

# Crown Research Institutes Procurement Forum

May 2009



# Crown Research Institutes (CRIs)



INDUSTRIALRESEARCH  
LIMITED



SCION



Plant & Food RESEARCH  
RANGAHAU AHUMĀRA KAI



# CRI Statistics

## ▶ **People and location**

- 4,235 people
- 45 main sites nationwide; some shared with CRI's and universities
- 8 separate companies; but often collaborate

## ▶ **Revenue: \$642m in 2007-08** (\$553m in 2005)

- \$297m (46%) in public science funding (research)
- \$345m (54%) from commercial contracts (public & private sector clients)
- All revenue is gained contestably (some competition between CRI's)

## ▶ **Financials**

- Pay tax, dividends to Government as shareholder
- Expectation of 9 per cent return on equity
- Not SOE's; not profit maximisers

# CRI Expenditure 2008

▶ <b>Operating expenditure</b>	<b>\$622 m</b>
• Purchases	\$258 m
• People	\$314 m
• Depreciation	\$46 m
• Interest	\$4 m
▶ <b>Total asset value</b>	<b>\$672 m</b>

# Key procurement people

- ▶ AgResearch
  - David Scampton, National Manager, Supply
- ▶ ESR
  - Mark Whitaker, Procurement Manager
- ▶ GNS Science
  - Brett Gillies, Property Manager / Mark Hodgson, Central Purchasing Officer
- ▶ IRL
  - Alan Johnston
- ▶ Landcare Research
  - Karen Nelson-Cummins, Property, Procurement & Sustainability Manager
  - Gary Harrison, Site Manager
- ▶ NIWA
  - Tim Allen, Strategic Procurement & Asset Manager
- ▶ Plant & Food Research
  - Lissa Latana, Strategic Procurement Manager
- ▶ Scion
  - Gail Teichmann, Corporate Real Estate & Procurement Manager

# CRI Procurement Forum Charter

## Who we are

- ▶ The Forum comprises procurement professionals committed to working together on CRI procurement initiatives for mutual and collective benefit.
- ▶ Members typically have responsibility for managing all or part of their agency's procurement operations and developing procurement capability. Extends to asset management in some CRI's

## Our Values

- ▶ We value professionalism, forward thinking, and continuous improvement
- ▶ We are team players who respect each other's opinions and differences
- ▶ We act with integrity; our approaches are fair and transparent, engendering trust in each other, the Forum, and our respective agencies.

## Our Purpose


- ▶ The purpose of the Forum is to increase CRI procurement collaboration and knowledge sharing between experienced procurement professionals (can extend to the wider public sector).

# CRI Procurement Forum Charter

## **Objectives – Work together to get a better result**

- ▶ To deliver tangible benefits by identifying and acting on opportunities to share expertise and make more strategic use of collective resources and spend.
- ▶ To share these benefits with the wider CRI procurement community whenever possible.

## **Areas of Mutual Interest**

- ▶ Best practice procurement tools and methodologies – what’s happening out there?
  - ▶ Market knowledge – I didn’t know that
  - ▶ Specialist category expertise – 8 brains are better than one
  - ▶ Process excellence and operational efficiency – looking for smarter ways to do business
  - ▶ Collaborative contracting where we can – it just makes sense
  - ▶ Development of CRI strategic procurement capability - raise the bar, consistent standards
  - ▶ Talent development and improving personal competency – put something back in
  - ▶ Government procurement policy and market developments – sustainability/environmental responsibility is important
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# CRI Procurement Journey

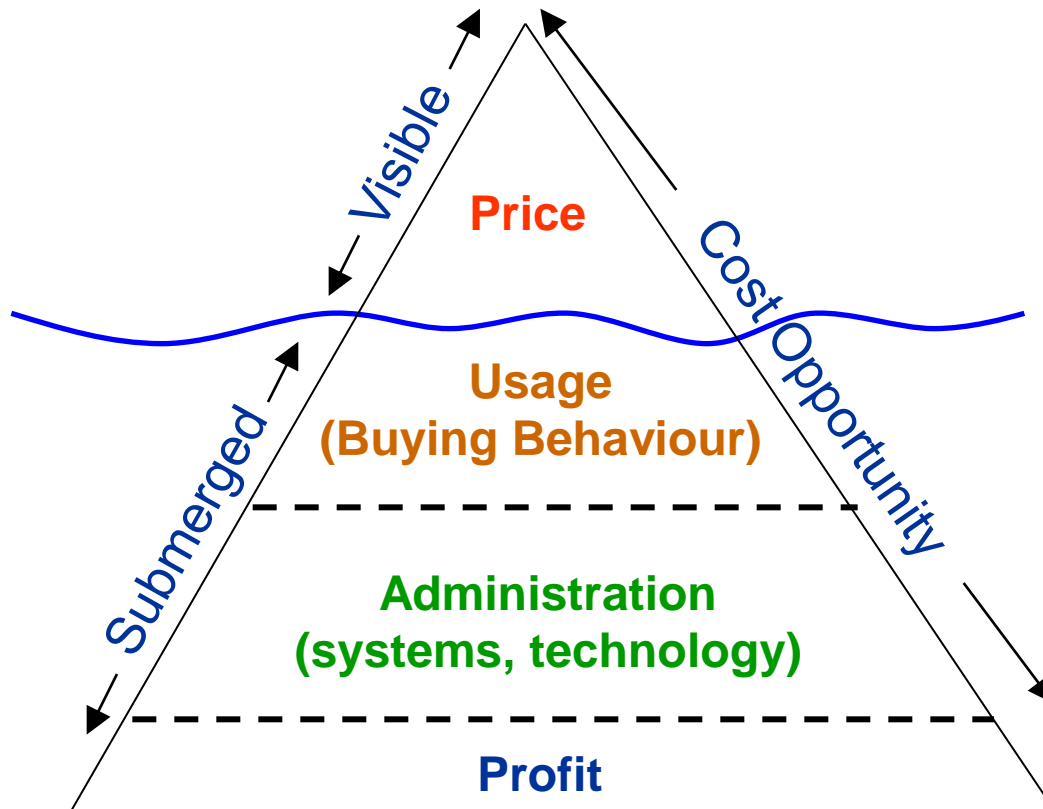
## **Our History (looking back)**

- ▶ Public good ethos, non-commercial focus
- ▶ Centrally funded, spend to budget mentality
- ▶ Regional budgets, regional spend
- ▶ Consensus management style
- ▶ It's all about science

## **Our Challenges (looking forward)**


- ▶ Competitiveness, more commercial focus (not just research)
- ▶ Better control of expenditure (systems, processes, lowest TCO)
- ▶ Operational Excellence
  - More effective (doing the job right)
  - More efficient (doing the right job, streamline)
- ▶ Behavioural change (accountability and performance)
- ▶ It's all about performance

# Opportunity – more than price



Total Cost of Ownership – **where can you add value?**

# CRI Procurement – the future

- ▶ Procurement managers are now key influencers
  - ▶ Results driven
    - good process not enough
  - ▶ Broader scope
    - reduce the CODB, not just hard costs
  - ▶ Centralised management and control, decentralised access
    - smart systems, fit for purpose standards, robust processes
  - ▶ Less paperwork
    - more technology pick-up
  - ▶ Less administration
    - work-flow, centralisation, consolidation
  - ▶ Total Cost of Ownership extends to delivery
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# Tomorrow's Supplier

- ▶ Better, stronger, longer supplier relationships
  - partnership approach, not adversarial
- ▶ Broader capability
  - We want more from less, consolidate where we can
- ▶ Beyond box dropping
  - work closer, harness supplier knowledge, share common objectives
- ▶ Better visibility of costs
  - dashboard, not raw data
- ▶ Focus on improvement opportunities – tell us!
- ▶ Timely information
  - annual / quarterly reports are history
- ▶ Think CRI Inc, collaborative approach, standardise pricing
- ▶ Transparency, open book
  - don't tell us, show us
- ▶ Be proactive
  - don't wait for us to discover reality. It's all about trust
- ▶ Maximise internet potential
  - it's an online world

Luck is when preparation  
and opportunity intersect.

Questions?

