

## Buying smart

Supply Management Awards 2007 CATEGORY Most improved purchasing operation - step-change  
WINNER Cancer Research UK

Cancer Research UK is clear of its aim - fund more research. Rebecca Ellinor explains how its improved procurement help.

**It is sometimes claimed business functions such as purchasing are not aware of their firm's overall objective. At Cancer Research UK nothing could be further from the truth. "Our strapline is 'buying smarter to fund more research'," says procurement director Belinda Turner.**

The team won the 'Most improved purchasing operation - step-change' category this year, having shifted from a few disparate purchasing managers to a fully fledged procurement department.

The 2002 amalgamation of the Cancer Research Campaign and Imperial Cancer Research Fund created the charity. By 2006-07 it had a £450 million turnover. But prior to the merger purchasing was fragmented, making no economies of scale and had only a minimal preferred suppliers list from a base of 16,800 - of which more than 7,300 had been dormant for at least six months. "Due diligences, benchmarking, market exploration or tenders were rare," says Turner.

Six months after the charities combined a department was created but still not recognised as a central function. Turner was appointed procurement director in 2005 and during 2006 the department was restructured so it was in line with key business areas and a category management approach was adopted. The changes were needed to cope with the target set by the finance director in 2005 to achieve 10 per cent (about £13 million) on the charity's non-pay spend over a three-year period. And, since it is almost entirely funded by public donations, it needed to ensure money was well-spent.

So what was done? All non-pay spending was analysed. The team implemented fast-throughput ordering and aimed to improve quality, instil best practice, and enhance value for money. Procurement also improved communication with vendors and instituted rigorous tendering. Successful suppliers in some categories were awarded three or more year contracts. The team identified procurement champions in high spending areas and set up a procurement intranet.

A purchasing policy was launched in September 2006. Spending over £10,000 requires consultation with the team while for low-value items purchasing cards are used. Additional savings are set to come from the use of an e-sourcing tool.

Results include: cost savings of 35 per cent from a new travel policy supported by a single online booking portal and more than £5 million saved over three years due to the use of a single supplier for printed and branded products. Online ordering and just-in-time delivery have achieved savings of 26 per cent on a spend of £7 million.

The judges said: "The broad approach shows that with limited resources you can still do an awful lot. The entry is inspiring."

*'Taken from Supply Management magazine, archived article, Oct 2007'*