

Safety first: ESPO has stringent measures in place to deal with procurement risk, says Clive Pitt



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Purchasing power

For public sector owned buying organisation ESPO, the key to success is ensuring that everyone is on board with company strategy

If you have children at school in the UK, the chances are that the chairs they sit on, the paintbrushes they use and the whiteboards they watch attentively came from ESPO (Eastern Shires Purchasing Organisation). The purchasing consortium is owned by six local authorities: the county councils of Cambridgeshire, Leicestershire, Warwickshire, Lincolnshire and Norfolk, and the city council of Peterborough. Its 120,000sqft warehouse at junction 21 of the M1 stocks 10,000 product lines, about 80 per cent of which are destined for schools, although it also supplies goods



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to local authorities, charities and other public sector bodies. The warehouse alone turns over £44 million a year and runs three shifts around the clock, picking and distributing, but this is only one strand of a business that has a turnover of £100 million and 350 employees. In addition to the warehouse is the ‘directs’ business, where ESPO administers £1 billion of procurement activity on an annual basis between suppliers and buying organisations such as schools. It also has a gas billing service, which looks after contracts between Total and its public sector customers. At any one time the organisation employs 100 buyers to administer 500 framework contracts, covering anything from highways to wheelie bins to pencil sharpeners. How does its leadership team keep tabs on it all?

“It’s all about strategy that is understood by everybody,” says Clive Pitt, assistant director – finance and IT. “A good test is to go to anyone in the organisation and ask them what our strategy is. If they can give it back to you in a few words, you’ve got it right. And that is a powerful thing to do because you’ve got to have engaged with your teams, such that they understand the strategy, they’re willing to support it and everybody’s working towards the same goals for the organisation.”

Ask anyone at ESPO what current goals are and Pitt is confident that most of them will tell you that they boil down to 20 per cent growth over four years, achieved through competitive prices, while keeping the business financially healthy by being more efficient.

As a public sector organisation, ESPO is decidedly risk-averse, says Pitt. “The biggest risk for us is procurement risk. We have to make sure we have top-quality procurement practices, well trained procurement professionals, and make sure our procurement is run in a professional manner.”

ESPO has a traditional relationship with its bank, NatWest, part of RBS, and Pitt appreciates that his relationship director, Sarah Pumffrey, is always ready with the bank’s latest service offerings. For example, she will discuss with Pitt what deals are on offer in terms of leasing arrangements for ESPO’s delivery fleet. This all helps the organisation to run smoothly.

“The best thing about ESPO is that we exist to save the public sector money,” says Pitt. “A lot of our employees have been here for many years and recognise they’re providing a public service and that schools in particular rely on us. We want to support them by providing an ever-improved service.” ■

Words/Sarah Campbell Picture/George Brooks