimportant. Only 17% of respondents say that engaging with the not-for-profit sector is an important or highly important consideration for them.

An alignment between national contracts and regional supply needs to be considered in order to ensure that local economy's can be sustained in the long term

For suppliers, financial return is ranked as the most important consideration for their firm in deciding on whether or not to tender for a public sector contract. This is followed by the attraction of potentially securing further business opportunities with the public sector contractor. When asked this same question, public procurers express almost the same answer as the suppliers.

Receiving feedback is an area of public procurement that has elicited much debate. The results of the survey indicate that the extent to which suppliers receive feedback is quite low, with only 1 in 4 suppliers receiving feedback either 'every time' or 'most of the time'. This is attributable to a number of factors, including: failure on the part of suppliers to follow-up with procurers on unsuccessful tenders, reluctance on the part of suppliers to contact procurers regarding unsuccessful tenders for fear of jeopardizing future chances, as well as lack of confidence by suppliers in the feedback system and a reluctance on the part of procurers to provide meaningful feedback or limiting feedback to contracts above a certain value threshold.

Yet, the survey also captures the salutary effect for both procurers and suppliers of giving and receiving feedback. The majority of suppliers (55%) agrees or strongly agrees that receiving feedback has helped to improve the quality of their firm's tenders for public sector contracts. Even more emphatically, exactly 90% of procurers agree or strongly agree that providing feedback helps to improve the quality of suppliers' future tenders.

41% of procurers indicated that they have a good knowledge of the EU Procurement Directives, with 33% indicating a good knowledge of the Remedies Directive. 63% of procurers believe that a lack of knowledge of the public procurement rules act as a barrier for unsuccessful suppliers to initiate a legal challenge under the Remedies legislation.

69% of public procurers believe that Public Procurement Directives have improved transparency in the procurement process, with 59% agreeing that the legislation has improved clarity. Just under half of suppliers didn't know if the legislation had improved transparency or clarity in the procurement process.

Approximately 43% of suppliers think that public procurement has become less business friendly over the last 3 years. In contrast, nearly half of public procurers think that the system has become more business friendly over the last 3 years.

In the sections below 10 key opportunities for making the public procurement system more effective are listed. Many of the solutions have been identified previously. However, the findings from the survey make clear that they have not been acted upon to

the extent required. Collectively, the embracing of these opportunities by policy makers, public procurers and suppliers will lead to a better functioning system with fewer barriers for small enterprises and less uncertainty and confusion surrounding the workings of the public procurement market. Many of these recommendations should form part of a greater communications strategy among public sector buyers.

DISCUSSION

Enabling procurers and suppliers to research their markets is the first opportunity that presents itself. This can be achieved through the delivery of bespoke training programmes for both public procurers and suppliers throughout Ireland. The results of the survey reveal that public procurers and suppliers are failing to engage with each other prior to the issuing of an official tender, leading to a situation where public procurers have imperfect knowledge on what the market can offer and suppliers lack insight on what procuring organizations require in terms of product and service offerings.

Situating 'meet the buyer' events at the heart of the procurement process is the second opportunity that arises from the findings. This can be achieved by securing the co-operation and engagement not only of public sector organizations and suppliers but also county enterprise boards, business representative organizations, State organizations, and any other business or community entity with an interest in public procurement. 'Meet the buyer' events can be organized at a local, regional, sectoral and national level depending on the public sector organizations involved. Pursuing this course of action would help to de-mystify the tendering process for suppliers and afford both buyers and suppliers the opportunity to identify areas in which they can do business together.

An opportunity exists to consolidate e-Procurement's central position in the development and reform of public procurement in Ireland. Firstly, it is recommended that pre-notification of tenders above EU thresholds should be advertised on www.etenders.gov.ie 3 months in advance of tender publication. This would facilitate early market engagement. Secondly, while

the shift by public procurers to the use of www.etenders.gov.ie in the advertising of contracts has been impressive, there remain some public sector organizations, which have yet to embrace e advertising of contracts. Through stronger enforcement of the recommended use of www.etenders.gov.ie as the central public procurement portal, a greater number of contracts will come to the attention of suppliers. Thirdly, an opportunity exists to maximize the number of contracts available to small indigenous suppliers on www.etenders.gov.ie through astute design of the tender and its award criteria. Fourthly, the burden can be lessened for suppliers by using www.etenders.gov.ie as a platform on which applicants can register their financial and insurance capacity credentials, which can then be used in relation to all future tendering activity. Many of these actions have been incorporated into the design of the new e-tenders portal.

Through more consistent application of the Department of Finance Circular 10/2010 recommendation that all supplies and services contracts below €125,000 and all works contracts below €250,000 are to be awarded under open procedure, micro and recently established firms will be better able to compete for business. Under 'open procedure' only proportionate qualification criteria are applied. This represents a positive move towards removing many of the barriers that inhibit micro firms and young firms from competing in the market for public sector contracts. If applied consistently, 'open procedure' tendering will help to "level the playing field" in the market for public sector contracts.

An opportunity to facilitate greater micro-enterprise access is to be found in public procurers taking a 'lots-based' approach to contract design. Where practical and financially justifiable, public procurers should Endeavour to break up large contracts into lots. This should be done with a view to exploiting the expertise of small suppliers in niche areas of product and service delivery. The results from the survey demonstrate that much needs to be done by public procurers on this Department of Finance Circular 10/2010 recommendation. There is always a balance between value for money and addressing specific needs. Procurers should always be aware of this when breaking into lots.

Similarly, a further opportunity to make the market for public procurement more accommodating to micro-enterprises exists in the form of encouraging joint bidding or consortium formation. Again, the survey results show that encouraging joint bidding from micro-enterprises is not on the radar of public procurers. This is an area in need of attention.

Through the implementation of basic reforms, the main barrier cited by suppliers – finding the time to complete the paperwork for tender submission – could be tackled. Firstly, increasing the use of standardized tender documents across the public sector would permit suppliers to become more familiar with the questions to be answered and the forms to be appended to their tender. Secondly, earlier advertisement of available contracts would offer suppliers a longer lead-in time to complete their tender submissions. Thirdly, early engagement between suppliers and buyers would help in speeding up the tendering process as suppliers could set about devising their service solution with greater confidence in what is expected from them.

Engagement by public sector procurers with not-for-profit organizations seems to only be in its infancy in Ireland. Yet, it is a relationship that has much to offer for both parties. In sectors such as training and education and homecare and personal assistance social entrepreneurs and not-for-profit organizations have acquired high levels of experience and expertise. Opportunities exist for public sector organizations to harness this potential in the delivery of certain public services.

One aspect of public sector tendering that both procurers and suppliers show agreement is on the positive impact of constructive feedback. Procurers acknowledge that feedback can assist suppliers in learning from previous mistakes and improving their subsequent tender submissions. Suppliers readily accept that feedback can prove instructive and enlightening for them. An opportunity exists to further build on this dynamic by instituting a Supplier Mentoring Programme. This would involve experienced procurement personnel mentoring and advising micro and young enterprises on how to navigate the public procurement system and sell them as best they can. The Supplier Mentoring Programme is to be designed in a way that does not impinge on

the principles of transparency, fairness and accountability that define good public procurement practice.

The results of the survey reveal that just over 1 in 5 public procurers hold a qualification in procurement or supply chain management. This represents an opportunity to professionalize public procurement in Ireland through a targeted training and certification process. The fact that almost 70% of public procurers are found to be educated to degree level or higher means that up-skilling and professionalization should not be too difficult for this cohort. The development of a Licentiate Approach similar to the US model is one possibility. This was presented to the Northern Ireland Assembly and was accepted by public procurers in North Ireland as a way forward. Equally, this approach could be implemented in Ireland. It would give accountability and responsibility to procurers through the issuing of a license based on skills and competences.

Scope exists for more intelligent use to be made of ICT at organizational level in the administration and management of procurement. In particular, public sector organizations can dramatically reduce the transaction costs associated with processing the procurement of goods and services through ICT enabled systems. Leaving aside the success of www.etenders.gov.ie, the uptake by public sector organizations of IT in managing their purchasing activity is disappointing. For example, less than one in three public procurers state that they make use of e invoicing and only 1 in 5 have implemented a 'low value purchase card' system and less than 5% are making use of reverse e-auctions. The one ICT area public sector organizations are using widely is electronic funds transfer, with 3 out of 4 public procurers making use of this approach.

CONCLUSION

Leveraging the public procurement spend for the benefit of the economy as a whole has assumed increasing importance in these challenging economic times. Public procurement is discussed at policy level not only in terms of achieving cashable savings but also in terms of offering growth opportunities to small indigenous suppliers who have bore the brunt of the downturn in the domestic and international economy. The Opportunities in Public

Sector Procurement Report presents the most comprehensive data set yet on the workings of public procurement in Ireland, encompassing both suppliers' and buyers' perspectives. This data allows for a comprehensive analysis of practices and behaviors within the public procurement market. Moreover, findings from the data help in pinpointing opportunities for the creation of a more effective public procurement system. If acted on, the opportunities identified in this report have the potential to benefit all public procurement stakeholders. At a time when reform of the governance and administration of Ireland is of paramount importance, these opportunities should be embraced to the advantage of all.

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