GOING FOR GOLD - THE PRACTICAL REALITIES OF OPENING UP THE 2012 OLYMPIC SUPPLY CHAIN TO SME COMPETITION

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Abstract: This paper explores the realities of opening up the 2012 Olympic supply chain to SME competition with the use of a dedicated buyer engagement team to promote, support and deliver the supply chain opportunities to the SME suppliers. This paper has two parts. The first part provides a review of the literature on this topic, a description of the approach and considers the extent to which the BiP approach for the London Olympics is picking up on the good practice lessons and if it is innovating in a way that is likely to be successful given the evidence base. The second part attempts to draw out practical realities as to the type of opportunities created and motivation of users which were not foreseen prior to launch of the service.

Background
BiP Solutions Limited (BiP) manages the buyer engagement services on behalf of the Olympic Delivery Authority (ODA). The Buyer Engagement Team (BET) identifies, engages, trains and supports 2012 Olympics contractors to post their sub-contracting opportunities on the CompeteFor.com site. By working with each successive tier of contractors to post their subcontracting opportunities, the aim is to open up the supply chain to as many and as diverse a range of businesses as possible.

Four objectives
This paper has four key objectives:

- Provide a review of the literature on the topic of interventions to achieve economic legacy in major sporting events.
- Provide description of the approach of the intervention including overview of the business processes involved in opening up the supply chain of the London 2012 games.
- Considers the extent to which the BiP approach for the London Olympics is picking up on the good practice lessons and if it is innovating in a way that is likely to be successful given the evidence base
- Provide some practical realities in the execution of the in the delivery of the Buyer Engagement Team (BET) including:
• Examples of types of opportunities posted as supply chains specifically and supply bases in general and provide examples of how different types of opportunities were identified, promoted and awarded to SMEs.

• The motivations to buyers’ participation and the ‘New Business Driver’ as point of entry for engagement.

Potential for Legacy Benefits
Major sporting events are widely seen to have the potential to bring a range of economic and social benefits to the areas hosting them. For example, a review of more than fifty articles (Locate in Kent, 2009) looking at the economic benefits of the Olympic Games, and focusing on post-event reviews of impacts, leads to the conclusion that both short and long-term benefits can accrue from holding the Olympic Games. Jasmand and Maennig (2008) outline the key potential benefits from major sporting events:

• With regard to economic benefits, the focus is usually on the short-term, demand-induced income and employment effects (and related increases in tax revenues) associated with the construction of facilities, employment in the staging of the event and the attraction of large numbers of visitors. These effects are primarily in the construction industry, retail clothing and the hotel and catering sector.

• Positive long-term are also typically anticipated, arising from three likely sources:
  - Staff and volunteers gain useful knowledge and training.
  - Fresh impetus is given to improvements in public infrastructure, particularly sports facilities, transport infrastructure and telecommunications facilities.
  - Cities hope to gain an ‘image effect’ that may generate increased numbers of visitors and investment in the future.

The Commonwealth Games held in Manchester in 2002 is the most recent example from the UK of a major sporting event that has been successful in securing these potential benefits. The Manchester Commonwealth Games are seen as a success in terms of generating economic benefits and employment – it is estimated that 6,300 direct FTE jobs are attributable to the Games, of which 2,900 would be additional direct and indirect jobs to Manchester. The impacts of the Games on Manchester compare favourably with reported impacts from other international sporting events held in the UK, supporting 10 FTE jobs for each £1m of public investment. They also place the Manchester Games on a par with the rate of return achieved by the
host cities of the last four Olympic Games - in Seoul, Barcelona, Atlanta and Sydney, generating £2.7m additional value added for every £1m of public investment. (Cambridge Policy Consultants, 2002)

Whilst there is clearly potential for major sporting events to bring significant benefits to the host country or region, the evidence on whether organising large sporting events contribute to economic growth is mixed. Sterken (2006) – looking at the economic impacts of hosting Olympic Games and World Cups – and Coates and Humphreys (2003) – looking at the construction of professional sports facilities in the USA – both note that while local organisers tend to produce optimistic forecasts and predict a significant economic and employment growth impact, post-event analyses and retrospective studies which measure observed changes in employment and income tend to produce, on average, much more modest estimates of the attributable impacts. This disparity between forecast and measured impacts can also be seen in the literature relating to the construction of sports stadia and other facilities, with prospective economic impact studies often claiming that thousands of new jobs will be created while retrospective research showing at most only a few hundred new jobs. This is the result of a failure to distinguish between gross and net job creation. (Humphreys, 2006)

Furthermore, Baade and Matheson (2004) found that, based on an analysis of the 1994 World Cup held in the USA, there is evidence that the economic impact of the event cannot justify the large scale of expenditure on it, and suggest that host cities experienced cumulative losses.

One example of where major event has not been successful in delivering legacy benefits is the Winter Olympics held in Albertville, France in 1992 (Terret, 2008). The hosting of the Games did help to accelerate work on major infrastructure projects that would have taken much longer without them, and these many large projects had a large impact on the construction sector during the years spent preparing for the games. However, the sudden drying up of work in 1992 instantly left 5,000 people without a job. Furthermore, apart from the supply of sporting equipment which was concentrated in the region, only 42% of the contracts (in value) were awarded to local companies. Given their size and completion dates, most of the projects were handed to national or international groups, thus reducing direct economic impact in the region.
Context for Intervention

On 6 July 2005, London was elected the host city of the Games of the XXX Olympiad (otherwise known as the 2012 Olympic and Paralympic Games) by the International Olympic Committee. The Olympic and Paralympic Games will be held at a range of venues – with the main Olympic village in the Lower Lee Valley in East London. A core element of London’s bid was that the Games would provide a unique opportunity to regenerate this area of London (Arup, in association with Insignia Richard Ellis, 2002).

Two organisations have been established to ensure that the 2012 Olympic and Paralympic Games are successfully delivered:

- The Olympic Delivery Authority is the public body responsible for developing and building the venues and infrastructure for the Games. The ODA is funded by the Department for Culture, Media and Sport, the Greater London Authority and the National Lottery (Olympic Lottery Distributor).
- The London Organising Committee of the Olympic Games and Paralympic Games (LOGOG) is responsible for staging the Games. It has a budget of £2 billion, with the majority of this coming from the private sector (in the form of sponsorship) or income generation (e.g. ticket sales, merchandising, etc.).

The Government Olympic Executive (GOE) is part of the Department for Culture, Media and Sport (DCMS) and is responsible for ensuring that the 2012 Games are delivered on time, on budget and that they benefit the whole of the UK. In 2007, DCMS published *Our Promise for 2012*. This set out five legacy promises:

- “To make the UK a world-leading sporting nation.
- To transform the heart of East London.
- To inspire a new generation of young people.
- To make the Olympic Park a blueprint for sustainable living.
- To demonstrate the UK is a creative, inclusive and welcoming place to live in, visit and for business.”

The interventions considered in this paper – CompeteFor.com and, in particular, the Buyer Engagement Team (BET), are intended to help contribute towards the achieving last of these – and in particular to the ambition to “contribute to increasing and sustaining growth in UK businesses, including small to medium-sized enterprises (SMEs)” (DCMS, 2007b).
The Intervention

What Does the Intervention Involve?

The CompeteFor.com portal provides information to businesses on contract opportunities linked to the London 2012 Olympic Games – including both contracts being let by the public bodies responsible for the Olympics and sub-contracting opportunities being let by those holding Olympic supply chain contracts. The Buyer Engagement Team (BET) engages, trains and supports 2012 Olympics contractors to post their sub-contracting opportunities on the CompeteFor.com site. By working with each successive tier of contractors to post their subcontracting opportunities, the aim is to open up the supply chain to as many and as diverse a range of businesses as possible. The focus of this paper is on the work of the Buyer Engagement Team (BET).

Rationale for Intervention

As the literature has shown, Olympic Games and other major sporting events have the potential to bring significant benefits to the host economies – but these benefits are often not secured. Policies and programmes must be put in place if benefits are to be secured. The majority of the efforts to secure wider economic benefits (as distinct from, say, sporting benefits) in previous Games has been on securing employment and training opportunities for local people. This has also been the case in other major public sector investment programmes (for example, construction of new schools and hospitals, major infrastructure projects, etc.). Securing benefits for the business base has received much less prominence.

The initial idea for the CompeteFor.com website came from the London Business Network. The London Business Network was established to promote opportunities arising from the Olympics to the London business community and is a joint initiative of London First, the London Chamber of Commerce and Confederation of British Industry London. The London Business Network recognised that whilst the Olympics could bring many different benefits to the business base, the contracts within the Olympic supply chain were the most tangible of these and that finding a way of opening these up to as many businesses as possible would have the potential to have a significant impact. Two potential benefits were envisaged:

- Opening up the supply chains would allow more businesses to compete for these contracts. By making contracts more competitive, better value-for-money would be secured.
- As competition is increased, companies will need to improve their business offering (for example, by putting in place health and safety policies) and this would increase the overall quality of business in the UK.
However, it was recognised that having an online portal (CompeteFor.com) in itself would not be enough to get contract holders to advertise their sub-contracting opportunities and therefore it was decided to also establish a Buyer Engagement Team. The role of this team was to encourage and support individuals to post their supply chain and supply base opportunities on the CompeteFor.com.

**Objectives of Intervention**
The Olympic Delivery Authority (ODA) set out the main objective of the Buyer Engagement Team as “to optimise (the use of CompeteFor.com) to ensure tier 2 and below London 2012-related contracts are posted for expressions of interest by the supplier community” (ODA, 2007).

In order to achieve this objective, it was anticipated that the Buyer Engagement Team would:

- Follow up the contractual obligations that Tier 1 contractors (i.e. main contractors) had been set to ensure as many of their sub-contracting opportunities are posted on CompeteFor as possible.
- Promote the use of CompeteFor to the buyer community, for example, through marketing, PR and one-to-one sessions with buyers and those that had been shortlisted as suppliers.
- Work with the ODA and other partners to open up their supply chain. A key element of this was developing a ‘calendar’ of opportunities – so that approaches to buyers can be made at the most appropriate time.
- Work with other public agencies involved in the London 2012 Games, for example, Greater London Authority, Transport for London, etc. to ensure they are also using CompeteFor to open up their supply chains.

**Beneficiary Groups**
There are three potential groups of beneficiaries:

- In its simplest sense, CompeteFor.com allows businesses to find out about contracts that are being let. The BET helps ensure that as many opportunities as possible are posted on the site and given the lack of awareness and/or initial reluctance to use the system amongst of many of those BET has engaged with it is reasonable to contend that many of these opportunities would not be publically advertised if the BET did not exist. Even in cases where contracts are not directly advertised via the website, it can act as a valuable source of information – for example, companies can search the website to find out who won a specific CompeteFor.com
contract and then approach the company directly to offer their services.

- Those **companies already in the supply chain** that are encouraged by the BET to post opportunities on the CompeteFor.com website should also benefit. The benefits will depend on what kind of opportunity is posted.
  - Supply chain opportunity – By opening up the range of potential suppliers able to view the opportunity, companies should receive submissions that more appropriately meet their needs – whether this is about cost, quality or other issues (e.g. financial stability of contractors).
  - Supply base opportunities – By allowing companies to ‘test the market’ they are able to benchmark their existing supply base against what else is available. This process can help them identify additional suppliers or can act to reassure them that they already have the best suppliers in place. If lower cost suppliers are identified, the process can be used as the basis to initiate renegotiation of terms.
  - In addition, the BET believe that many companies believe that there are ‘reputational’ advantages of posting opportunities on CompeteFor.com website, especially for some of the larger companies – i.e. their commitment to the CompeteFor.com website stands them in good stead when they themselves bid for contracts from ODA, LOCOG or other public sector procurers.

- Finally, the **Olympic Delivery Authority** and the **London Organising Committee of the Olympic and Paralympic Games** benefit from the approach. The benefits here are two-fold:
  - The approach helps ensure they meet their legacy targets.
  - By improving the quality of the supply chain, it helps ensure the Olympic Games are delivered effectively. For example, if a contractor working on one of the main venues has been able to identify a number of additional potential sub-contractors through CompeteFor.com, and then in the event that their current sub-contractor ceases to trade, they are more likely to be able to deliver the programme as planned than would otherwise have been the case.
**Who Is Involved?**

The Olympic Delivery Authority is the lead organisation for the Buyer Engagement Team. This reflects their responsibility for developing and building the venues and infrastructure for the Games and the resulting role they play in initiating the Olympic supply chain. The London Organising Committee of the Olympic Games and Paralympic Games (LOGOG) are also committed to using CompeteFor and the Buyer Engagement Team to maximise the impact of their supply chain.

London Development Agency, acting on behalf of the 9 Regional Development Agencies and 3 devolved administrations across the UK, funds the Buyer Engagement Team and is the lead partner for the CompeteFor.com website.

Other partners include the other members of the Greater London Authority ‘group’ – Greater London Authority (GLA), Transport for London (TfL), London Fire and Emergency Planning Authority (LFEPA) and the Metropolitan Policy Authority (MPA). These organisations are committed to using the CompeteFor.com website for procurement. In addition, as part of the Mayor of London’s Economic Recovery Programme (ERAP), the 33 London boroughs are being encouraged to use the CompeteFor.com site. BET is currently actively working with a number of boroughs but at this early stage the focus is on getting procurers to use the site. Over the longer term, the BET hope to be able to be able to work with the supply chains arising from these contracts but it is likely to be some time before this becomes feasible.

**How Is the Intervention Delivered?**

**Staff Team**

The Buyer Engagement Team has 17 full-time staff. There are three main roles – Office Based Tele-Support, Business Development Managers (BDMs) and Customer Relationship Managers (CRMs).

- The Office Based Tele-Support team are responsible for making the initial contact with potential buyers and organising for them to meet with a BDM. They can offer training and support for the companies via the telephone.
- BDMs meet with key decision makers within buying organisations to discuss CompeteFor and encourage them to use it. Where possible, BDMs try to get organisations to identify and post a buying opportunity on the site while they are with them as this helps demonstrate the ease of using the system and to secure ‘buy-in’ to using the system.
• CRM follow up with companies after they have posted an opportunity and can provide help with shortlisting and posting details of the successful tenderer.

The team is supported by a management team of four including a project manager, team leader, project coordinator and project director.

Identifying Potential Buyers
Looking at the process in more detail, the first stage is to identify potential ‘buyers’. BET sources this information in the following way:

• Clauses exist in most Tier 1 contracts requiring the contractor to open up their supply chain and to work with the CompeteFor Buyer Engagement Team to ensure as many of their sub-contracting opportunities as possible are posted on CompeteFor. A member of the BET will meet with each main contractor to identify their current supply chain/supply base.

• A similar process is undertaken at lower tiers – with successful contractors at each tier being asked to identify their supply chain/supply base. However, at tiers 2 and below, providing this information is voluntary.

• In addition, the BET keeps up to date with activities on the Olympic sites – in case there are any sub-contractors they have ‘missed’ through these formal mechanisms.

The initial approach is made by either a member of the Office Based Tele-Support team or a Business Development Manager (if the company is considered strategically important or likely to have a large number of contracts to post). The purpose of this initial contact is to establish if they are aware of CompeteFor and what it can offer them (many are aware that they can use it as a supplier but do not realise they can also use it as a buyer), to establish whether they would be interested in finding out more about it and to set up a meeting with a Business Development Manager. In addition, initial training or support to post an opportunity on CompeteFor can be provided at this stage if this is deemed necessary.

Securing Buy-In
The next stage is for a Business Development Manager to meet with the company – either at their offices or at the Olympic Delivery Authority offices – and to try to persuade them to use CompeteFor service. Perhaps unsurprisingly, businesses can initially be reluctant to use the system. Key reasons for this are:

• Most buyers already have a supply chain or supply base in place. This has often been established over many years and
working together over this time has allowed the supplier to build up credibility with the buyer (by delivering contracts on time, to budget, etc.). In addition, personal relationships often develop between individuals in the buying organisation and the supplier. Buyers are understandably reluctant to disrupt their current supply chain.

- Linked to this, many feel that they already have the best suppliers (“best price, best product”) in place and do not accept that their supply chain/supply base can be improved further.
- Another concern is that by posting contracts in a public arena they would be revealing potentially commercially sensitive information to their competitors.

Challenging these perceptions – and getting buyers to try the CompeteFor website for the first time – is key to the role of Business Development Manager.

**Identifying and Posting Opportunities**

Once the company has committed to using CompeteFor, the next step is to identify relevant opportunities. Over time, the BDMs have discovered that an effective way to convert ‘buy-in’ into ‘action’ is to get the business to post an opportunity during the initial meeting with the BDM. This allows the BDM the opportunity to talk them through the process and helps demonstrate the ease of using CompeteFor and the potential for a template to be tailored to their business’ specific requirements.

Even if this initial opportunity is successful for the buyer, it can be difficult to get them to post further opportunities. To tackle this issue, the BET try to establish a ‘pipeline’ of future contracts to be let (known as a Tender Event Schedule). Details of these are entered into the team’s customer relationship management database and three weeks before a contract is due to be released, the database alerts the relevant team member and they chase up the buying organisation to ensure the contract is placed on CompeteFor.

**Follow-Up**

Five days after an opportunity has closed, the system automatically checks to see if the buying organisation has shortlisted candidates. If shortlisting has not yet occurred a Customer Relationship Manager within the BET is alerted and they follow up with the organisation. Again, they are able to offer a range of support such as training on using the shortlisting tools.

The CRMs are also responsible for encouraging the buying organisation to post details of the successful tenderer. This can be
difficult to achieve as most contractors see little added value for them in posting the details of the successful tenderer. This information does however have an intrinsic value for both the public agencies involved (as it enables them to demonstrate the diversity of businesses winning contracts) and other potential suppliers (as they are able to see who is winning contracts and benchmark themselves against them) – so gathering this information is a priority.

Impact of Intervention
Between 1 June 2008 and 1 March 2010, 5,600 contracts have been posted on CompeteFor by more than 700 buying organisations. The majority of contracts to date have been at the Tier 2 and 3 levels – but contracts from ODA (i.e. the level above Tier 1) through to Tier 5 have been posted.

As well as ensuring that the competition for these contracts is as open and transparent as possible, this has helped potential contractors identify the businesses that are currently winning contracts. This allows them to benchmark their operations, processes, costs, etc. against their competitors and identify means of improving their competitiveness.

In relation to the Buyer Engagement Team, the main impact has been in driving opportunities towards the site. In addition, by working with buying organisations, predominately on a one-to-one basis, the Buyer Engagement Team has been able to challenge businesses on their procurement practices. As a result many have looked again at their supply chains and supply bases and used CompeteFor as a mechanism to improve – or at the very least – test these.

At a policy level, the CompeteFor website has helped the public bodies involved measure where spend goes. Given the commitments made to ensure that the UK as a whole would benefit from the Olympics, an important function of the CompeteFor site is that it enables the collection and analysis of data on the geographic location of successful tenderers. Similarly, analysis of how many contractors are female-owned, minority-owned, etc. is possible.

A final impact is that a large number of businesses have been referred onto publicly funded business development support services. Whilst it is not possible to measure the additionality of this support, it is fair to assume that many of these businesses would not have otherwise recognised the need for support or been aware of its availability. As such, these businesses should be more sustainable and/or competitive than prior to the referral.
Critical Success Factors
As outlined earlier, Tier 1 contracts included obligation clauses requiring contractors to open up their supply chains via CompeteFor. These played a key role in providing the Buyer Engagement Team with an initial set of buyers to engage and encourage to post opportunities.

More generally, being able to identify those who had won contracts (both from the ODA and via the CompeteFor website) and being able to gather supply chain details alongside the pipeline of contracts has been critical to the success of the approach. This has allowed the Buyer Engagement Team to take a targeted approach – approaching the right businesses at the right time.

The approach has also clearly benefited from being linked to the 2012 Olympic Games. Businesses are interested in the Olympics and see the potential of being involved – and this can help engage them initially. By using such a high profile event to trial this approach, it may be possible to prove the value of opening up supply chains.

What Works in Securing Benefits
Major Sporting Events
As outlined earlier, the evidence of whether hosting major sporting events results in significant economic benefits is mixed. However, where benefits have been secured, this normally reflects a systematic approach being taken to secure them – i.e. policies, programmes and initiatives have been put in place to ensure the potential benefits are delivered. Whilst there is a significant literature on whether benefits have been secured and, if so, the scale of these, the literature on how benefits have been secured is much more limited. Furthermore, where literature does exist, this is focused primarily on employment and training benefits. The literature review conducted for this paper has only been able to identify one example of an initiative that attempted to open up the supply chain linked to a major sporting event. Other examples may exist – but do not appear to have been documented in the academic or policy literature.

Manchester Commonwealth Games
As noted earlier, the Manchester Commonwealth Games were considered to have been successful in securing economic benefits for the North West. Key to this success was the establishment of a number of initiatives, including several aimed at increasing the opportunities for local business. A legacy programme – Prosperity Northwest – formed the basis for providing new business opportunities. This was managed in conjunction with the Commonwealth Economic Benefits Initiative, which aimed to
maximise economic opportunities, utilising the Games as a promotional asset for trade and investment.

- The programme involved the development of long-term trade initiatives, information dissemination and business support, specific sector projects and a programme of specific events leading up to, and beyond 2002. A regional supply chain project was also set up to help Northwest companies to access and bid for business associated with the Games. This project is discussed in more detail below.

- The central focus of the programme was a Business Club to which all businesses across the region (as well as nationally and internationally) were encouraged to join. This continues to benefit businesses as procurers use the business club database to build their tender invitation lists, and some companies have attributed new business directly to being a member of the business club. However, one limitation was that it focused mainly on large companies and that there was no mechanism to provide help for small companies who wished to capitalise on new opportunities arising from the Games.

- A website encouraged businesses from across the Northwest to further capitalise on the successes of the Games by registering with this site to keep informed of new opportunities. This includes:
  - An on-line directory of member businesses.
  - A forum for members to post business opportunities.
  - Information on possible international supply opportunities – for example to subsequent Commonwealth Games and similar events.
  - A business matching service putting members in touch businesses in the UK or overseas and providing assistance with all aspects of trade advice.
  - Notification of networking and training events.
  - Links to further sources of information and advice – for example on access to finance.

(Faber Maunsell, 2004).

As mentioned above, there was a supply chain development project run under Prosperity North West, which delivered advice and events for local SMEs with the aim of ensuring that businesses in the North West were able to take advantage of the opportunities generated by the Games, and thereby retain and spread the economic benefits within the region:

- Phase 1 was directed towards the construction of Games venues, and targeted towards businesses involved in the construction sector, with the aims of:
- Ensure businesses are aware of potential construction contracts.
- Assisting with the awareness raising of best practice in construction.
- Giving the opportunity for SMEs to meet one to one with the main contractors, while giving main contractors the opportunity to effectively assess a number of potential new or existing local suppliers.

- Phase 2 was more broadly targeted, and aimed to:
  - Work with Sponsors and supporters of the Games to meet their specific Games requirements
  - Work with Sponsors and supporters on their overall Supply Chain requirements
  - Work directly with the Games organisation
  - Raise competitiveness of businesses across the region
  - Communicate as widely as possible the opportunities created by the Games, the success of the Games and the capabilities of North West companies.

MIDAS (2003).

Although the Manchester Commonwealth Games were seen as a success in terms of generating business opportunities, it was suggested that more could have been done to examine the impact of the Games on small enterprises – there is also only anecdotal evidence to show that any small local businesses benefited from the Games. The main lesson learned was thought to be that more needs to be done to think about how more local organisations might be employed on future events. (Faber Maunsell, 2004).

**Other Major Public and Private Projects**
The focus of this paper has been on the potential for a major sporting event (the 2012 Olympic and Paralympic Games) to deliver long term economic benefits – and in particular to help build the competitiveness of the business base by opening up the Olympic supply chain. Whilst much focus is placed on the potential economic benefits of high profile events such as Olympic Games, many other large-scale public and private investment projects (for example, extension of motorway or rail networks, construction of new schools and hospitals, major commercial or industrial developments) have the potential to generate similar benefits. There is an emerging body of research on this topic – although as with the literature on sporting events this tends to focus on (a) the construction aspect of these projects and (b) the potential employment and training benefits. This literature can provide a framework for assessing the work of the CompeteFor Buyer Engagement Team.
Several studies undertaken by TERU (2008a and 2008b) have identified two broad approaches to ensuring that local people benefited from major projects. If a public sector player is the developer, then it holds a strong bargaining position, with scope for measures to improve access to job opportunities to be imposed through the procurement process. This can be achieved either through:

- Requiring contractors to have agreed to a charter or code of practice to access work, or;
- Seeking ‘voluntary’ commitments from contractors to create local employment or training opportunities.

In terms of the ‘compulsory’ models, there are examples of a number of different mechanisms used. The most relevant of these are:

- Only using ‘approved’ construction partners – and using commitment to creating training and employment opportunities as one of the selection criteria to become approved.
- Inserting a community benefit clause in the contract when procuring a development partner.
- Using Section 106 planning agreements – these involve commitments to delivering community benefits being made by a developer as part of the process of seeking planning provision.

In terms of ‘voluntary’ approaches, these can also work in a number of ways. For example, a public sector developer could ask potential contractors to outline how they would deliver jobs for local people as part of the tendering process. While this would not entail any contractual obligations, contractors are made aware that it is one of the criteria that tenders will be judged on.

A report by the Scottish Government (2009) looking at how to secure community benefits in procurement identified the following key success factors:

- **Requirements Specification** – considerable thought needs to be given to the community benefits requirements from the beginning of the procurement process.
- **Organisation, Culture and Resources** – A key element is a ‘champion’ for community benefits who knows what can be expected, supports the work of the procurement team and works with contractors and their supply chain to ensure that requirements are met.
- **Roles and Responsibilities** – contracting authorities need to establish a ‘process map’ setting out who is responsible for the different elements of championing, procuring,
implementing and monitoring community benefits. Stakeholders should be involved in developing the specification.

• **A Systems Response** – although community benefits need to be defined for individual contracts, there will be benefits in adopting a systematic approach, including:
  - Implementing an approach that ensures compliance with procurement and good practice e.g. wording in Contract Notices that will allow community benefit requirements to be included as a core requirement.
  - Involvement of a stakeholder group in the procurement that has the skills to set appropriate targets and score responses in the award process.
  - An appropriate output monitoring and reporting arrangement.
  - External funding and services so that contractors are better able to deliver the requirements at little cost to the contracting authorities.

• **The Supply-Side** – contractors need to be able to access services that will allow them to meet the recruitment and training requirements being placed on them. This can include public sector training organisations, screening and job-matching services, small business support agencies and funding providers.

Macfarlane (2006) sets out a number of guidelines on how to best manage the delivery of community benefits.

• The need for contractors to recognise that these that are contract conditions that have to be delivered, and as with many other elements of the contract this probably means proper management of the supply-chain organisations. For example, delivery options for the employment of additional trainees could include:
  - Making it a condition of sub-contracts
  - Employing the trainees within the main contractor and charging them out to sub-contractors
  - Bringing in a sub-contractor that is responsible for delivering the social requirement elements: this can be a good way of bringing in expertise that the main contractor and other sub-contractors do not have.

• The need for monitoring and reporting systems need to be established early.

• That the inclusion of community benefit requirements in the contract should be seen as the basis for developing a delivery partnership. Although good relationships are important, there
are also benefits to a clear, formal, statement of rights and responsibilities that both parties have signed up to.

- Once the legitimacy of the client’s wish to purchase the community benefits as part of the contract is recognised, the inclusion of community benefits can become ‘routinised’. Acceptance will then come through familiarity and through the development of routines that enable contractors to deliver the requirements.

**Making Public Sector Procurement More Accessible to SMEs**

Glover (2008), looking at how to make public sector procurement in general more accessible to SMEs, sets out a number of recommendations based around three key themes.

**Transparency**

- Contract opportunities should be advertised electronically and accessible through a single, free, easy to search online portal.
- All tender documentation should be issued electronically and should be kept as brief as possible. Businesses should be permitted to tender electronically for all contracts.
- Details of contract awardees should be published online in a standard format within 48 days of contract signature.
- Tendering opportunities thought especially suitable for SMEs or consortia of SMEs should be flagged by the procurer during the advertising process.

**Simplicity**

- Qualification criteria that are not sector-specific should be standardised and incorporated in all pre-qualification questionnaires so that businesses do not need to repeatedly submit the same core information in different formats.
- Procurers should take into account all previous relevant experience when bidding for contracts, not just public sector experience.
- Procurers should ensure that, where they rely on a particular accreditation scheme or standard, that they take a flexible approach. Businesses should be given the opportunity to provide evidence that they can meet the contract requirements by reference to other similar equivalent accreditations or standards.

**Strategic Procurement**

- Government departments should use their Innovation Procurement Plans to set out how procurement aligns with
their overall commercial strategy, encourages innovation and gives advanced notice of long-term procurement plans.

- Government should encourage wider use of outcome-based specifications across the public sector, as a means of driving innovation.
- Government should expect and enable prime contractors to make their subcontracting opportunities accessible through the single, online portal.

**How Does the Buyer Engagement Team Compare?**

Having a specific intervention in place to open up the supply chain of the 2012 Olympic Games is in itself a major innovation. None of the consultees interviewed as part of this research were aware of a similar approach being taken in previous Games and a review of the literature on this topic could only identify only one previous attempt – linked to the Manchester Commonwealth Games. Given that much is made of the potential for the Games to have long-term economic benefits, this intervention is a relatively unique attempt to ensure that the business base becomes more competitive as a result of the Games.

Whilst a number of initiatives exist to ensure public sector contracts are more easily accessible and/or to enable SMEs to compete more effectively for these contracts (including the Manchester Commonwealth Games example outlined above), the second innovation of the CompeteFor approach is that it moves beyond these initial public sector contracts into the supply chain that flows from them. This increases the reach of such initiatives.

Whilst the prompt for establishing CompeteFor was to open up the Olympic supply chain, a number of public agencies in London (most notably those in the GLA group) have been committed to using it from the start. In 2009, the Mayor of London’s Economic Recovery Action Plan encouraged the 33 London boroughs to also use the system. This is important element of the approach because whilst the Olympics are an important ‘catalyst’ to encourage companies to use the system for the first time, the Games are by their very nature time-limited. In addition, total spend by public agencies is substantial in comparison to the Olympic budget. As such, ensuring that the system has a wider applicability has the potential to ensure that it continues to deliver benefits over the longer term.

In relation to specific element of good practice identified in the literature:

- CompeteFor has involved both a ‘compulsory’ aspect – with Tier 1 contractors obliged to work with the CompeteFor
Buyer Engagement Team to open up their supply chain – and a ‘voluntary’ aspect – with the BET working with Tier 2 and below contractors to persuade them of the benefits of using the system.

- By establishing the CompeteFor Buyer Engagement Team, the Olympic Delivery Authority has established many of the ‘elements’ needed to make such a system to work. For example, the BET acts as the ‘champion’ for opening up the supply chain, provides the training to ensure contractors are able to meet this commitment, etc.
- In addition, the design of the CompeteFor website ensures that requirement to monitor and report on progress can be met.
- The CompeteFor Buyer Engagement Team has been successful in building relationships with those contractors for whom there is no contractual requirement to participate. Critical to their success has been demonstrating the clear business case for using the site.
- The CompeteFor portal adheres to the majority of the Glover recommendations, suggesting that this approach reflects current ‘best practice’ in this field.

**The evolution of the Opportunities**

It is also worth considering at this stage, what is meant by the term ‘opportunity’. In the initial stages of the project, it was anticipated that the opportunities posted would be in the Olympic supply chain – i.e. that they would be for goods or services that directly helped deliver the Olympic Games (i.e. in the construction of venues, infrastructure, etc. or in staging the event). However, in reality the vast majority of supply chain opportunities are already agreed prior to contracts being won (i.e. you will have your supply chain in place before you bid).

As such, the Buyer Engagement Team has sought not just to identify opportunities in the supply chain – but also those in the supply base. The supply base relates to any opportunities that are available with Olympic contractors – either on their Olympic contracts, other contracts they hold or to help meet their central needs. They may relate to specific demands (e.g. need particular goods/services delivered by a set date) or be speculative – i.e. the opportunity to become part of the organisation’s supply base that will be called upon when opportunities become available in the future.

The final type of opportunity that the CompeteFor website can facilitate is a partnership opportunity. This allows businesses that are planning to bid for contracts in the Olympic supply chain but are
unable to deliver the full scope of the contract to advertise for potential partners.

This reflects the actual buying trends of private sector organisations. The Supply Chain model in purity would allow suppliers to have access to all goods and services that are specifically procured to deliver the Games project. This would require all sub-contract opportunities, supplies and services to be openly tendered and allow open competitive procurement. This theory is more difficult to action in the real world. Therefore the consideration of opening the supply base has to be considered and a clear strategy put in place to deliver the wider opportunities spawned from the Games to the supplier community.

Let us consider what an opportunity is in more detail, and also how they differ in context between Supply Chains and Supply Bases.

Types of Opportunity derived from Supply Chain

As introduced opportunities derived from a Supply Chain are actual one-off procurements that relate to goods, services or works packages that are essential to deliver a package of work in creating the infrastructure, venues or management of a major event. In a model that promotes Buyer Engagement within a supply chain this translates itself into all opportunities being openly advertised and tendered (strong governance and obligation contracts required). Therefore there are commonly 2 types of opportunities that can be promoted in this model.

Open Competition is the “ideal” of an opportunity, this provides transparent and competitive procurement practices and ensures that all actual requirements are scoped and advertised in a fashion that allows all potential suppliers to “express interest” in tendering for this package of work. Once the expression of interest phase is completed and assessed the results are published and the selected bidders are then invited to submit tenders/quotes/PQQ’s to progress to a decision. The unsuccessful suppliers at Expression of Interest and Bidder stage are notified and provided clear feedback on why they were unsuccessful. The winning Supplier is then announced publically and accepts their responsibility to procure their sub-contracts in this “open competition” style, thus promoting open competitive and transparent spend throughout the entire supply chain.

The second supply chain method would be in dealing with lower value packages, thus typically the Buyer Organisation would select a set number of quotes (typically 3) from a pre-set, pre-determined
approved contractors list. This process does not promote the use of transparent procurement and becomes difficult to govern and monitor effectiveness in actually providing opportunity to suppliers.

The methods outlined above are considered the purest form of opening supply chain opportunities but in practice prove to be extremely challenging to enforce. Tier 1 suppliers are chosen for their ability to deliver critical packages in the creation of a major event, much of those decisions are based on such suppliers having a robust, tested and financially secure supply chain set in place. This is known as single stage procurement and is common place in construction of major critical projects that have set critical paths. Such procurements do not allow the expansion of Supply Chains challenging the Buyer Engagement model therefore other considered approaches are required.

Stakeholders are always keen to have Milestone achievements put in place at the outset of any project and though an estimate of Supply Chain contracts can be accurately predicted it is not so easy to determine how many are suitable for “open competition” and therefore a gap between the projected supply chain opportunities and the actual realistic achievement can be wide apart.

The alternative method of opening supply base therefore becomes a fallback position and an essential part of opening up opportunities derived from a games in support of some Supply Chain open competitions.

**Supply Base Opportunities**

Looking at supply base opportunities gives the Buyer Engagement Team (BET) scope for opening opportunities for suppliers. This is because the focus is not singularly focuses on actual goods, services or works relating to the delivering of the major event packages. Opening of supply base is the process of working with any supply chain buyers but to provide access to opportunities for all their procurements in addition to the major event supply chain. Therefore the team considers sub-contract opportunities for any package of work being delivered or for their corporate or central procurement needs. This provides a far greater mean number of contracts to in turn open out as part of the Buyer Engagement process to open competition.

Although this would seem a simple decision as it infers that a greater number of opportunities in turn equals greater chance of success in achieving key deliverables and further it supports diversifying from the supply chain and back filling unrealised opportunity numbers due
to reasons outlined above. There are in fact over considerations to mull over by using this model.

Because the nature of supply base opportunities can be different it also opens a greater variety in the buying practices of organisations to deliver these packages. These include:

- **Preferred Suppliers** – This is a common form of procurement/purchasing within the private sector. It sees buyers having a preferred supplier (or shortlist of preferred supplier) for each common area of sub-contracting/supplies. Therefore every bid submission will include sub-con costs provided by the preferred supplier. This relationship over time provides the Buying Organisation with efficiencies as suppliers will discount costs in return for preferred supplier status.

The impact of such procurement techniques causes the opposite effect of the “open competition” model, therefore many opportunities remain in the private domain. The only opportunities that arise from such procurement are when the buying organisations wish to review the “preferred suppliers”. This means that there are only one opportunity for a good/service/works per buying organisation within each sector package. Therefore there is a reduction on the number of opps per buying organisation but each opportunity provides a potentially more lucrative opportunity for suppliers.

The introduction of “Preferred Supplier” opportunities have an impact on any opportunity portal. It is imperative that such opportunities are described and advertised to suppliers properly explaining the nature of the opportunity and the process and potential impact of being awarded such a contract. They are not always an immediate buying requirement but more a “when and if” needed scenario which compared to open competition can be frustrating for suppliers if not appropriately marketed. The majority of opportunities of this nature result in a buyer/supplier relationship rather than an actual contractual opportunity.

- **Frameworks (Call-off lists)** – Although this is historically a method employed mainly by the Public Sector it is becoming more common practice amongst large corporate private sector organisations. It is the method of pre-qualifying a select number of suppliers who will then be invited to
compete for any related goods/works or services during a pre-set time frame known as mini-competitions.

The impact is the opportunity for suppliers to be involved in bidding in these mini competitions for work for a set time period. These prove to be excellent opportunities and being part of a framework can give you access to some lucrative contracts. The impact for the service is that you have the initial set-up of the framework contracts posted as opportunities and then all the mini-competition opportunities. This brings far more transparency and competition to the marketplace.

Considerations have to be given to the portal set-up to allow advertising of the initial frameworks allowing multiple awardees but also the functionality in-built to advertise the mini-competition to the select group of pre-qualified suppliers. It initially costs more in set-up but offers continuous opportunities and a service that reflects standard buying practices.

- **Partnerships** – This is a method of pre-procurement work undertaken by bidders that allows the opportunities closed out by single stage tendering to become opportunities for suppliers. This is the process of when a supplier decides to bid for a piece of work they advertise their sub-contract work (that would be required if successful) on the open competition market in advance, running the competition in advance and if they are successful in winning the bid their pre-determined sub-contract (supply chain) had been through the open competition route.

  This alleviates the dilution of opportunities in open competition by opening otherwise “closed procurement” methods bringing a large volume of opportunity to the supplier marketplace. The potential negative impact is that unsuccessful lead bidders will then not offer sub-contract work.

  The main considerations are the time and resource used by bidders that ultimately turn out to be unsuccessful. This also has to be communicated clearly in advance to all suppliers that these are speculative opportunities that may end up being “cancelled projects”. Potential multiplier effects could be that suppliers work in future successfully won projects for the lead bidders.
Market Testing - Market Testing is an attractive model for most procurement managers, allowing them to “road-test” existing key suppliers against the wider marketplace and effecting change where appropriate evidence is found. This may result in a re-negotiated contract with incumbent suppliers or the process of instating a new supplier.

The main impact is this is the likelihood of the majority of contracts remaining with the award going to the existing incumbent. This is because the relationship built over time is usually safer, more flexible and less risky than engaging a new supplier.

The main consideration is the impact on the suppliers and the questioning if such contracts are “real” opportunities. The argument being are Buyers going through the motions.

The experience of the team has led us to recommend a service that allows all of the above methods as it matches the demand from the procurement marketplace. It is imperative though that the deliver method is designed to incorporate the different procedures and that there is clear messaging of all the opportunity to suppliers in advance. A greater understanding of the different routes to procure amongst the supplier community would greatly reduce any negativity surrounding what is perceived to be a service opening up “pure” supply chain contracts.

Anticipated Motivations and the ‘New Business Driver’

It was anticipated at the start of the project that the motivation of companies to post opportunities within the system would fall into some key areas including:

- **Potential for CompeteFor to save them money.** The BET often use a contract for a non-core input (e.g. photocopier paper) to show to contractors that it can save them money. This helps engage them in the process and see the potential for other areas. This is important as when an input is considered critical, the security of working with suppliers you know and trust is often more important to buyers than driving down the cost of the inputs they provide.

- **Potential to help them manage risk.** There are two elements to this. Firstly by helping companies identify additional potential suppliers, they can help ensure that they are able to deliver contracts as agreed (i.e. it gives them a back-up position). Secondly, the templates or question sets allow them to shortlist candidates against a series of
questions that cover the issues that are of most importance to them. This can help them companies minimise risk by building the issues that are critical to them (e.g. health and safety record, financial probity, etc.) into the selection process.

- **Potential to save them time.** The CompeteFor system is relatively straightforward and if a buyer has multiple contracts to let it is possible to copy templates/question sets across from one contract to another. The BET estimate that it should take approximately one hour for a company to post an opportunity. By working with companies at their initial engagement to ensure that they understand how to post, how to ensure the responses best fit their needs, etc. the BET has helped ensure that the time involved in minimised. In addition, CompeteFor can help shortlist candidates. Again, the process is simple and should take no longer than 30 minutes.

- **Reputational benefits.** All of the buyers are already in the Olympic supply chain or supply base. Many of them will bid for further Olympic contracts in the future. Posting their supply chain opportunities on CompeteFor is a good opportunity for contractors to demonstrate their commitment to the Olympic legacy. In addition, given the strict restrictions on the use of the Olympic brand, posting an opportunity on CompeteFor is one of the few ways most contractors can publicise their involvement in the Olympics.

- **Development of supply chain for emerging areas of work.** Businesses seeking to develop new areas of work (either geographically or in terms of product markets) can use CompeteFor to develop the additional supply chains they will require to achieve this diversification.

‘New Business Driver’ as a special kind of user motivation
While many users of the system have and continue to use the system for these reasons we have over time identified a particular motivation which has been a driver to buyer participation in the use of the system which might fall out of these areas. This driver of company use been based on a motivation of users to demonstrate participation in the intervention due to the potential to secure a specific new business opportunity. This identification of this ‘New business driver’ as a motivation to participation by users and the teams response to it has developed and emerged over the life of the project.

Through regular, sustained contact with the major suppliers of the supply chain (predominately Tier 1 and Tier 2 suppliers) we noticed a trend in both timing of opportunity posting activity and the source
of the enquiries to participation within the supplying organisations. First we noticed that the timing of Tier contractors posting of opportunities coincided with the announcement of a new opportunity by the Main contracting authority or sub contracting opportunities which these tier contractors hoped to bid for and win. The cause and effect relationship only became apparent after several instances of this behaviour and corroborated by the admission by several Tier contractors that this was in fact the reason for their participation. Several procurement teams within the tier contractors freely admitted that had been given specific direction to work to post valid opportunities by the business in anticipation of a specific new business opportunity.

**A different audience**
As part of the regular engagement the BET put together regular networking evenings which gives the team a chance to introduce the service to new Tier contractors who had not used the service, as well as a chance to recognise those Tier suppliers who have been active in supporting the service. These events take place every couple of months. It was at these events we noticed that the attendance had large contingent of the salespeople or business development staff rather than the procurement team members or buyers of the Tier contractors.

**Adapting to the ‘New Business Drivers**
After identifying the behaviour of users as driven or motivated by the ‘new business driver’ we modified our behaviour within the program to take advantage of the motivation. Specifically, we adapted our intervention with these users which included

1. Timing of engagement
2. Monitoring of prime contractors opportunities
3. A range of marketing a communication activities

It should be noted that while this modified approach worked for some of the tier contractors it did not apply to all or most of them. This developed into another strategy for engagement rather than the prevailing approach of the intervention. But several of the initiatives used in response to this particular user motivation were applied across the user base. This is especially true of the additional marketing and communication activity.

1. Timing of engagement
The first issue became one of timing. If we were going to act on the motivation of potential new business there is a very limited window
in which to act. Therefore we made an effort indentify the motivating factor of all our targeted users to determine if the ‘New Business’ driver applied. As the motivating factor was to demonstrate participation the user would only be interested in as long as it made a difference that is prior to tender or bid submission. Therefore we prioritised these as a fast track support. This in operational terms meant we made an attempt to engage the user and get them posting as soon as possible.

2. Monitoring of prime contractors opportunities
In anticipation of this behaviour pattern we started to review in more detail the Tender Event Schedules of the Tier 1 or prime contractors to anticipate which users might approach and to prepare capacity. This had limited success for two reasons. First, there were a significant number of opportunities being placed virtually daily so it was not possible from this information to anticipate which opportunity might simulate the ‘new business’ driver. Secondly, the motivation seemed to be most prevalent from users who we had no previous dealing or whom were not registered in the system.

We did notice that when one bidder/tenderer starting posting then others would soon follow. Considering these are mainly sealed or blind tender processes in which bidders are not aware of each other this seemed odd. From limited research it seems that the prominence that the tendering body gave to the use of the service in their tender had an impact on the response we received. Additionally, we examples where competitors monitored each others use of the service and also responded in turn as not to be left out. But this relationship would require further investigation and research to prove or explain fully.

3. Introduction of a range of marketing a communication activities
Additionally, we found that a number of more overt communication and marketing activities prolonged the engagement from these users who were initially motivated by a particular new business opportunity. These new tools included:

- **Certificates of use**
  We started to issue certificates of participation which suppliers used to demonstrate their use and participation in the Competefor.com programme. This has been enthusiastically received and we are told they have been included in tender and bid responses.

- **Participation of senior procurement officers in promotional events**
Additionally, we worked with a range of senior buyers and decision makers in both ODA, LOCOG and the LDA as well as a range of Tier 1 suppliers to join us for our networking evenings. This acted as a motivator for the 2nd, 3rd tier suppliers to attend the evenings. This gave us the opportunity to explain some of the lasting benefits of the comeptefor.com service.

- Informal league tables and token awards
At the networking evenings we would have a short presentation and award (e.g. bottle of Champaign) for the top performers in several categories. We would present league tables for a number of categories including most noticed published by a new user; most noticed published by an existing user and most notices published lifetime of service.

This gave the networking event a bit of a focus and competitive fun to the proceedings. The exercise also provided a photo opportunity and another tool for the marketing and communications of the project.

While we have to date not fully quantified the overall benefits of these activities the anecdotally we know that people have appreciated the effort and it has given immediate collateral to the team for promotional purposes.

**Risks of depending on the ‘New Business’ driver**
By its very nature the motivation of a user to participate based on a specific new business opportunity is fleeting at best. Not only did the motivation end once the tenders were submitted or awarded often the motivated user e.g. the salesman moved on quickly to another opportunity. This short duration of the motivation and the transitory nature of the user can lead to a lot of effort for short and minimal result for the project. Therefore we quickly learned that it was best to use the new business driver to ‘open the door’ to establishing the relationship with a named contact with the buying team or procurement department of the user. The goal was then to prove some of the other benefits to the more established contact to establish a lasting motivation of the tier supplier in use of the service.

**A new motivation?**
Is the ‘new business’ driver a new type of motivating factor or reason for participating by Tier Contractors? It clearly seems to fit within the reputational benefits element previously identified. It may though merit a separate line of its own as it seems to have had a significant impact on the motivation of users that other reputational reason to date have not. Other reputational reasons such as indirect
way of associating with the games, while prevalent, have not been as featured in the interaction with Tier contractors.

The ‘new business’ driver seems to have some distinct features:

- *It is time bound to the time of the announcement (formal or informal) of an opportunity and the award of that opportunity.*
- *The interest generates from a specific unit or department of the Tier contractor i.e. not from a central senior management point or corporate procurement team itself*
- *The interested parties often ‘disappear’ in tandem with the specific new business opportunity*

**Conclusions**

The review of the literature seems to tell us that while there have been a range attempts to realise a lasting legacy from major Sporting events most of these have focused on training and capital projects.

From a practitioner perspective there are several outcomes and behaviours which were not fully appreciated or anticipated at the start of the project such as types of opportunities posted and the motivating factors of users. These practical realities have been only started to reveal themselves. The competefor.com project in its focus specifically on economic development through the opening of the supply base and supply chain of both the Olympics and its tiered suppliers is quite unique and can act as an important case study in future attempts for other major sporting and cultural events.

There seems to be a significant opportunity for academics and practitioners alike to investigate and research the attempts to open up supply chains and to start to understand the processes involved, motivation at play and other critical success factors in attempts to establish and prove an economic legacy from Major sporting and culture events like those faced by the team for the London 2012 games.
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