**Procurement’s Position Within The Scottish Economy**

Dear CEO / Business Owner,

 I would like to draw your attention to the strategic role that the Scottish Government has tasked Procurement with and how an effective and professionally managed Procurement operation within your business can make the difference between healthy profitability and security of trading; contributing to Scotland’s economic wellbeing rather than a peripheral, high risk operation that could be to your detriment should you choose to continue in this mode. You should be aware the fundamental role Procurement plays in business wellbeing across a range of topic that include fiscal, legal, sustainability, ethics, human trafficking, risk, HSE and spend efficiency.

Until more recent times Procurement was largely ignored as an influential profession in its own right, however nowadays is being viewed as being extremely important for reasons below:

In Scotland, **The Scottish Model of Procurement** placing Procurement at the heart of Scotland’s economic recovery; seeing procurement as an integral part of policy development and service delivery.

* **Business friendly and socially responsible** looking at outcomes not outputs, using the power of public spend to deliver genuine public value beyond simply cost and /or quality in purchasing.
* **Government led** and owned by all of the Scottish public sector, working together to develop strategic relationships with key business, Third Sector organisations and, a project level partnership with them to agree solutions to specific problems.
* **The Value for Money Triangle** best balancing cost, quality and sustainability.

The fact that the Scottish Government has directly addressed and endorsed the role expected from Procurement makes it all the more important that our holistic business community is fully aware of and understands it and has the necessary structures and processes in place to meet this need.

**Eight Questions** for your company that goes a long way towards address these aims:

* Does your business as standalone or as part of a group have an annual turnover of > £36 million?
* Do you have a client or clients that has/have an annual turnover of > £36million?
* Are you aware of your suppliers’ HSE or sustainability track record?
* Are you aware of your suppliers’ corporate social responsibility commitment with regard to trading?
* Do you know if suppliers you deal with have been prosecuted for indulging in criminal or unethical trading practices?
* Do you conduct audits on your suppliers to understand fiscal capability, viability and trading practices?
* Are you aware of the rules, regulations and processes required in order to deal with public sector organisations?
* Do know or are you aware of how you legally and fiscally treat your suppliers that could influence your being regarded as a customer of choice?

If the answer to any of these questions is negative then there may be the risk of legislative or fiscal sanctions for reason that you might be unaware of, however the root cause being that you might not employ a professional procurement and supply chain management function (irrespective of size) that would be mandated, amongst some of the other (nicer) KPIs to fully be *au fait* with all legislation affecting the management of your external resources (fiscal plus suppliers) that could amount to somewhere between 40%-70% of your annual turnover thus able to minimise all risks with non adherence or knowledge of these matters.

There is a host of legislation out there together with instructions as how to deal with each that requires focused attention, management and reporting obligations. Each non adherence shall carry its respective consequence or sanction that might range from just a gentle reminder to full blown loss of business, or business certification or even criminal charges. Your business health may very well depend on you having a knowledge of, understanding the risks and managing these!

**The Chartered Institute of Procurement and Supply (CIPS) is** very concerned by way of various polls that a very large number of SMEs throughout the UK are unaware of Modern Slavery Act 2015 that shall also refer to Human Trafficking and Exploitation (Scotland) Act 2015. Other legislation such as Procurement Reform Act (Scotland) 2014, UK Bribery Act, Environmental Protection Act 2005, Health & Safety At Work Act 1974 whilst not under direct Procurement responsibility in full shall be influential on supplier selection and management.

Is this or could this be an area of training provision that could be delivered either as workshops or individually to your clients or suppliers whom you feel may benefit from such. How about your own internal processes and practices?

If these matters are of interest please get in touch and I can arrange to visit you in your offices, make my introduction and explain or take you through my thoughts and suggestions.

Best Regards,

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