

Good times or lean, let's stick together ...

GM Procure was created out of a need for fairer, more predictable pricing for both landlords and their supply chains. We have been fortunate to have had many buoyant years during which we have all benefited. Our job creation schemes and community enterprises have been successful and we have met many of the objectives we set out to achieve. But the economy has taken a big hit recently prompting us to re-assess our strategic approach to costs.

The key thing to say is that GM Procure's approach to procurement and best practice in the current downturn is not significantly different from that at any time since our inception.

Strategic approach and collaboration

A strategic approach to supply chain management is defined by its long term pricing, relationships and procurement policy. So the fact that the industry is presently struggling should not mean that we need abandon our principles of long-term partnership.

Remember, the GM Procure set-up funding was dependant on the Egan principles of collaboration and partnering to deliver efficiencies and innovative procurement. We were fortunate that the period of very low increases in our pricing - 0.5% on average - was set against a backdrop of sustained growth in the industry: members and clients benefitted from our framework and GM Procure grew. It is worth noting here that when the framework was formed we benchmarked savings of around 30% on existing member procurement activity.

Our strategic approach to cost management aims to smooth out the tender price highs and lows over a sustained period for predictable pricing rather than the short-termism of 'spot buying'.

Costs continue to fall

Having said that, over recent months we have sought ever greater collaboration with suppliers to ensure ongoing projects do not suffer from opportunistic under-cutting from suppliers outside the framework. Consequently, we have taken a measured and sustainable approach.

We are delighted at the extremely positive response from suppliers to re-examine pricing, lowering costs still further and finding efficiencies where they can.

We stuck by our partners and the supply chain then and we stick by them now, working together to respond to market conditions in the unpredictable months ahead. We are keen not to see suppliers struggle, so in an effort to support the supply chain, if we see installers or material suppliers suffering in the downturn we will try to help.

Benefits

It's worth reminding ourselves of the benefits members and clients derive from using GM Procure.

- Competitive pricing and commercially managed supply chains, which look after supplier quality, performance, financial stability and other key areas

- EU - compliant and transparent procurement route to market
- Accelerated processes from budget definition to early start on site
- Competitive pre-tendered rates from robust suppliers and installers
- Our procurement route promotes cash flow for suppliers
- Web-based trading makes payment quick, easy and dynamic
- Frameworks remain flexible to client needs (quality, specification, resident liaison, resident choice)
- Trade ensures important regeneration and enterprise activities continue

Looking to the future

GM Procure is growing. We expect more landlords to join up during 2009/10. So in terms of the order book, GM Procure is well placed to support its suppliers and contractors through these difficult times.

What can members and clients do to help?

Landlords need to think more strategically in terms of the procurement activities. There is no doubt that GM Procure has delivered best value over the last two years, with significant up-front savings and a strong hand on managing inflation in what has been a bullish market.

We have realigned some of the framework pricing to respond to the challenges of the current economic downturn, just enough to retain our competitiveness and we have done this in a responsible and sustainable way.

Good times or lean, it works better if we stick together ...