

“The Doors Are Closed”: Public Procurement is Biased Against SMEs, says Tim Dean, Managing Director of Connect Anything

Tim Dean is the Managing Director of Connect Anything, an engineering SME based in Stoke-on-Trent providing audiovisual technology for business. Its clients include private sector companies such as Coca-Cola and Pets At Home and public sector organisations including Wolverhampton Council, Stoke-on-Trent Council, and HS2.

We met Tim at The Midlands Expo in Birmingham and discussed how red tape strangles the ability of SMEs like Connect Anything to bid for and win public sector contracts.

Biased frameworks cost taxpayers & SMEs

Tim says current procurement frameworks effectively shut SMEs out of government contracts. “It’s glaringly obvious straightaway how the whole framework structure works,” he told us. “Unless you can get onto those larger frameworks, you haven’t got any chance of getting a lot of work because the frameworks for whatever authority – health, education, government – are geared towards your very large enterprises.

“In my industry, we’d call them the ‘big IT box shifters’. They may provide all the computer hardware for that organization, but because audio-visual is classed as a ‘technical piece’, it gets bundled into that framework. They often don’t have relevant expertise, but because they’re on the framework, it’s easier to award that procurement without any competition. They then go off and contact specialists, who filter that down to another subcontractor, and so on down the line. So the likelihood is, SMEs deliver the service, but at their detriment from a financial and reputational point of view, because they will never get visibility or recognition that it’s them that have done it. And from a cost and efficiency perspective, how is that good for the contracting organisation?

They’ve paid massively over what they should do. Had they approached an SME, they probably would have done it maybe 30% cheaper.

“The majority of the time, the SMEs can't even access it, because they're not given the opportunity to get on these frameworks, and it may be because the framework contains a stipulation that the company has to be turning over £100-200 million, so the SMEs are priced out of the market immediately.”

“Why, for a £100,000 tender, do you need to be turning over £100 million a year? It doesn't make any sense.”

Tim is adamant that current procurement frameworks are biased against smaller businesses and against the interests of contracting authorities - and the taxpayer.

“If we look from the perspective of supporting local businesses, it's rubbish, because they tend to go to the larger, multinational enterprises to fulfill that requirement when they could have a local specialist, in-city or in-county, that would quite happily provide that service. But they're not being given the opportunity to do it.”

'Public procurement is where common sense goes to die'

“We had a tender opportunity with our local authority (Stoke-on-Trent), and it went to a company based down in Surrey. How can that be cost-efficient over the life cycle of the contract? If we had the opportunity to sit down with somebody and lay that out, common sense would prevail. But again, because of how the whole tender process works, it's closed. You're not allowed to talk to people in a common sense kind of way, and have honest conversation, so common sense doesn't prevail, and it's all 'secret squirrel'. Common sense flies out the window, and you end up in situations that ends up being ridiculously expensive.”

Tim described his frustration at the 'computer says no' attitude fostered by the inflexible tendering process.

“The doors are closed; the communication lines are only through tendering companies,” he told us.

“I've been part of a tender, twice, where the whole thing's been cancelled because I've raised questions that blow it open from a specification point of view, where the interpretations are completely muddled, where they haven't even defined the requirements. So by asking those questions, we've effectively ruined the tender for them, because they've then had to close up and say, actually, 'Yeah, we need to rethink this'. I don't understand why we can't have this dialogue about requirements and realistic outcomes.

“Communication, as with anything, in any business, any organisation, is key. Yet, when it comes to the tender process, it becomes like Fort Knox.”

Meaningless metrics

If the above wasn't an indictment of public procurement, as soon as we turned to social value Tim really hit his stride. "It's just a tick-box exercise," he said.

"If their target is for the social value aspect to stimulate or give some local benefit to that particular economy, then state the requirements or desired outcome. But they don't. It's just, 'please tell us how you will satisfy the social value aspects of the tender'. Sometimes there might just be one point, there might be five, there might be ten. This can be the difference between you winning or losing a tender.

"It all depends on what level of organisation it is. If we're talking about local government, who understands 'social value' for their local area better than a local supplier? And surely the best social value that a local government entity could provide to a local company is awarding local procurement because it's going to drive local jobs and so on."

"The reality is you could say anything, because the social value aspects never get monitored. They don't care. Once the services are rolling, the supplier can do a horrifically bad job and not get penalized. Because who's watching? Most government organizations are struggling for resources and personnel as it is. So social value is going to be the last thing on that list to make sure that it's being carried through the life of the contract.

Small is beautiful

Tim says that instead of getting suppliers to tick the boxes, it would be far better to require them to demonstrate how they currently deliver social value in their business.

"Don't give them the option to make something up purely for the tender. Say what they're doing now, and that will evidence whether they truly care about social value or not. And if they say they do something, check whether it's true. If they say they go into schools and do such and such a thing, okay, can you evidence that? Don't give businesses the option to make something up."

Tim said that improving transparency and accountability would have a transformative effect on public procurement.

"Nothing beats having a conversation with somebody, and being able to drill into the requirements and what the tender is supposed to achieve. Trying to conduct a tender response via text format through portals and questions is fundamentally flawed. I can't do my job effectively unless I can talk to my clients. This simply isn't happening in public procurement, and the results are disastrous for the public, the projects, and for the SME community."