I-INNOVATE

New research exploring the potential of a fifth aspect of Purchasing Development. Positioning the UK public and private sectors within these five stages to develop a toolset for self-assessment and continuous improvement.

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When you read the available literature on the development of purchasing it clearly indicates its growing strategic role. It also shows a move towards greater integration and collaboration at the intra-, inter- and extra-organisational level. This approach is supported by the available literature that describes the five models of innovation. In line with our previous 'I' series of research projects (I-SAVE, I-ADAPT and I-EXCHANGE), this research has captured the vital role of learning and innovation in purchasing (see Figure 3).

It is this feature that we believe is playing an increasingly important part in purchasing's contribution towards improving organisational efficiency and, where appropriate, competitiveness. However, there is not sufficient evidence of a culture of collaboration needed for sharing and disseminating learning and innovation. There is also insufficient involvement of the extra-organisational level such as state institutions and research and teaching organisations in the promotion, development and transfer of innovation in purchasing.

Overall Aims and Objectives

Our primary aim for this research is to prove that some purchasing organisations have reached out beyond the existing highest level of performance as currently articulated in the available literature to a new, more advanced state. Within the framework of this primary aim we developed the following key objectives:

- To investigate the emergence of a fifth stage of purchasing, developed by combining the Fifth Generation Model of Innovation and the four stages of purchasing development (see Figure 2)

- To identify the key elements of purchasing development across all five stages

- To map out the sample organisations to identify where they are positioned against the five stages

- To compare the development of UK private and public sector organisations against these five stages

- To highlight the emergence of the need for closer relationships with their external environment including professional, teaching and research organisations

- To produce a practical set of self-diagnostic tools that allows a purchasing manager to benchmark themselves in respect of their progress towards being 'best in class'

Participants

The research is being conducted by professionals from The Bristol Business School at the University of the West of England (UWE), The Chartered Institute of Purchasing and Supply (CIPS), Oracle Corporation and the Office of Government Commerce (OGC).

Research Methodology

As shown in Figure 1, a research framework was developed from an extensive literature review on the development of purchasing and the models of innovation. The aim of the research framework is to identify the key elements of each of the five stages.

A structured quantitative questionnaire was used to collect the data from purchasing professionals from a wide range of public and private sector organisations throughout the UK. The questionnaire was tested by a pilot study. This has led to a satisfactory response rate of 23.2%.

The data was primarily collected over the telephone and with an internet-based questionnaire. 171 responses were received in total from purchasing professionals throughout the UK, from both the public and the private sector. 85.4% of the organisations were large and 14.6% were in the category of small and medium enterprises. 53% of the respondents were from the private sector, with the remaining 47% coming from the public sector.

We then followed up our findings by carrying out in-depth interviews with 20 respondents who featured in the inclusive fifth stage in one or more elements. The purpose of these interviews was to find out what in particular these organisations had done to merit being rated in the fifth stage.

Figure 1. Stages of the Research Process
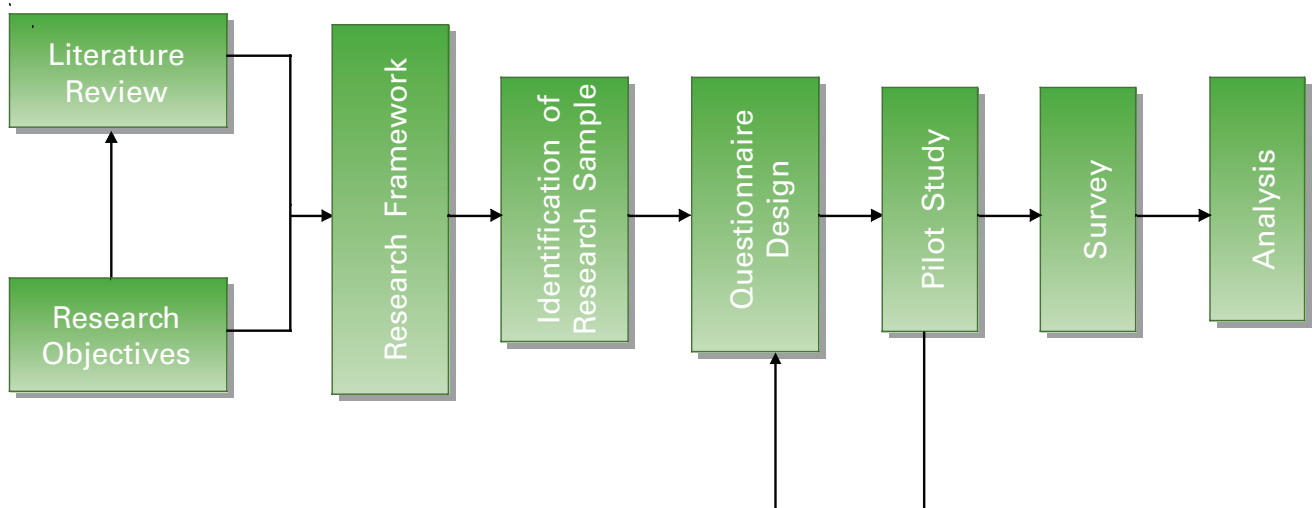
As shown in Figure 2, the research framework highlights the key elements of each of the five stages of purchasing development. These stages and key elements are derived from an in-depth literature review on innovation, models of innovation (including the Fifth Generation Model and the Triple Helix), innovation in purchasing and purchasing development (Figure 3). There is a consensus from this review of:

- A move from arm's length relationships towards some form of internal and external relationships marked by co-operation and alliances

- The need to deepen knowledge (learning) and to innovate in order to enhance overall effectiveness through co-operation and close relationships

- Learning used as a way to deal with the increasing complexity of external environments

- A strong link between learning and innovation

- Suppliers increasingly used as a source of innovation

- Organisational change of the purchasing function such as decentralisation

- The move away from functional specialisation

- The need for re-engineering the process of purchasing (roles and responsibilities)

- The need for performance measurement and continuous improvement

- Top management support

- Change management programmes including training and communication

- Change of attitudes and culture

- Network organisation and learning network

These key messages are captured and grouped into three categories of key elements: Organisational, People/ Stakeholders and Performance groups.

Figure 2 provides a list of the elements of these three categories.

Elements		Stages				
Organisation	Structure					
	Intra-Organisational Linkages					
	Intra-Organisational Collaboration					
	Inter-Organisational Collaboration					
	Extra-Organisational Collaboration					
People/ Stakeholders	People, Skills and Development					
	Forms of Learning					
	Stakeholder Management					
	Supplier Relationship Management					
	Environmental and Social Impact					
Performance Elements	Process	Passive	Independent	Supportive	Integrative	Inclusive
	Spend Influence					
	Competitive Advantage					
	Use of IT					
	Performance Objectives					

Figure 2. The Elements and the Stages of the Purchasing Environment
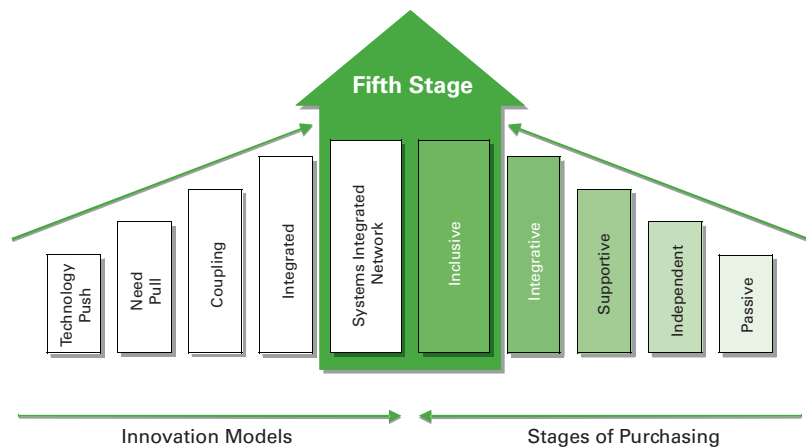

Figure 3. The Journey Towards the Fifth Stage of Purchasing

The Fifth, 'Inclusive' Stage

Our starting point entering this research was that some purchasing organisations have developed beyond what is perceived as the highest level of performance as currently articulated as the fourth 'integrative' stage to a more advanced stage. There is evidence from this research of the emergence of a new stage, which we have named 'the Inclusive stage'.

The rationale for this was that inclusiveness is a theme that runs through all of the elements that we have identified as key characteristics of the fifth stage. Where purchasing organisations in our study appeared to have reached this fifth stage, in any of the 15 elements that make up the purchasing environment, they have consciously interacted with their internal and external environments. As a consequence, the increasing role of the purchasing organisation is also acknowledged by its external environment. It is this recognition of the need to extend their sphere of co-operation and collaboration to include extra-organisational linkages that singles out purchasing organisations as reaching this advanced stage. This new or inclusive stage, which recognises that competition is increasingly knowledge-based, is being developed upon network culture, organisation, innovation and learning.

Results and Analysis

Over the following pages we set out our I-INNOVATE findings. These are detailed by our three element families: Organisational, People/Stakeholder Management and Performance. At the end of each element, we give examples of the findings from our in-depth interviews illustrating what initiatives some organisations have deployed to take themselves forward towards the Inclusive stage.

Organisation Elements

We asked respondents how they would best describe their purchasing organisation structure.

From the responses so far, we deduced that the battle to establish purchasing as a function is widely recognised. Our reason for this conclusion is that 95% of organisations surveyed had a formal purchasing function. In addition, 47% of organisations have commodity specialists integrated at different levels within the organisation. This supports the view that there is a move away from the generalists towards the
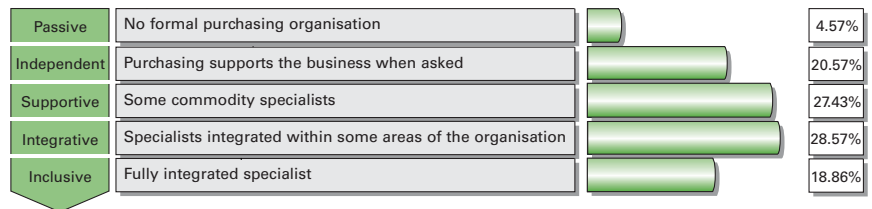
Passive	No formal purchasing organisation	4.57%
Independent	Purchasing supports the business when asked	20.57%
Supportive	Some commodity specialists	27.43%
Integrative	Specialists integrated within some areas of the organisation	28.57%
Inclusive	Fully integrated specialist	18.86%

Figure 4. The Structure of the Purchasing Function

emergence of specialists integrated within the organisation, however 25% of organisations still have to face the challenge to develop commodity specialisation. 55% of private

organisations reached the integrative or inclusive stages, and 37% in the public sector.

Inclusive Stage Interview Feedback

"We have a fully inclusive function. Commodity specialists are positioned throughout the organisation. Ownership is *less important as purchasing has a transparent structure."* **Large UK engineering corporate**

We asked respondents to describe their purchasing management structure.

The responses showed that the majority (58.5%) have a head of procurement that is considered as a senior manager. This supports the view that organisations recognise procurement as an essential function. Private sector organisations' heads of procurement seem to have more strategic responsibilities, with 37% of private sector organisations having purchasing managers that are either a
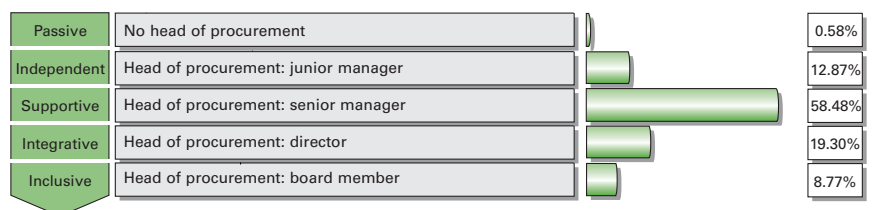
Passive	No head of procurement	0.58%
Independent	Head of procurement: junior manager	12.87%
Supportive	Head of procurement: senior manager	58.48%
Integrative	Head of procurement: director	19.30%
Inclusive	Head of procurement: board member	8.77%

Figure 5. Purchasing Management Structure

director or a board member compared to 18% from the public sector. Whilst it is sometimes difficult to map public vs. private organisation structures, it does

give a strong indication to increase the effort to elevate the function within the public sector organisations.

Inclusive Stage Interview Feedback

"Our reporting structure changed when a new head of Procurement was appointed with Management Board *membership for the first time."* **Response from large public and private sector organisations**

Results and Analysis

To complete our organisational-related elements, we asked a series of questions about a purchasing organisation's relationships and level of collaboration.

Our first question asked respondents what level of integration/co-operation had they achieved within the confines of their purchasing organisation.

The responses showed that 11% of organisations had limited or no communication between buyers working within the same department save any formal departmental meetings (no significant difference between public and private sectors here). A further 39% identified limited knowledge sharing, with only 16% having developed a true team culture
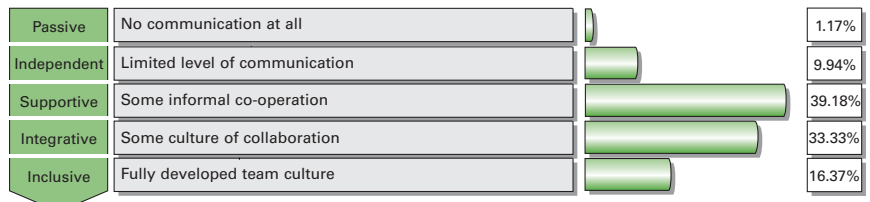
Passive	No communication at all	1.17%
Independent	Limited level of communication	9.94%
Supportive	Some informal co-operation	39.18%
Integrative	Some culture of collaboration	33.33%
Inclusive	Fully developed team culture	16.37%

Figure 6. Intra-Organisational Linkages

with formal training programmes, secondments and cross-commodity exchanges. Collaboration within teams should have the lowest degree of difficulty – our findings demonstrated that a significant majority of organisations did not have a culture where buyers transfer knowledge and experience as a matter of course.

Inclusive Stage Interview Feedback

"We select our procurement staff carefully so that they work within our team culture." **Large manufacturing multinational**

"We train people in both purchasing and interpersonal skills so that they can add value to our purchasing activities." **Large academic establishment**

"We run specific team-building and team-working courses to increase the collaboration within the purchasing function." **Large engineering company**

"We encourage an exchange of information and skills sharing supported by our online system called 'The Way We Work', where all processes are mapped with the relevant documentation." **Large UK aerospace company**

The next question looked at the level of co-operation between purchasing and the other functions within the organisation and asked how they worked with other functions/ departments within their organisation.

Over 56% of organisations in our study have not reached the stage where functions such as finance and IT, as well as operational business units, work together with purchasing in a structured way. All respondents claim
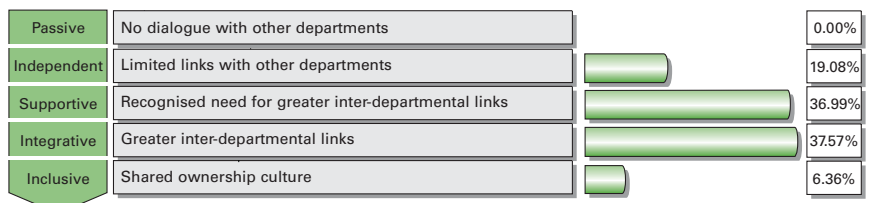
Passive	No dialogue with other departments	0.00%
Independent	Limited links with other departments	19.08%
Supportive	Recognised need for greater inter-departmental links	36.99%
Integrative	Greater inter-departmental links	37.57%
Inclusive	Shared ownership culture	6.36%

Figure 7. Intra-Organisational Collaboration

to have dialogue with other departments and 37% at least recognise the need to have regular inter-departmental co-operation in respect to purchasing activity.

Inclusive Stage Interview Feedback

"We have reached the stage where we are seen as trusted advisors with all key stakeholders within the organisation. This means that purchasing is totally embedded to every single department." **Large construction organisation**

"We have developed a structure of account managers who liaise directly with other functions to make sure that we understand their challenges and business requirements." **UK central government agency**

"We have procurement people seconded full time to support both acquisition and systems development initiatives." **Large manufacturing company**

"We have actively worked to become part of the overall finance community, not only because our processes are inter-dependent but also to achieve validation and support for our savings targets." **Large public sector organisation/ central government**

The next question explored the way purchasing departments work with other purchasing groups within their overall organisation.

30% of organisations in our study have very limited co-operation with sister purchasing groups within their organisation, with 7% having none at all. There is much to achieve on this front. At the inclusive end of the scale, only 9% have reached a shared ownership culture across a wide range of commodities. The challenge for

Passive	No links with sister organisations	7.06%
Independent	Informal links	30.00%
Supportive	Established formal links	39.41%
Integrative	Single ownership	14.71%
Inclusive	Shared service environment	8.82%

Figure 8. Inter-Organisational Collaboration

these organisations is to be able to take advantage of the economies of scale and best use of available skills, whilst managing the primarily people-related issues that arise from such initiatives.

Inclusive Stage Interview Feedback

"Purchasing has become a 'virtual' shared service function for the whole of our organisation, with various purchasing departments taking the lead where they have the commodity expertise. Ownership is less important as purchasing has a transparent structure." **Large UK IT organisation**

Finally, we tried to understand how much interaction purchasing organisations were having with their external environment by asking how they worked with external organisations.

Here the responses clearly indicated that for almost 55% of respondents there were very limited or no relationships with any external bodies. The private sector fared much worse, with two thirds of the respondents who have some regular dialogue with
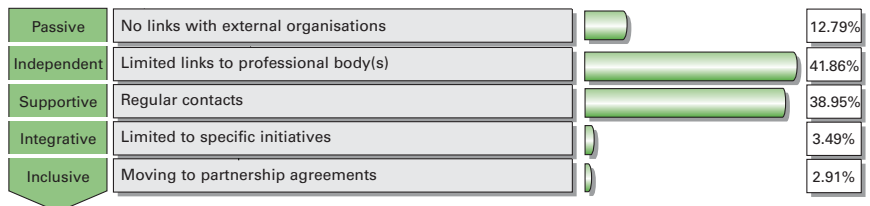
Passive	No links with external organisations	12.79%
Independent	Limited links to professional body(s)	41.86%
Supportive	Regular contacts	38.95%
Integrative	Limited to specific initiatives	3.49%
Inclusive	Moving to partnership agreements	2.91%

Figure 9. Extra-Organisational Collaboration

external organisations coming from the public sector. It was unexpected that only 3% of respondents have any partnership arrangement with external bodies and a further 4% have carried out specific initiatives such as training workshops and detailed research with any external bodies.

Inclusive Stage Interview Feedback

"We have developed strong links with all the leading procurement-centred universities. This has resulted in a number of structured MBA programmes, as well as additional business-specific programmes developed for us by the universities." **Various public and private sector bodies**

"We have worked with an academic institution to develop a day-release-based post-graduate qualification." **Central government agency**

"Working with two leading academics we developed an evaluation tool for categorising relationships within the supply chain." **Large manufacturing organisation**

"We have worked with CIPS and an academic organisation to provide training which meets both the MBA and CIPS criteria." **Large manufacturing organisation**

Results and Analysis

People and Stakeholder Management Elements
We asked questions relating to people skills and development, forms of learning and environmental impact.

We asked to what degree do you support your individual purchasing staff from a career development perspective.

With over 83% of respondents actively encouraging and financially supporting their purchasing staff to undertake external training, this demonstrates a significant commitment in respect of career development from most organisations. The public sector
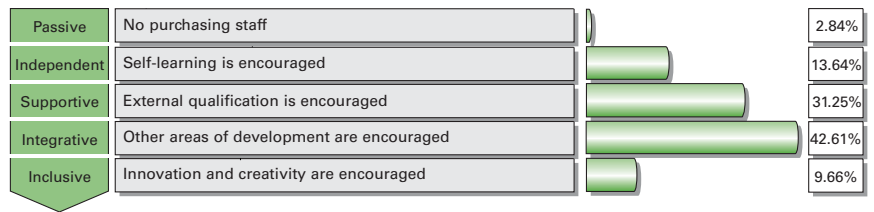
Passive	No purchasing staff	2.84%
Independent	Self-learning is encouraged	13.64%
Supportive	External qualification is encouraged	31.25%
Integrative	Other areas of development are encouraged	42.61%
Inclusive	Innovation and creativity are encouraged	9.66%

Figure 10. People Skills and Development

represents almost 80% of organisations who have developed extensive training and development programmes for their purchasing staff.

Inclusive Stage Interview Feedback

"We employ a personal development programme tailored to individuals' needs with a formal mentoring programme." **Many inclusive stage respondents in both public and private sectors**

"We have founded a post-training evaluation process to establish its success and additional training requirements." **Large construction company**

"We have a group talent development initiative aimed at promising purchasing talent across all our business units." **Large manufacturing company**

"We have a formal academy aimed at the development of targeted groups of employees." **Large manufacturing company**

"We have a young procurement professional programme." **Large manufacturing company**

We asked how organisations captured and shared best practice and knowledge within their department/organisation.

Here, only 13% of organisations reported that knowledge is retained by the individual. It does, however, improve with almost half of the respondents reporting that they at least attend meetings to share knowledge across their organisation.
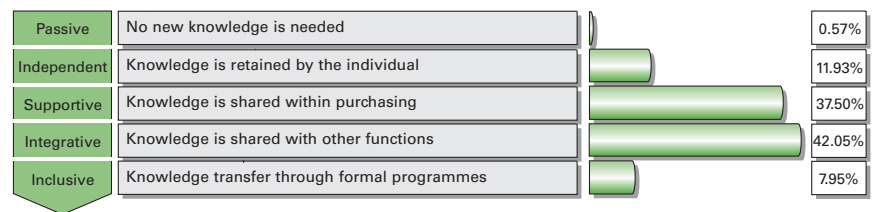
Passive	No new knowledge is needed	0.57%
Independent	Knowledge is retained by the individual	11.93%
Supportive	Knowledge is shared within purchasing	37.50%
Integrative	Knowledge is shared with other functions	42.05%
Inclusive	Knowledge transfer through formal programmes	7.95%

Figure 11. Forms of Learning

Inclusive Stage Interview Feedback

"We have a procurement best-practice website and a series of roadshows aimed at sharing for internal purposes." **Large central government department**

"We employ extensive use of templates to capture best practice and new learning points to share within our organisation and beyond." **Respondents from both the public and private sectors**

"We have developed our own residential course alongside CIPS and a leading university, tailored to our training needs." **Large manufacturing and telecommunications organisations**

"We make extensive use of public sector best-practice organisations." **Large public and private sector organisations**

To conclude, we asked how their purchasing organisation took account of the environmental and social/economic impact of their activities.

41% of respondents have formulated a policy on environmental impact and a further 43% of the organisations have a strategy that allows purchasing to interact with other functions in respect of their environmental impact. It is clear that this issue has made its way into everyday purchasing considerations.
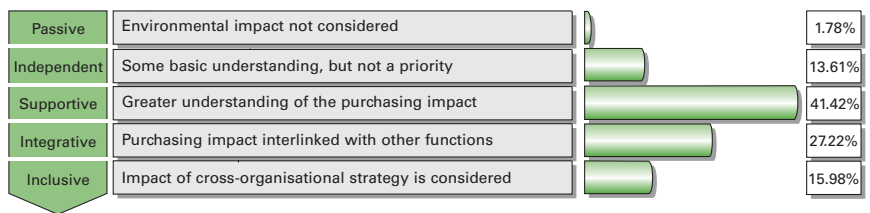
Passive	Environmental impact not considered	1.78%
Independent	Some basic understanding, but not a priority	13.61%
Supportive	Greater understanding of the purchasing impact	41.42%
Integrative	Purchasing impact interlinked with other functions	27.22%
Inclusive	Impact of cross-organisational strategy is considered	15.98%

Figure 12. Environmental Impact

There is evidence that public sector organisations are performing better in every stage.

Inclusive Stage Interview Feedback

"We have embedded within our supply agreements the responsibility on suppliers to collect and recycle waste wherever appropriate." **Large construction organisation**

Over 70% of organisations at best have made some limited attempts to formulate a social and economic policy in respect of what they buy and who they buy it from. Less than a third have made it part of their everyday considerations.
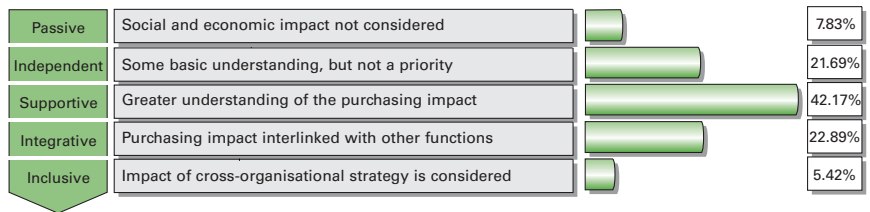
Passive	Social and economic impact not considered	7.83%
Independent	Some basic understanding, but not a priority	21.69%
Supportive	Greater understanding of the purchasing impact	42.17%
Integrative	Purchasing impact interlinked with other functions	22.89%
Inclusive	Impact of cross-organisational strategy is considered	5.42%

Figure 13. Social and Economic Considerations

Inclusive Stage Interview Feedback

"We have actively developed a policy of supporting the local environment and have now achieved a target of 85% of our goods and services sourced from our geographical area." **Large NHS trust**

"We have a corporate social responsibility programme, which is monitored at board level." **Large construction organisation**

Performance Elements

This section covers processes, spend influence, use of IT, competitive advantage and performance objectives.

This question asked respondents to describe their enabling processes.

12.5% of public sector respondents still use a paper-based procurement system. Over 50% of all respondents have no formal recognition of their procure to pay process or any joined-up approach. 13% have a fully integrated procure to pay process. Only 2% have a fully integrated process and adopt new technology.
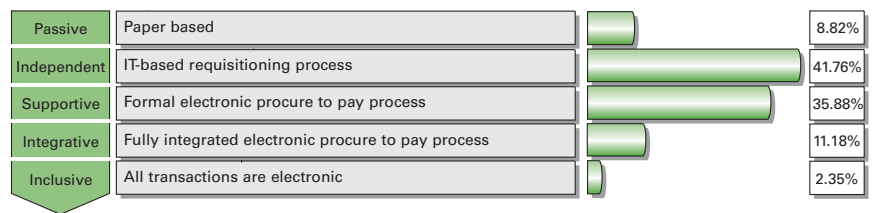
Passive	Paper based	8.82%
Independent	IT-based requisitioning process	41.76%
Supportive	Formal electronic procure to pay process	35.88%
Integrative	Fully integrated electronic procure to pay process	11.18%
Inclusive	All transactions are electronic	2.35%

Figure 14. Purchasing Enabling Process

Inclusive Stage Interview Feedback

"We have moved from several individual systems to a single ERP system. This has given us a streamlined and fully integrated procure to pay process that has supported a move towards electronic invoicing." **Large UK corporate**

"We have a fully integrated ERP system. It was a joint

project between Procurement and Finance and was supported at board level." **Large UK utility**

"The catalyst for our investment in a procure to pay system was the introduction of a new management team." **Large UK construction company**

We asked purchasing managers how much of their external spend they truly influenced.

Nearly 60% of the organisations influence more than half and nearly 30% influence more than three-quarters of their total spend. The level of influence has generally increased over the last few years. Interestingly, in a supplementary question, 45% indicated that they wanted to increase their level of influence.
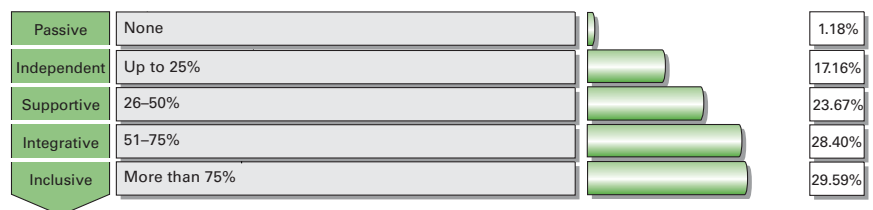
Passive	None	1.18%
Independent	Up to 25%	17.16%
Supportive	26–50%	23.67%
Integrative	51–75%	28.40%
Inclusive	More than 75%	29.59%

Figure 15. Spend Influence Figure

Inclusive Stage Interview Feedback

"We have a procurement plan that is produced with all sectors of our business. This articulates the commitment and agreement between purchasing and all expenditure areas in terms of support, collaboration and co-operation in respect of external spend. It is agreed at board level and reported on monthly. This gives us an agreed platform of spend influence throughout our organisation." **Large UK utility**

"We have made a concerted effort to engage with all areas of the business that buy goods and services. We have

developed a team approach with each business area where we review negotiation opportunities and new projects together. We then develop a sourcing plan using E-Sourcing tools and techniques where appropriate." **Large UK corporate**

"We took time to understand the needs of our internal customers by getting out and getting involved rather than just creating and imposing rules." **UK academic institution**

We asked how respondents managed IT to support their procurement activities.

77% of the organisations recognise the importance of IT, with 45% having a development plan and budget in place. So, if there is a regular dialogue with IT over their system support needs, what has the money been going on?
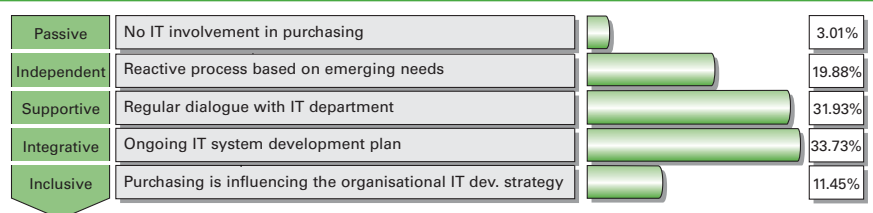
Passive	No IT involvement in purchasing	3.01%
Independent	Reactive process based on emerging needs	19.88%
Supportive	Regular dialogue with IT department	31.93%
Integrative	Ongoing IT system development plan	33.73%
Inclusive	Purchasing is influencing the organisational IT dev. strategy	11.45%

Figure 16. The Use of IT Within the Purchasing Function

Inclusive Stage Interview Feedback

"Within the IT organisation structure, we have a dedicated business systems team that supports our supply chain organisation. They support both business as usual but also system developments and improvements." **Large UK construction company**

"IT is fundamental to our success. We have developed strategic relationships with our key IT suppliers that include interaction at all levels up to main board directors." **Large government department**

We asked respondents what role they played in their organisation's competitive advantage/overall efficiency.

Over 53% of respondents thought their procurement function helped them react to change. About 20% of public and 40% of private sector respondents proactively influenced their supply environment. 10% of public sector organisations said they rely on price alone.
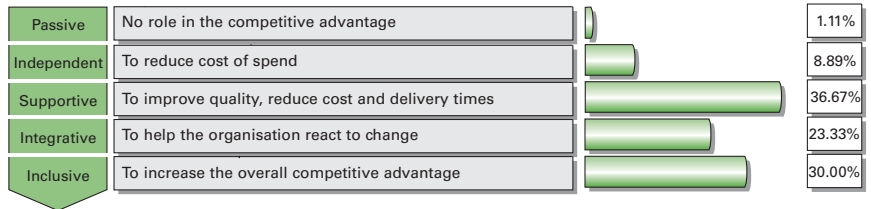
Passive	No role in the competitive advantage	1.11%
Independent	To reduce cost of spend	8.89%
Supportive	To improve quality, reduce cost and delivery times	36.67%
Integrative	To help the organisation react to change	23.33%
Inclusive	To increase the overall competitive advantage	30.00%

Figure 17. Competitive Advantage

Inclusive Stage Interview Feedback

"We have developed a collaborative buying group to leverage the similar areas of spend with like-minded academic institutions. This has provided huge cost and efficiency savings." **UK academic institution**

"We have taken the lead to negotiate contracts that leverage the collective spend across many public sector departments.

The challenge is now to get all applicable departments to use them." **Large central government department**

"We have found the use of on-line auctions has significantly improved our competitive advantage." **Many public and private sector respondents**

We asked how respondents measured the performance of their own department and of their suppliers.

20% of respondents have a strategic plan that is agreed by and reported at board level. 76% of respondents have a series of KPIs, with only 9% having no measures at all.
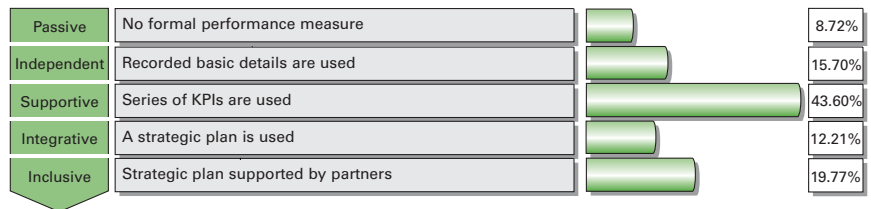
Passive	No formal performance measure	8.72%
Independent	Recorded basic details are used	15.70%
Supportive	Series of KPIs are used	43.60%
Integrative	A strategic plan is used	12.21%
Inclusive	Strategic plan supported by partners	19.77%

Figure 18. Procurement Function Performance

Inclusive Stage Interview Feedback

"We agree a rolling three-year business plan broken down into four elements: contracting and commercial development; supply chain; purchasing; and modernisation. These objectives are agreed at board level and cascaded down to the heads of departments who translate them into individual objectives and actions." **Large NHS trust**

"We use a balanced scorecard approach to manage our forecast and expectations against actual achievements." **Large UK corporate**

"We have a procurement plan that is produced with all

sectors of our business. This articulates the commitment and agreement between purchasing and all expenditure areas in terms of support, collaboration and co-operation in respect of external spend. It is agreed at board level and reported on monthly." **Large UK utility**

"We have a set of KPIs covering the whole of our procurement environment." **Large UK construction company**

"We agree a set of deliverables with our senior management that are reviewed annually by an independent director." **UK academic institution**

35% of respondents have no measures or only react once a supplier was thought to have 'failed'. However, 39% do measure internal customer satisfaction, account management and overall supplier reliability.
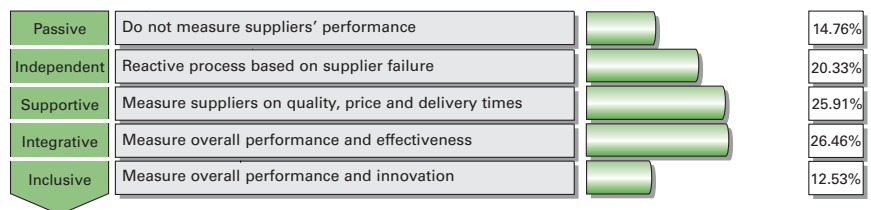
Passive	Do not measure suppliers' performance	14.76%
Independent	Reactive process based on supplier failure	20.33%
Supportive	Measure suppliers on quality, price and delivery times	25.91%
Integrative	Measure overall performance and effectiveness	26.46%
Inclusive	Measure overall performance and innovation	12.53%

Figure 19. Supplier Performance Measurement

Inclusive Stage Interview Feedback

"We have a supplier management plan for the majority of our contracts and with the most strategic ones we also have a supplier governance schedule which sets out the different ways we manage the contract, responsibilities, frequencies etc." **Large UK corporate**

"We have devised a series of metrics to measure the performance of all of our key suppliers. Some are quantitative targets and some are more qualitative. All metrics are created in partnership with our internal customers and so designed to meet their particular requirements." **Large central government organisation**

Conclusions

Our findings lead us to believe that we have found some evidence of a fifth, more advanced stage of purchasing development. This stage, as highlighted by our literature review, is characterised by a greater intra-, inter- and extra collaboration, good relationships, effective learning and continuous improvement.

The purchasing organisations that we researched are either aspiring to and, in some cases, achieving this level of performance. We were also encouraged that the 15 elements with which we sought to segment the purchasing environment have been recognised by all respondents. However, there are only a small number of respondents whose organisation can be seen as having reached the fifth stage across a wide spectrum of the purchasing elements. This is clearly illustrated in Figure 20, which shows the responses across all elements for both Public and Private sectors, where the lowest responses came in the sections that require the greatest inclusiveness.

As anticipated, and supported by the literature review on innovation and management of change, a large number of purchasing organisations are still having difficulties in establishing greater collaboration and co-operation between purchasing individuals and a variety of other internal and external groups of a purchasing and non-purchasing nature.

It seems that this 'silo' approach got stronger the further away from a buyer's own environment.

A consequence of this appears to also be clear in Figure 20 under the performance elements, where the poorest responses were in respect of the procure to pay process. This points to being a cause of the lack of inclusion, in this example by finance and IT in particular.

On average, respondents scored highest in training and development. This is very encouraging, as learning should be a key component in achieving the fifth stage. This significant commitment to learning is also reiterated by the in-depth interviews.

However, most of the training and learning activities are aimed at strengthening operational and technical skills rather providing the purchasing organisation and its managers with strategic skills and understanding aimed at helping them respond effectively to their dynamic environment.

Our research has also identified a good level of awareness about the need to measure performance and to take into consideration the social and economic impact of their purchasing strategy. However, this awareness was not always translated by a satisfactory level of implementation and operationalisation. Performance is still essentially measured through traditional and financial criteria.

Our research shows that there are varying levels of practice achieved across different elements. There are examples of a greater proportion of purchasers having reached the fifth stage in some elements than in others. This mirrors the findings of many scholars, who suggest that the degree to which the purchasing function develops and contributes to its organisation's competitive advantage varies from one form to another. It depends significantly upon factors such as top management commitment, level of experience and learning, quality of relationships and good level of collaboration at the intra-, inter- and extra-organisational level.

It was not surprising that there were high responses relating to spend influence and competitive advantage. We also make the assumption that the relatively high scores in respect of IT investment are more to do with the investment in this area of what is typically called 'strategic sourcing' rather than the procurement process itself.

Whilst there were some variations between the public and private sector responses, it is clear from Figure 20 that the overall picture is very similar within both sectors. This supports the findings of our previous I-SAVE research, which identified that whilst there will always be certain nuances within each sector, the vast majority of underlying purchasing achievements and ongoing challenges remain the same. In particular, perhaps a message for private sector organisations that they can learn from their high-performing public sector counterparts.

Had we undertaken this research five or even three years ago the outcome would have been significantly less positive. The battle to establish a purchasing organisation is well advanced: 83% of organisations are investing in their people through the CIPS qualifications, 60% influence more than half their spend and 76% have established KPIs to manage their performance.

Our in-depth interviews with senior managers confirmed the increasing strategic role of purchasing and gave a clear evidence of a vision and practices associated with our fifth-stage assumption. This not only gives us strong supporting evidence but also, through the examples that we have shared in this brochure, provides practitioners with a set of potential improvement initiatives to select from.

However, it is worth mentioning that for a large number of purchasing organisations this vision is yet to be fully and effectively operationalised and implemented through a stronger culture of collaboration, co-operation, organisational and shared learning.

One additional observation that we have made is that organisations may not ever have a business need to move to the fifth stage in some of the elements. Therefore encouraging the need for ongoing improvement must always be set against a business benefit scenario.

In conclusion, we take a generally positive view of the UK procurement environment from our research. Yes it is clear that purchasing people have to become more rounded business people and, in general, develop better relationships within and outside their own sphere of influence, but it is also clear that procurement has come a long way and the desire for continuous improvement is alive and well.
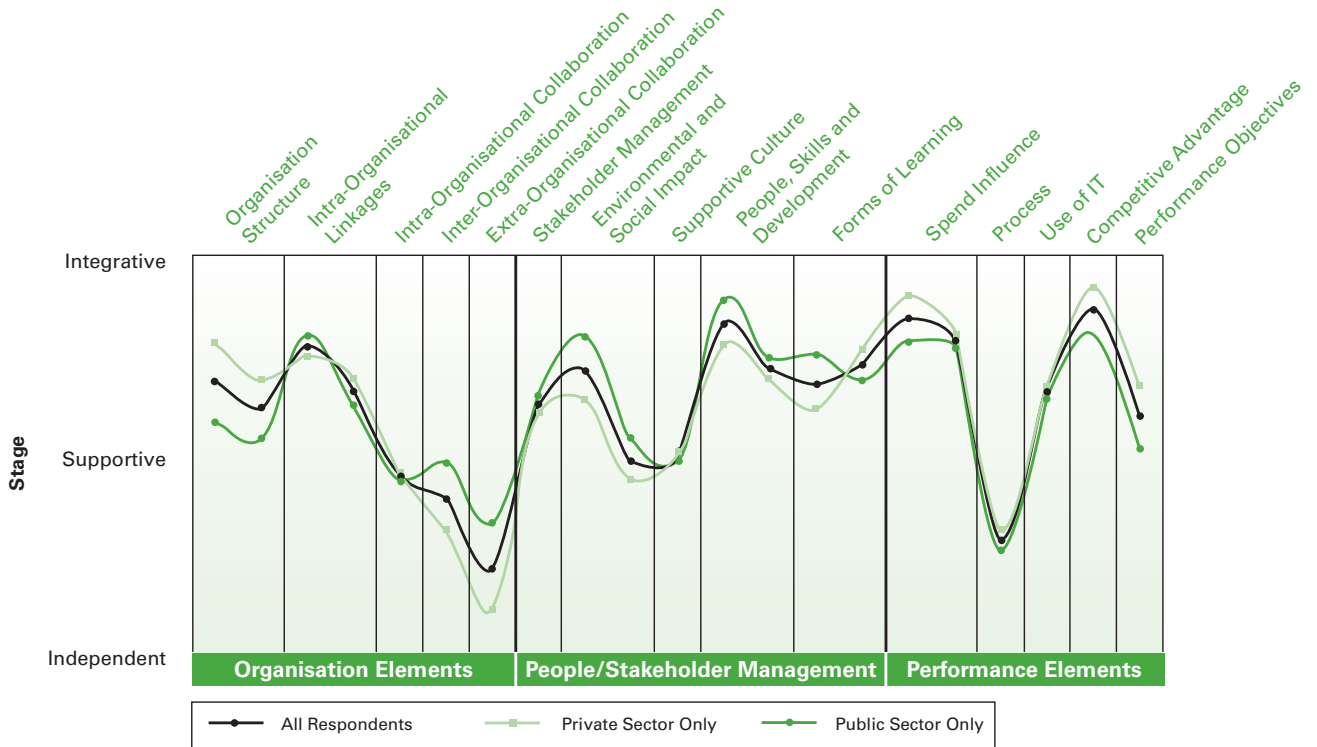
Figure 20. Responses by Element and Organisation Group

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