



Professional Procurement to prevent suppression of irregularities



Project: Strengthening capacities to remedy irregularities
in public procurement procedures.

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Who am I?



- Marcel Stuijts, currently Chief Executive Officer BIZOB
 - Vice chairman VNG-acia commission
 - One of the authors of the Guideline Proportionality (ministry of Economic affairs)
- **Previous experience:**
 - Chief Executive Officer SIW,
 - Interim (Procurement) manager several public organisations
 - Procurement manager Massive lighting

Set up of the presentation



- **The situation in Netherlands and how we prevent irregularities in Public Procurement**
- **Case-study: best practice of joint procurement (organisation) for municipalities in the Netherlands**

Prevent suppression of irregularities on national level in the Netherlands



- **Professionalism on**
 - **Professional Public Procurement Organisations**
 - **Professional behaviour of suppliers.**



How is the Dutch approach



- **Procurement guidelines about proportionality**
- **Procurement guidelines about procedures**
- **A procurement policy document for all the municipalities**
- **A procurement procedure (hand-book) for all the municipalities**
- **We lifted procurement back on the agenda of the politics**

All in stages collaboration with the market!

How is the Dutch approach



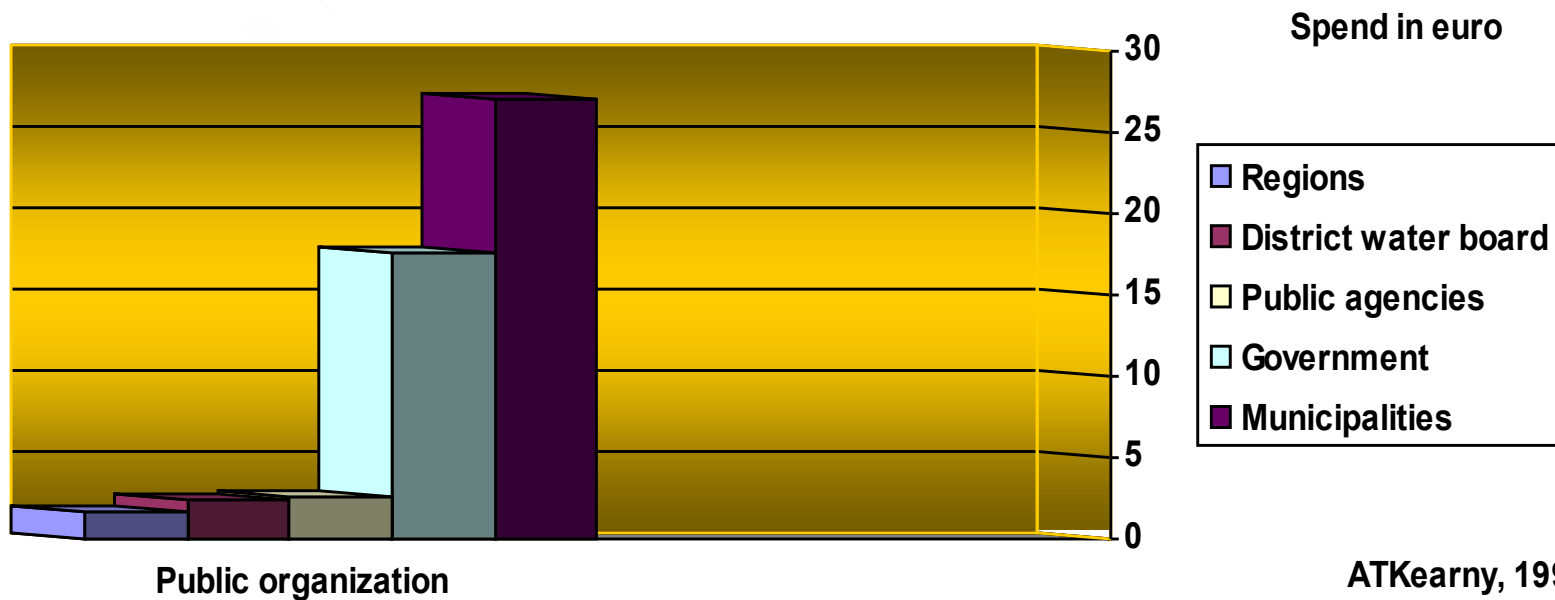
All stages in collaboration with the market!



Background



Public Sector in the Netherlands and their procurement spend



Needs and wishes



- Contract and procurement methods for
- Best-Value Procurement
- Incentive agreements
- Functional specification
- E-Actions
- SME supporting procurement
- Suppliersmanagement
- Innovation in our products en services
- Strategic partnerships with suppliers

Research in the NL: inhabitants and professionalism



Scale of Municipality Inhabitants	Quantity	%	Procure volume	Correctly according EU directive
100.000 en groter	25	6%	47%	60-70%
50.000 tot 100.000	41	9%	23%	30-40%
20.000 tot 50.000	188	42%	22%	20-30%
10.000 tot 20.000	136	31%	7%	0-10%
tot 10.000	53	12%	1%	0-10%
Total	443	100%	100%	

Why Joint Procurement organisation?

(Murray et al., 2008)



- **Procurement is a badly organised process in most municipalities;**
- **Procurement is too limited in most (small) municipalities;**
- **Professionals at work;**
- **Economics of scale;**
- **Quality of knowledge (databank);**
- **Introducing possibilities for benchmarking;**
- **Better financial results;**
- **To get the optimal relation between commercial companies and the local government;**
- **Stronger contract partner position.**



Structurele inkoop samenwerkingen in Nederland



Background



- **Joint procurement organisations for municipality's has been extended from 1 (2000) till 10 (2010)**
- **None of those Joint procurement organisations have been liquidated.**
- **The growth of members has extended till 105 municipality's of the 400 municipality's in the Netherlands in the Netherlands.**

(VNG)

Benefits of joint procurement collaboration



Financial
procurement costs and profits

Qualitative
contracts, multifunctional teamwork,
European tenders

Organisational
transparent process, integrity, professional
procurement

Sustainability
focused on environmental and social aspects



BIZOB, do more with less money



Bureau Inkoop en Aanbestedingen Zuidoost-Brabant

Asten
Bergeijk
Bladel
Cranendonck
Deurne
Eersel
Gemert-Bakel
Heeze-Leende
Laarbeek
Nuenen
Oirschot
Reusel-de Mierden
Someren
Son en Breugel
Waalre

BIZOB

DO MORE WITH LESS MONEY

General Information on BIZOB (regional co-operative purchasing)

For several years now, the interest of the municipalities in a business-like purchasing function has been growing. They are becoming increasingly aware of the value of a well-developed purchasing function within their organisation. This is not surprising given the fact that purchasing expenditures make up a very large part of the annual budget. The national government is also putting market forces and competition into the limelight by means of legislation (such as the European tendering rules and the national tendering rules in 2007), activation programmes and publications. However, current events show that extra attention is still needed for fair and efficient purchasing.

Together, local governments form the largest group of government purchasers. The more professional the purchasing, the more can be saved. However, more professionally organised purchasing processes do not only result in financial benefits but also in improved quality of purchasing. Naturally, the quality of purchasing translates into better products, services and works, but also into improved control of cycle and delivery times, prevention of unexpected budget exceedances and greater integrity of the municipal organisation and the officials concerned.

The image of well-organised municipal purchasing processes, serving as a model for the own organisation, as well as trade and industry and citizens, plays an essential role in the development and maintenance of trust in how municipal money is spent.

What is Stichting BIZOB?

Stichting BIZOB (BIZOB Foundation) is a partnership of 15 municipalities in Southeast Brabant (Asten, Bergeijk, Bladel, Cranendonck, Deurne, Eersel, Gemert-Bakel, Heeze-Leende, Laarbeek, Nuenen, Oirschot, Reusel-de Mierden, Someren, Son en Breugel and Waalre). Stichting BIZOB is an independent foundation that was founded on 1 November 2003 at the initiative of the circle of municipal clerks of Southeast Brabant. The goal of the foundation is to achieve financial, qualitative and process-related purchasing benefits. In addition, purchasing is used as a strategic tool for adding value (do more with less). This is achieved by appointing professional purchasers (expertise centre), by making a political administrative translation of the municipal purchasing policy into a purchasing manual and by combining purchasing activities of municipalities of comparable size in the region.

Your challenge; your choice!

1. Do the same with less money
2. Do more with the same money
3. **Do more with less money**

Deurne

What is BIZOB?



An organisation:

- **for executing of (joint) procurement and EU funded projects for the municipalities e.g. for infrastructure works, goods and services;**
- **that advises municipalities on Public, Private Coloboration cases with suppliers and potential partners;**
- **that advises municipalities on cases about out-or insourcing of activities;**
- **that conduct market and product analyses for municipalities.**

Organisation BIZOB



General Council

38 members, two members of each municipality
Chairman: Mr. A.P.M. Veltman

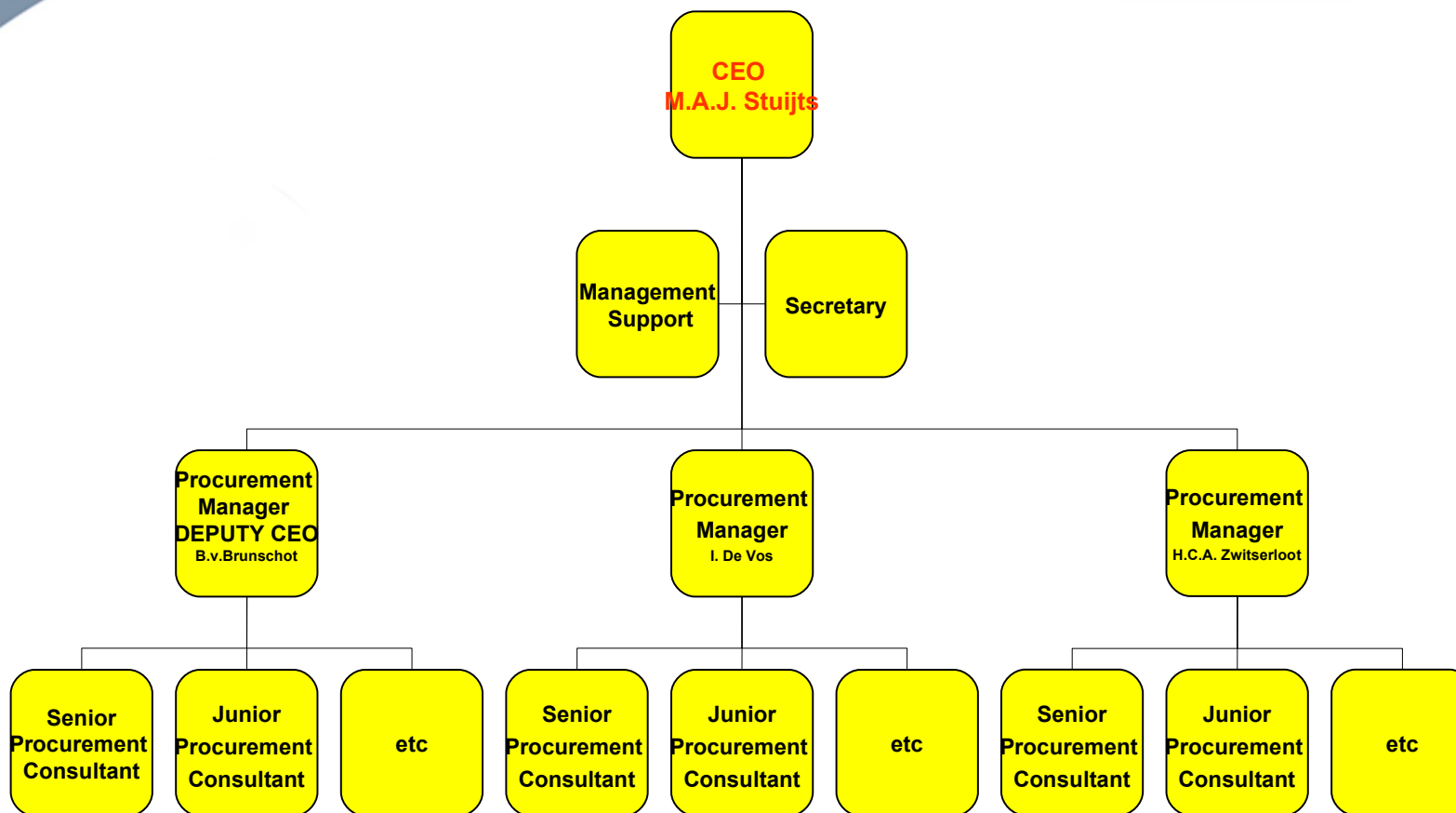
Council

5 members of the General Council

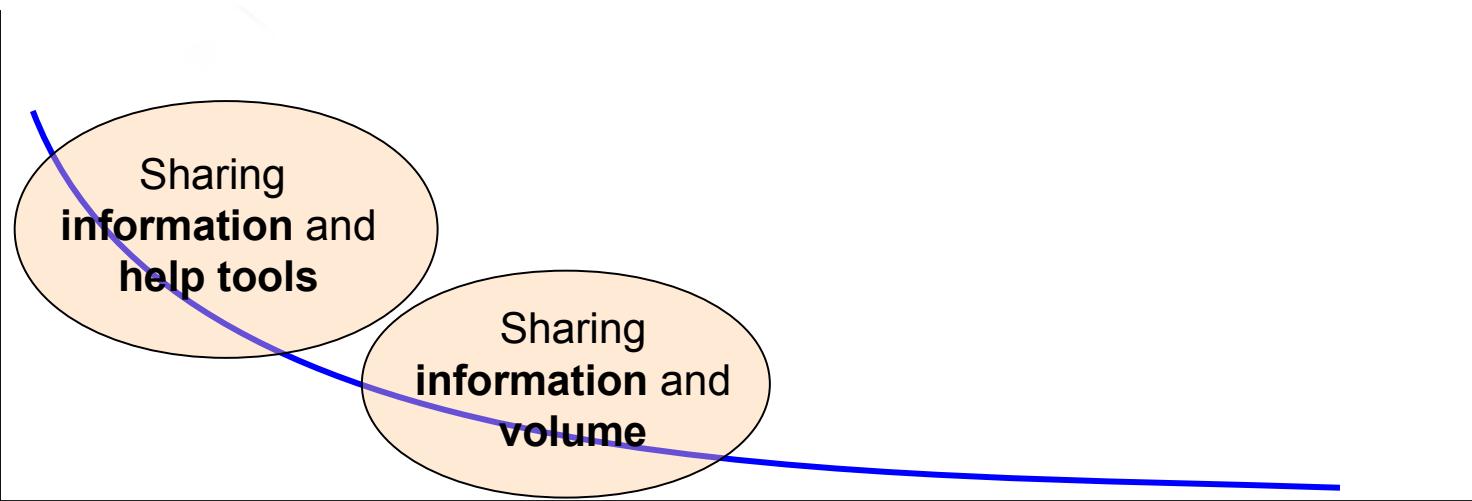
Board

M.A.J. Stuijts MSc

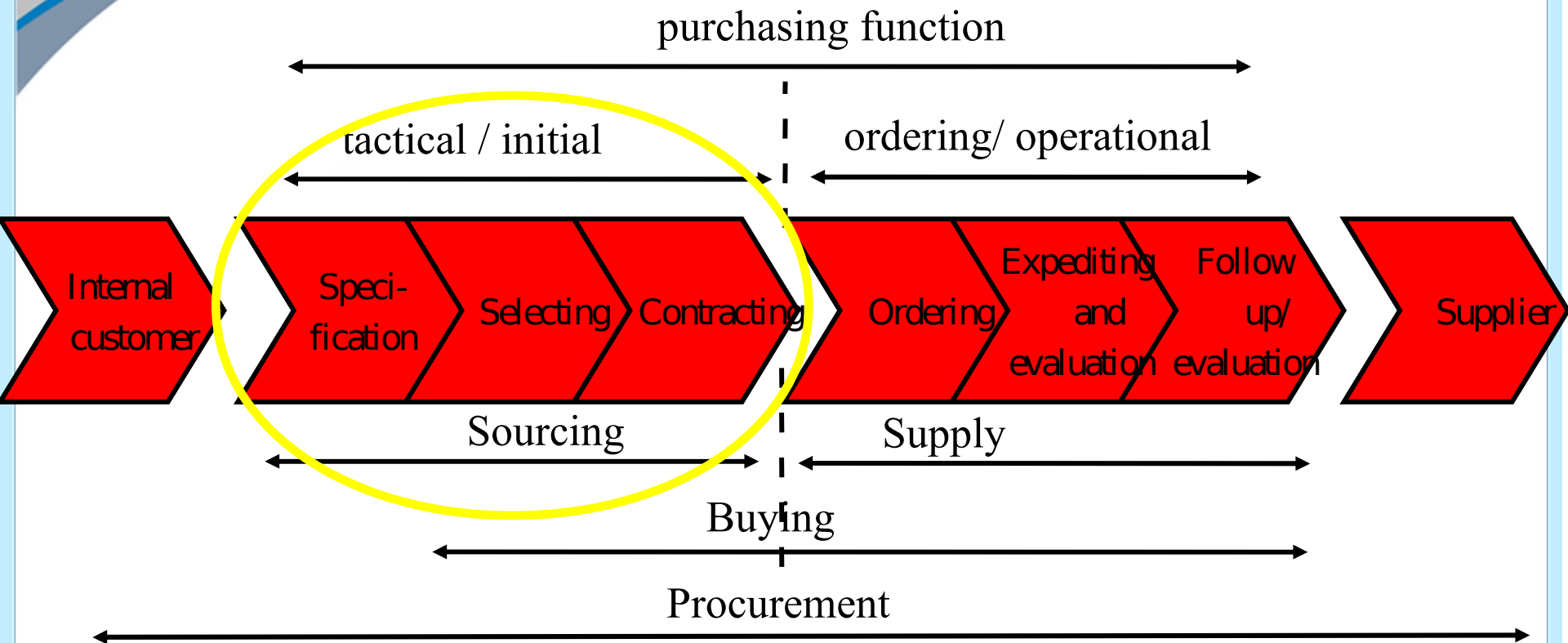
Organisation BIZOB



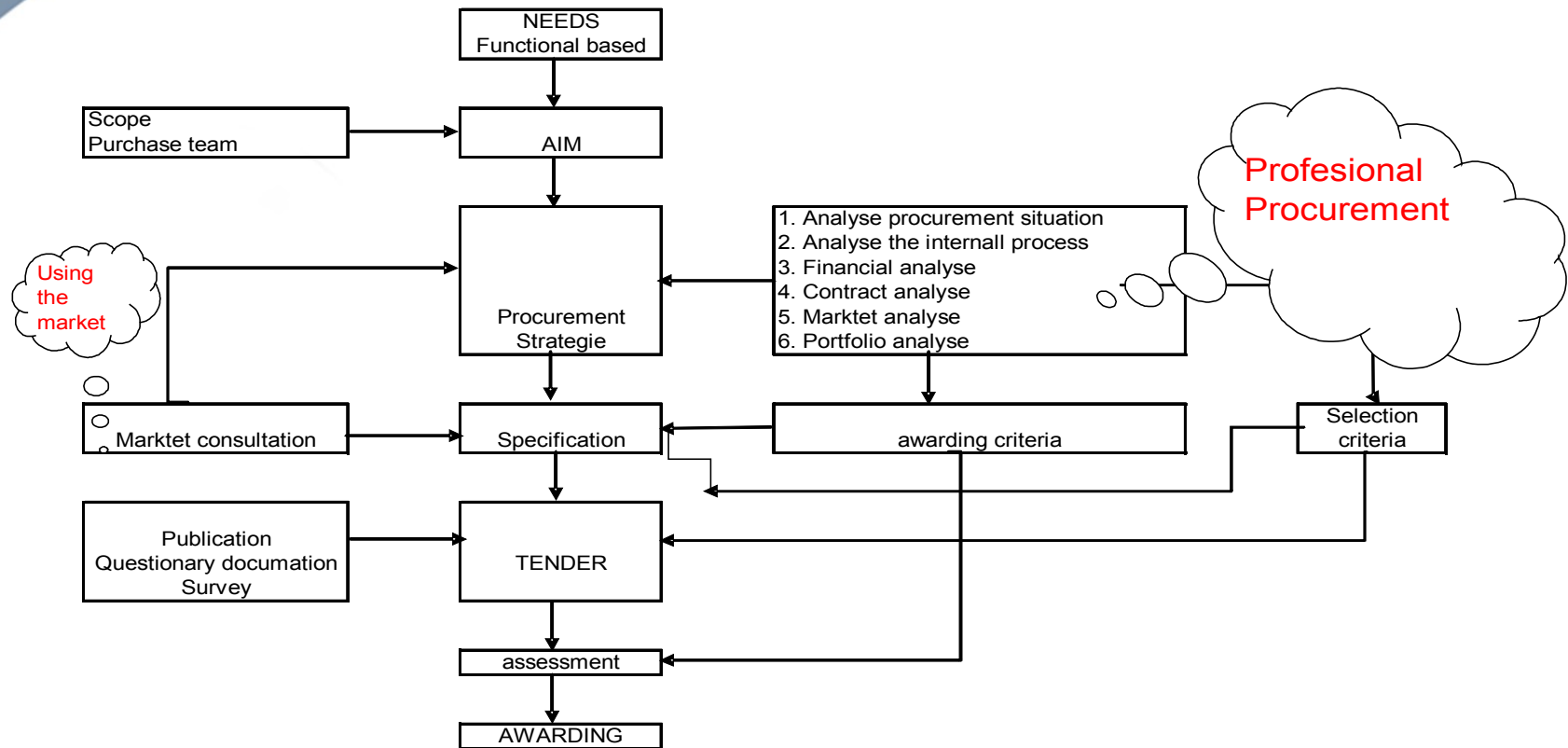
Saving possibilities with Joint Procurement: (Murray et al., 2008)



Tasks of procurement consultants of BIZOB (Lysons, K., Farrington, B., 2006)



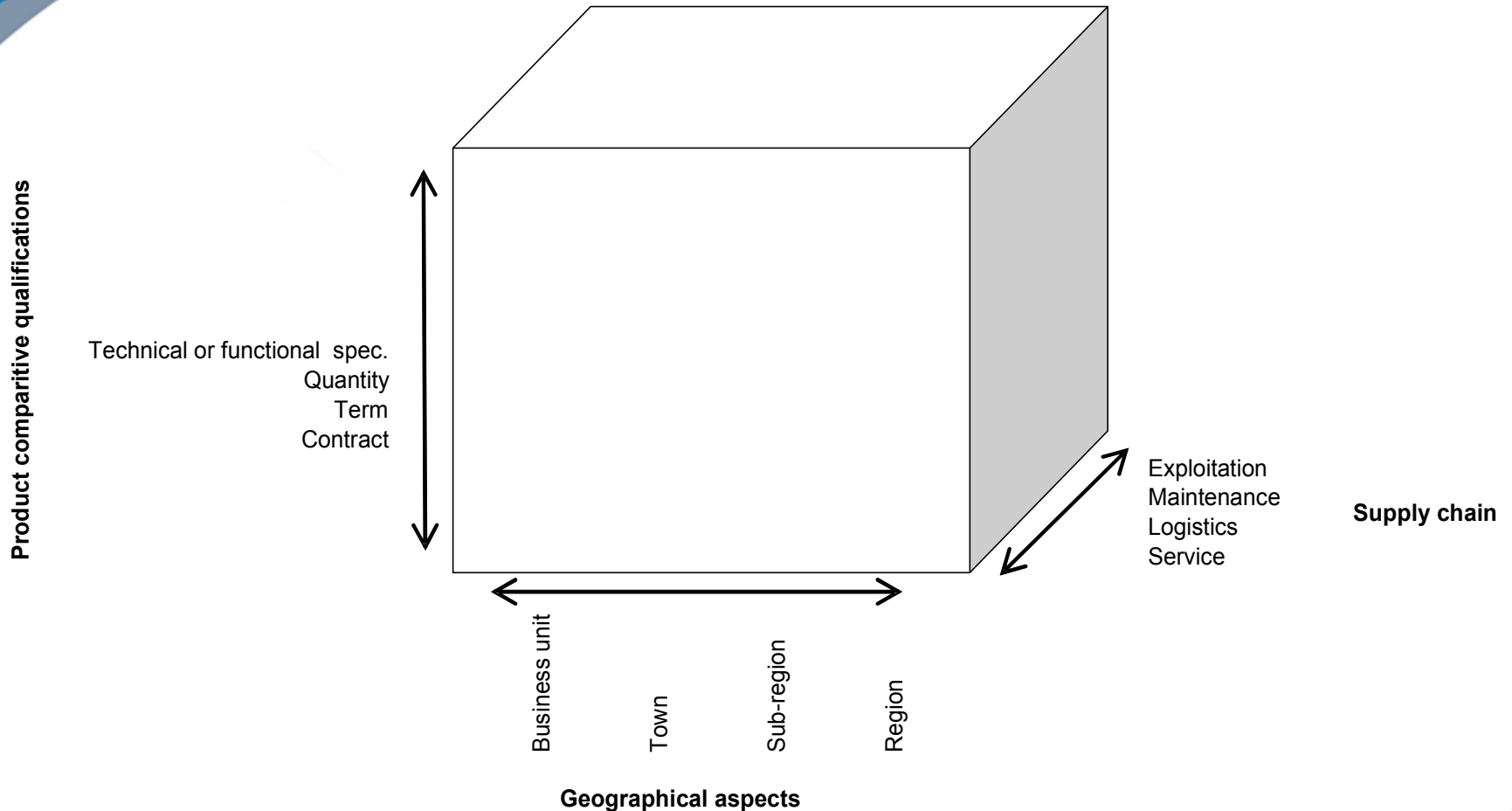
Purchasing Management Process



The view on a purchasing project



The BIZOB-purchase cube



Executed Joint Procurement projects by BIZOB



- **Transport of students;**
- **Legal consultancy services;**
- **Traffic signs;**
- **Regular training and education**
- **Collect of waste**
- **Commercialization of waste**
- **Office stationary;**
- **Telecom**
- **Flex-people**
- **Social care services**
- **Insurance of public buildings (fire)**
- **Etc.**

Executed EU funded (joint) procurement projects by BIZOB

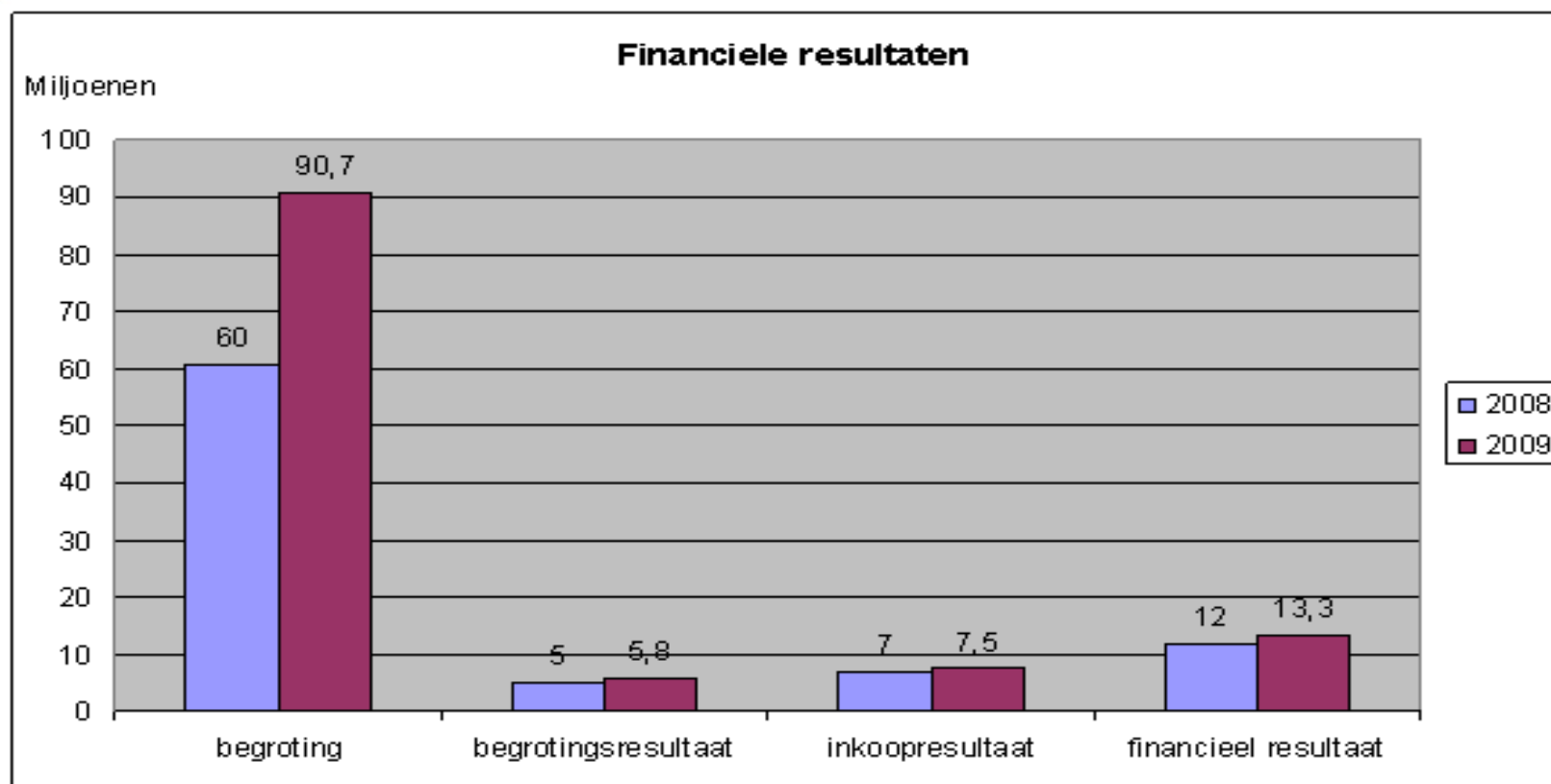


- **Reconstruction of historical church walls;**
- **Design and contracted (& maintenance) infrastructure high-way between Deurne-Asten (A-67);**
- **Cycle roads;**
- **Tunnels**
- **Sewerage systems in the outlying districts**
- **Archeological research**

Added Value of Joint-Procurement Organisation:

- Procurement expertise;**
- integrity and independency by executing EU-procedure.**

Financial results



Failures in Joint Procurement



- **Many meetings, no decisions;**
- **Dealing with the whole world instead of only the real participants;**
- **Incompetent program management;**
- **Lack of procurement expertise;**
- **Inadequate change management by the introduction.**

Critical factor of success



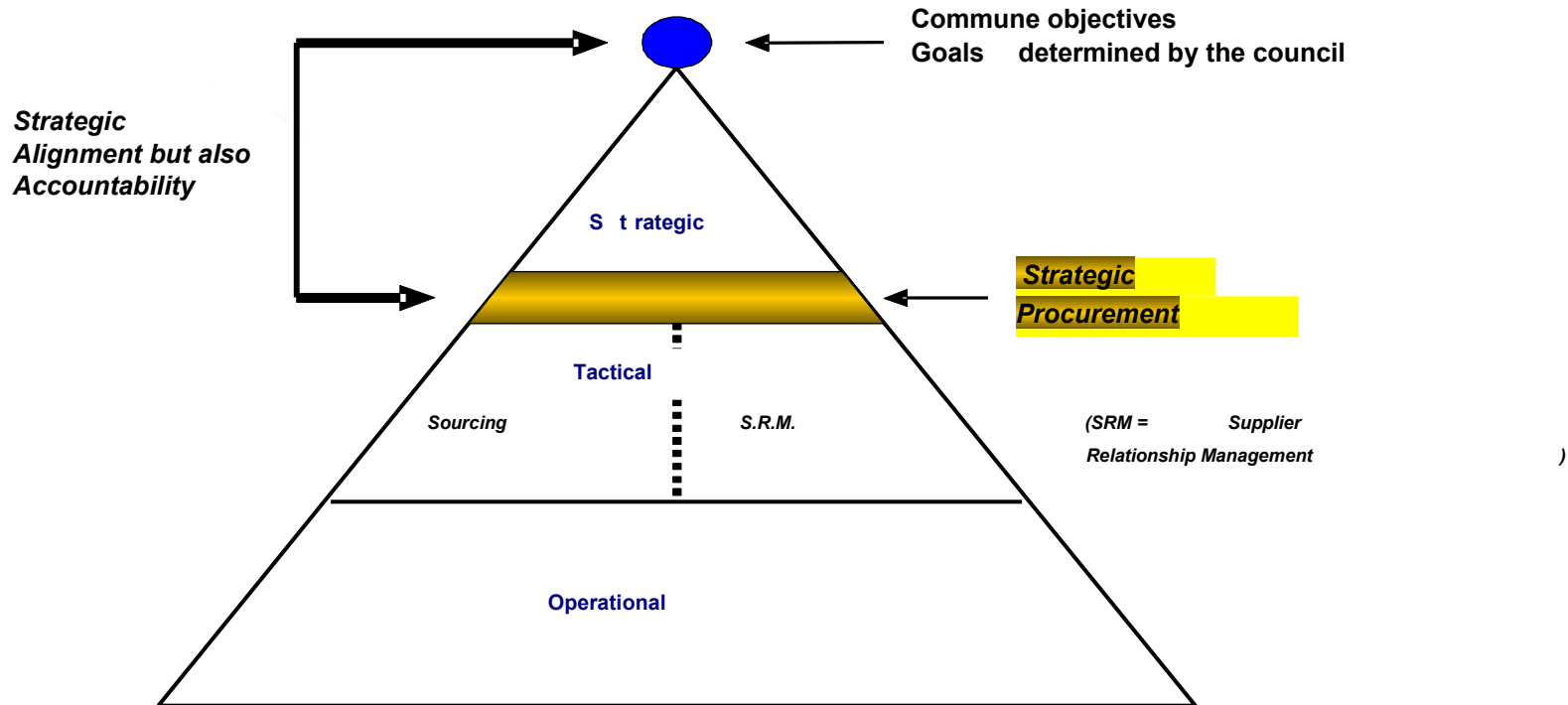
- **Commitment of the local authorities;**
- **Commitment of the management;**
- **Teamwork cooperation instead of competition;**
- **A drive to make the cooperation a success;**
- **Simple but effective organisational form “mean and lean”.**

Political Angle



- **Political “do-it-yourself” procurement and tenders;**
- **Local suppliers;**
- **Professional European acting;**
- **Guarantee of integrity and transparency of procedures;**
- **Positive effects on town budgets.**
- **Nepotism, preference for giving orders to ‘friends’ based on relationship.**

Alignment & Accountability



(Mintzberg et al. , 1998)



Professional (joint) Public Procurement, an opportunity

to prevent suppression of irregularities

But also for.....

'How to do more with less''

Thank you for your attention

References



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Questions

