



# SalesLeap



Press Coverage

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## GOING PUBLIC

At our latest round table, we canvassed opinion on the likely impact spending cuts will have on private sector companies seeking to win public sector contracts



# The latest Midlands Insider round table canvassing opinion on the likely impact spending cuts will have private sector companies seeking to win public sector contracts

## What is the climate like for winning public sector contracts?

**Penny Rinta-Suksi** Clients are going out to tender for opportunities rather than just giving us the next job. A lot more competitors are in the market, who are perhaps undercutting prices a little to shake things up. It means we can't be complacent.

**Adam Williams** Our sector has always been competitive. Margins have been reduced to the extent that you are going in to win a contract without any margin. Coupled with fewer opportunities, that has forced us to re-evaluate where we are getting our work streams from.

**Tony Copeman** The procurement process is changing. The public

sector has to drive costs down. The larger contracts are perhaps getting into collaborative procurement and looking at e-procurement. Price is always going to be an issue but that could be an opportunity for small businesses with a lower cost base.

**Andrew Tobin** It's been an interesting 18 months. The government is talking about trying to drive the recovery through public spending and contracts. We have seen much more competition coming into our market, competing for the same volume of projects. What will be interesting now, with the spending review coming up and the general election, is that there will be potentially far less work.

**Nick Gibb** The word I would use is saturated. It's about finding market differentiators.

**Martin Breakwell** What we notice on public contracts is the level of information required. It is about trying to differentiate yourselves, but often we can only show how good we are when we are on the job. Frameworks differ enormously. We have taken specialist advice to assist us in the process.

**Richard Stone** Small businesses going for public sector contracts don't have the resources or the time. For them to scour the market effectively each day is a problem. And once you get into the process it is time consuming.

"Price is always going to be an issue but that could be an opportunity for smaller businesses with a lower cost base."

**Tony Copeman**



## IN ATTENDANCE

**MARTIN BREAKWELL** director, BSP Consulting

**TONY COPEMAN** managing director, SalesLeap

**NICK GIBB** pre-construction director, Willmott Dixon

**ANDREW GREEN** public sector sales director, Amor Group

**TONY HYDE** managing director, Thomas Vale Construction

**CAITROINA MCCUSKER** senior consultant, PricewaterhouseCoopers

**PENNY RINTA-SUKSI** project finance partner, Bevan Brittan

**RICHARD STONE** operations director, Medilink WM

**ANDREW TOBIN** construction partner, Bevan Brittan

**MATT TROBE** managing director, Metalrax Storage

**ADAM WILLIAMS** divisional director, J&S Seddon (Building)

## What other trends have you noticed over the past year?

**Williams** In our industry it seems that 50 per cent of the time the winning tender has some sort of error in it. Margin is also being pushed down the line towards the subcontractors.

**Copeman** We get people to think about where they can add value and, if they can, what they need to do to get through. It is also worth remembering that there are loads of other opportunities out there.

**Gibb** It is disappointing that some clients have short memories and go for lowest cost tendering straight away. But it may take 18 months on a construction project to see how bad something is.

**Tobin** Some tenders we have gone for have been heavily weighted towards price. One local authority asked 15 shortlisted companies to match the lowest price. It was only when they were told it couldn't be done that they thought again.

**Hyde** Competitive tendering is a crazy way of procuring building. We have four weeks to price it.

## Where do you see the public sector business coming from in the future?

**McCusker** I see more pan public sector working coming into play.

**Tobin** Anything that drives efficiency.

**Stone** The growth from the medical and healthcare sector is estimated to be 20 per cent year-on-year, and we will always need healthcare.

## In the recent Budget the Chancellor declared that the number of public sector contracts going to small businesses would increase by 15 per cent. How will this work?

**Rinta-Suksi** It will be difficult. You will still need to have strong organisations with strong balance sheets. But there's going to be room for small businesses because you will always need that additional chain of supply.

**Hyde** Councils are putting together small bundles of work. Presumably that is targeted at small businesses.

**Green** We are an agile organisation. Larger organisations can be rigid in how they operate and that is something we play on in our bids.