I-COMPETE
Summary of Academic Research into Purchasing Practice of UK Small and Medium-Sized Enterprises

Research conducted by the University of the West of England and supported by Universities South West, the Chartered Institute of Purchasing and Supply, and Beacon South West
Introduction

Whilst it is widely recognised in both academic and practitioner circles that Procurement has an important role to play in the success and profitability of small and medium enterprises (SMEs), academic literature in this area is scarce. The Systems of Innovation, Procurement and Supply Research Group at the Bristol Business School / University of the West of England have risen to this challenge and conducted research into procurement practice of SMEs in the South West of England.

The researchers, (Professors Mohammed Saad and Andrew Douglas, along with Dr Peter James) worked in partnership with the Chartered Institute of Purchasing & Supply (CIPS) and Universities South West through joint funding by the South West Regional Development Agency and the European Regional Development Fund. The primary research aims were to:

- Assess the level of procurement expertise held within SMEs in the South West
- Identify best practice and investigate how this could be captured, transferred, adapted and utilised by the SME community
- Understand the impact of innovations in procurement processes upon the development of sustainable competitive advantage within SMEs
- Identify what is required to improve SME procurement practise and how SMEs can achieve these improvements
- Identify the main obstacles to SMEs raising the level of their procurement expertise
- Identify the role of the external environment in supporting SMEs’ procurement practice and
- Produce a freely available online self assessment toolset for SMEs to evaluate their current level of procurement expertise and gain access to the experiences of other SMEs.

Our Collaborative Partners

We were pleased to be supported in this research by the University of Exeter and the University of Gloucestershire. Additional support was received from Beacon South West and the Aerospace and Advanced Engineering i-Net Project: a project aimed at helping SMEs from the South West to improve their innovative capacity.

Our Approach

An extensive literature review was conducted; findings from this review suggest that whilst there are strong contributions to this subject area (including Quayle, 2002; Morrissey & Pittaway, 2006; and Ellegaard, 2009) much of the literature is in excess of 5 years old. In comparison to other areas of procurement research, the domain of SME procurement is less represented in the literature.

Initial data collection was facilitated through the use of an on-line questionnaire. A pilot was conducted with 10 organisations and minor modifications made prior to the launch of the full survey. Target SME respondents came from both the manufacturing and non-manufacturing sector in the South West of England. Target individuals were either SME owners or individuals who had primary responsibility for the firms purchasing activities.

Prior to sending out the survey request each organisation was contacted by telephone to identify the appropriate recipient and ensure they were willing to participate. In depth interviews were carried out with selected SMEs to further investigate the purchasing practices adopted.

Our Respondents

A total of 95 responses were received from 450 initial e-mail requests, resulting in a usable response rate of 21%. A control group of 25 SMEs from other regions of the UK were included. 22 follow-up interviews were carried out to gather additional information regarding specific purchasing activities and practice. The profile of survey respondents is shown in Figures 1a, b and c, broken down by number of employees, industry sector and purchasing spend.
Over the following pages the I-COMPLETE findings are presented. The data analysis has been split between responses from manufacturing and non-manufacturing SMEs. This allows a comparison between our earlier research findings and previous academic research in these traditionally distinct groups. The findings from in-depth interviews conducted with survey respondents considered to be “more advanced” in terms of procurement practise are presented.

**Purchasing Function**

We asked respondents how they organised the responsibilities within the purchasing function

Figure 2 shows how the purchasing responsibilities are organised within the respondent (manufacturing and non-manufacturing) firms. In the manufacturing sector the percentage of firms with dedicated purchasing resource (45%) was higher than that of the non-manufacturing sector (23%). Overall, the findings for the non-manufacturing sector demonstrate a similar commitment to allocation of purchasing responsibilities to the manufacturing firms, which suggests that the non-manufacturing sector may be following a similar purchasing development path to that of manufacturing; an important contribution to the current theory.

Additionally we asked those respondents with a dedicated purchasing function how many buyers / commodity specialists they employed. On average there were 3 dedicated purchasing professionals for organisations where firm size <100 and 5 dedicated personnel where firm size >100. These figures were similar across both manufacturing and non-manufacturing firms.

![Figure 2: Organisation of Purchasing Responsibilities](image)

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**Follow up interview feedback**

(Taken from interviews with SMEs with a dedicated purchasing function)

“We have 90 suppliers and 100 different lines. We set up our function about 6 years ago. We were looking for negotiation and systems skills. It was hard to get the right people with the right skills living in this area. The performance has been pretty good though for those we have recruited. By having a dedicated function we have been able to drive down our cost prices. We’ve been through a process of key suppliers where we evaluated them and tried to form key partnerships and develop relationships and drive our buying power in order to improve sales by getting closer to 13 companies at the outset. It has percolated out to other suppliers. Especially blue chip and niche suppliers…”

“…it has been the competition that has influenced us the most. We are an independent wholesaler. We have competition from nationals who have very competitive pricing to much smaller independent wholesalers. When we went through the key supplier process we accepted we can’t match the buying power of biggest competitors as they are 100 times our size, but we recognised we could get much closer than we were so we have tried to force our way up the pyramid. Some [suppliers] would not entertain our strategy at all but the majority did”

_Drinks Wholesaler_

“…we saw the need to have specialist buyers – to keep a tight ship – especially as we buy from abroad and as far as China and so skills such as negotiation skills (and) purchasing are so key to keeping our costs down which are a major drain on profits. The company offered generous salaries in order to attract skilled staff, but we make them graft hard for their money”

_Paper and Card Manufacturer_
Consortia / Purchasing Services

We were also interested in whether SMEs in the South West were using external purchasing services and / or consultancy to supplement their own skill set; or whether they had participated in a consortium to either gain experience or a negotiating advantage. 94% of respondents confirmed that they had never or very rarely used external purchasing services or participated in a consortium. Interestingly, those organisations which had interacted in this way had positive experiences to share (see follow up interview feedback) suggesting this may be a useful approach for other SME’s within the region to consider.

Follow up interview feedback

SMEs that had used a purchasing service or consortium for sourcing difficult / specialist commodities & services provided the following additional feedback:

"We have used a purchasing service for our utilities and telecoms spend. This has resulted in both savings and a better understanding of this market. We feel this has been a very positive experience”.

Agricultural SME

“We have developed relationships with specialist resourcing companies. A small specialist company in particular devotes itself to searching high and wide to getting us the quantities we want and can’t find. This enables us to save on the expense of buying excessive amounts of stock and also the time it takes to track it down”.

Manufacturer of circuit boards

“The benefit of consortia are for resourcing issues i.e. outsourcing your purchasing to a reliable consortia …where you do not have the time or resource in house, to get tenders in, to do comparisons, check quality and certifications, do audit trails, and all the things which go along with doing it in-house. The downsides is that you can lose a certain element of control so you have to select the appropriate goods / services that you want to source in this way”.

Independent Nursing/Care Home

‘We use a broker for sourcing electricity at the best price’

Drinks manufacturer and wine importer

Using Purchasing as a Competitive Advantage

Respondents were asked to indicate the extent to which their external purchasing activities contributed to the overall competitiveness of their organisation. Figure 3 displays survey responses split between manufacturing and non-manufacturing organisations. Over 70% of manufacturing organisations and 50% of non-manufacturing organisations report that purchasing activities are an important factor on most if not all of their sales / contracts won; only 4% and 16% of firms respectively reported that purchasing was not a contributory factor. These responses suggest that across both sectors purchasing is perceived as a strategic element within the business.
**Follow up interview feedback**

*SMEs that recognised the contribution of purchasing activities to overall competitiveness provided the following additional feedback:*

“For us it was in two ways – Firstly it transfers directly to the bottom line if we get better pricing. Secondly – it has enabled us to achieve more flexibility in what we do – so if we have purchasing options, to use different suppliers or have varied products to source it gives us more options in the market place. I did the standard CIPS qualifications and it has evolved from working with the team. We are close knit, and we meet regularly and air our knowledge so it evolves”.

*Manufacturer of fans and blowers*

“We have developed a broader range of suppliers so we can negotiate the cost a lot more, but overall it is what makes us competitive, if we can get the purchasing cost down we can then do more for our major customers. We are looking at developing the relationships with our existing suppliers – so we have been visiting exhibitions to meet suppliers and also looking at up-skilling our department to win those bigger contracts”.

*Manufacturer of electronic instruments and controls*

“Our vision is to set the highest standards of partnership throughout the supply chain to create value and sustainable competitive advantage. This is achieved by developing a working relationship based on openness, honesty, integrity and trust. In an increasingly competitive environment the financial risk and increase in investment required to develop new products is substantial. Our customers want to work with performance driven suppliers in the supply chain. We strive to outperform our competitors’ supply chains to win end market share and grow business for all participants. We established a set of guiding principles that promote the highest standard of supply chain relationships, The benefit of introducing this policy and introducing best practice has been significant, We have secured a 16% reduction in material costs with impressive on time delivery and quality figures throughout the supply chain. This has also been achieved in very challenging market conditions, to the degree where we have secured additional business through continuity of supply where our competitors have struggled”.

*Manufacturer of vehicle detection systems*
Customer Influence

We investigated the extent to which the customers of SMEs in the South West influenced the approach the SME took in external purchasing activities. Figure 4 shows that in the majority of manufacturing and non-manufacturing organisations, customers had an influence on the way purchasing activities were conducted.

![Figure 4: Customer Influence on Purchasing Activities](image)

Follow up interview feedback:

SMEs who indicated that purchasing activities were influenced by their customer base provided the following additional feedback:

“They influence us highly – depending on what quantities they want us to build, and this relates to which supplier we go to – so we have developed a broad range of suppliers to assist us with the types of contracts we deliver and also depending on when they need it, whether it is a few days or a few months and this may influence which supplier we go to”

**Manufacturer of electronic control**

“Purchasing and using certain types of products such as ethically sourced materials is very important to our clients”

**Card and paper manufacturer**

“One of our major customers pushed us towards the SE21 Programme – (9001 with bells and whistles!) which gives us a dashboard of information which is easily read and shows how different parts of the business are performing. It’s a 1.5 year programme and you get a bronze, silver or gold award and your delivery performance gets rated on the SE21 website. It ensures we have the correct measures in place for monitoring our suppliers’ performance – so our customers can look down the chain to see how it is working and we are also looking down the chain at our suppliers at their suppliers so it keeps us one step ahead”

**Electronic systems manufacturer**
Procurement Strategy

We investigated the extent to which SMEs in the South West had consciously established and documented a procurement strategy in support of their overall business strategy and objectives. The results in Figure 5 show that an encouraging number of firms (42% of manufacturing and 28% of non-manufacturing) had a fully integrated procurement strategy and a substantial number (46% of manufacturing and 47% of non-manufacturing) developed a procurement strategy on a case by case basis.

Figure 5: Procurement Strategy Established

Follow up interview feedback

SME’s who indicated they had a consciously adopted procurement strategy provided the following additional feedback:

“Our purchasing strategy flows out of the overall company strategy – it is not a standalone strategy. It is influenced by the business strategy. I report to the MD and there are a further 2 executive directors and a management team involved other functions. All have involvement in the purchasing strategy”

Fan and blower manufacturer

“Our strategy is based on a plan for sustainability and cost efficiencies for the organisation. For brewing beers we negotiate the best possible yearly contract for malt and hops without compromising quality and consistency. Directors discuss and implement. We review quarterly and as market conditions prevail”

Brewery
**Geographic Distribution of Suppliers**

The location of the SME supply base was investigated to determine whether:

a) There was a high propensity to source within their own geographic region, and/or

b) They had developed (either by desire or necessity) new sources of supply within or outside the UK.

Figure 6 shows the survey responses regarding the distribution of the supply base. Locally sourced goods and services accounted for a high percentage of the total goods sourced. This supported the view that, similar to large manufacturing organisations, SMEs simultaneously provide both direct employment within the locality and further contribute in terms of the positioning of their own extended supply base. Where off-shore sourcing occurred, the interviewees indicated that the pursuit of this strategy was driven by product availability, superior quality and competitive pricing (see interview feedback below).

![Figure 6: Distribution of Supply Base](image)

**Follow up interview feedback**

*SMEs that consciously sourced from suppliers outside the UK provided the following additional feedback:*

“**We buy from our main supplier in Europe as this is our product strategy. The reason why we buy from our supplier in Europe is quality. They are not the cheapest or the most expensive. They are always good, they always work**”

*Automotive parts reseller*

“Over 50% of our products come from abroad – from France and Germany – and it is just not available in UK for the quality which we require”

*Manufacturer and solutions for water industry*

“We source the majority of our products from abroad because we are in the Mediterranean food business and the ingredients are not found in the UK! Although we make the end product here”

*Importer and reseller of food products*

*SMEs who consciously sourced from within the South West of England provided the following additional feedback:*

“There are many factors as to why we source most our services and goods locally – a combination of quality and price but also reliability – we know local suppliers can deal with issues much quicker. We are pleased with our current suppliers and for our needs, it makes sense to work with local suppliers as its their travel costs which keep the rates down”

*Conferencing and training organisation*
How are Purchasing Skills obtained?

Improving purchasing skills was identified as an important theme in purchasing strategy. The data was analysed to understand the approaches deployed in achieving this objective. It can be seen from Figure 7 that the most popular approach was the targeted use of negotiation skills, closely followed by other subject specific external courses.

During earlier research undertaken by this team the purchasing skills training adopted by large organisations was investigated. In 80% of the organisations studied, the CIPS formal qualification was identified as the most popular vehicle. This differs markedly from the findings for SME’s in this study who favoured the wide-scale adoption of ‘negotiation skills’ training as the primary method. One possible explanation for this is the immediacy of financial return for the firm delivered through this approach.

![Figure 7: Approaches to Purchasing Skills Training](image)

Follow up interview feedback

Organisations who consciously adopted a variety of purchasing skills training provided the following feedback:

“We have undertaken negotiations training delivered by Business Link which was excellent, including negotiations in practice sessions as teams against one another. It did not focus on non-verbal communication but on what you say and how you may go after this”

Manufacturer of fans and blowers

“As we do ship refits we find that we have a real need to have strong negotiating skills. Tangible benefits come down to having the confidence to handle buyer – supplier conversations and get the best deal for us. Negotiation skills courses help to up-skill our staff so it means that we do not need a senior manager to sit in on all meetings and can trust the staff to manage the negotiating so it saves time on doubling up on personnel”

Ship builder and repair

‘As part of my CIPS training I have attended the negotiation module – effective negotiation – there is vital info, techniques and most importantly methods of preparing for negotiation which have been excellent for up-skilling me from an industrial purchasing point of view. As our business grows and we increasingly require more tonnage, these new skills give me more weight, enabling me to prepare better and know the ways in which I can leverage this influence. It has enabled me to win price freezes on commodities for the coming year, through signed agreements when we are seeing the costs rising rapidly, but as we have committed to a time frame, we have kept last year’s prices.’

Manufacturer of equipment for food industry

“We have since decided to invest in CIPS corporate membership since filling out your survey. We hope it will provide a demonstration that what we are doing is correct and validate our strengths and experience – such as negotiation skills and supplier relationship skills. We are hoping the qualification may expose where we can improve further”

Paper and card manufacturer and retailer
Supplier Relationships

To understand the typical SME contract profile and the approach taken to supplier engagement, respondents were asked to describe the nature of their existing supplier relationships. Figure 8 demonstrates that the majority of SME supplier engagements have a focus beyond price, delivery and quality; tending towards long term ‘integrated’ relationship, where there is often a contract with no finite end date, but a series of formal reviews. This finding supports our premise that SMEs across all sectors are changing their approach to external purchasing, which can be considered analogous to the approach adopted by larger organisations in the mid to late 20th century.

**Figure 8 Approach taken to supplier negotiations**

- Transparent relationship with shared risks / benefits
- Long term ‘integrated’ relationship
- Additional to price, quality, delivery
- Arms length, price, quality and delivery
- Arms Lenth, price only

Supplier Performance

Having identified how SMEs in the South West enter into negotiations and formally contract with the supply base, measures of supplier performance were explored, presented in Figure 9. The figure demonstrates that almost half of the non-manufacturing SMEs had no formal measure of supplier performance, compared with 17% for manufacturing SME’s. This is the first notable difference between the two SME types. It is important to highlight that through our earlier research into large organisations, the area of supplier performance measurement was identified as challenging even for those firms considered to be advanced in other areas of procurement.

**Figure 9: Approach to Supplier Performance Measurement**

- a) Not measured / reactive process
- b) Price, quality, delivery
- c) P,Q, D plus other factors such as customer satisfaction & account mgt.
- d) those in c) plus ability to help us innovate and grow.
Use of Technology

Another important indicator of development within the purchasing function is the extent to which an organisation has embraced enabling technology. Figure 10 shows that at least 50% of the respondents have benefited from the deployment of enabling technology in all the main purchase to pay elements, with the exception of electronic tender/auction (e-sourcing) and supplier contract management. This provides further evidence that the procurement ‘journey’ that many SMEs have embarked upon is similar to the path taken by larger organisations (as per our earlier research) that have adopted e-Sourcing and contract management in the latter stages of their procurement improvement path.

Figure 10 Use of Enabling Technology

<table>
<thead>
<tr>
<th>Enabling technology</th>
<th>% of respondents using this approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand generation / requisition creation</td>
<td>62%</td>
</tr>
<tr>
<td>Obtaining internal approvals</td>
<td>52%</td>
</tr>
<tr>
<td>Purchase order creation</td>
<td>87%</td>
</tr>
<tr>
<td>Purchase order delivery</td>
<td>67%</td>
</tr>
<tr>
<td>Goods receiving</td>
<td>76%</td>
</tr>
<tr>
<td>Invoice matching</td>
<td>79%</td>
</tr>
<tr>
<td>E Tenders / auctions</td>
<td>29%</td>
</tr>
<tr>
<td>Management information</td>
<td>64%</td>
</tr>
<tr>
<td>Measuring supplier performance</td>
<td>54%</td>
</tr>
<tr>
<td>Supplier contract creation/publication</td>
<td>21%</td>
</tr>
<tr>
<td>Supplier payment</td>
<td>92%</td>
</tr>
</tbody>
</table>

Seeking Advice from Procurement and Professional Bodies

The nature of the relationship between SMEs and external bodies such as CIPS (the UK’s purchasing professional body) and the UK’s Academic Institutions is of interest for at least two reasons: firstly it demonstrates the extent to which SMEs are engaging with external knowledge sources and secondly it provides an indication to external bodies concerning the effectiveness with which they are connecting with SMEs. The results in Figure 11 show that the vast majority of respondents have rarely or never sought advice from these external bodies, indicating that emphasis needs to be placed upon connecting SMEs with the knowledge base and experience that these bodies can provide.

Figure 11: How often is advice sought from CIPS / other Academic Institutions?
**Follow up interview feedback**

*SME’s who actively engage with external bodies for procurement advice / knowledge transfer, provided the following additional information:*

“We have sought knowledge from all three – about British standards, interpretations of tests, solving an issue on a drawing or a requirement, analysing of a metal with a University, analysing a problem with a third party on a production process. It has always been a beneficial and satisfactory process. We do not always have the resources and expertise – being an SME - we cannot afford to carry a material expert and sometimes you need to find someone who can answer a question which requires a lot of research knowledge”

_Aerospace parts manufacturer_

“We use the University of Bath as a source of reference and knowledge together with the alumni group. We also run a number of KTP knowledge placements with the University of Plymouth to bring academic knowledge into the business. We have been delighted with the results as there is so much knowledge we can benefit from. The KTPs have been great and provided us with excellent projects which have gone on to contribute to the business”

_Manufacturer of industrial and data communication enclosures_

**Social and Environmental Considerations**

Earlier research identified an increasing trend within large organisations to include environmental, social and economic factors in the supplier selection process. In order to determine whether this was also true within SMEs, respondents were asked to identify the extent to which environmental, social and economic considerations were incorporated within supplier selection criteria. Figure 12 shows a consistency between the findings from the earlier research into large organisations and the SMEs within this study, with more than 70% of respondents incorporating these factors within supplier selection criteria. This may provide some evidence to support the findings in Figure 6 depicting a high use of regional supply sources and as such would provide a useful subject of further work.

**Figure 12: Social and Environment factors and Supplier Selection Criteria**

<table>
<thead>
<tr>
<th>Supplier selection criteria</th>
<th>We do not take this into account</th>
<th>We take this into account for a few suppliers</th>
<th>We take this into account for the majority of suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Considerations</td>
<td>28%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>Social and Economic Considerations</td>
<td>25%</td>
<td>43%</td>
<td>32%</td>
</tr>
</tbody>
</table>
Self Assessment of Current Approach to Purchasing Activities

Survey participants were invited to assess their overall approach to purchasing activities. Figure 13 shows that 73% of manufacturing and 36% of non-manufacturing firms recognised their purchasing activities as being in need of improvement and had placed a priority upon this. Only 6% of firms reported having optimal procurement processes requiring no improvement.

Figure 13: Self-Assessment of current purchasing activities

Obstacles to Improvement

Finally the respondents were asked to identify the barriers which would prevent the improvement of purchasing activities. Figure 14 lists in descending order the top 5 barriers identified. There were no notable differences between the manufacturing and non-manufacturing responses suggesting these barriers are not sector dependant.

Lack of resource was identified as the primary barrier, incorporated within this was lack of management time and lack of purchasing resource. Interestingly ‘Lack of available purchasing professionals’ appeared much further down the list of barriers than in earlier large organisation research where it was cited as the primary obstacle. One possible reason for this may be the relative inexperience within SMEs in recruiting quality procurement professionals.

Figure 14: Barriers to Development of Purchasing Activities

1. Lack of Resources
2. The Nature of our Business
3. Cost of Investment
4. Lack of Experience in our Organisation
5. Lack of Available Purchasing Professionals
An earlier review of the literature identified a gap in knowledge relating to SME’s and their approach to external purchasing. The data collection phase of this research was completed over a 5 month period. The time frame was dictated by the range of sectors profiled and in part due to the difficulty in gaining access to pivotal respondents. It was apparent through these investigations that SMEs receive multiple requests for their time across a range of subjects and have difficulty responding to the many demands. This was in sharp contrast with our earlier research conducted in large organisations where very early in the research an employee with a clearly designated purchasing role was assigned to the activity. Due to the generous time devoted by the SME community, we were able to achieve our target response rate, allowing us to gather the results and analysis presented within this report. The findings from this research can be divided into two distinct groups, that which supports and builds upon to current literature and that which challenges current theory.

**Findings that support current literature**

In contrast with our earlier research into advanced procurement techniques (I-Innovate), the style and nature of our questioning was modified to suit the SME environment (Ellegard, 2009; Morrissey & Pittaway 2006). For example in exploring structural arrangement of the purchasing function within SMEs the detailed specialisation questions, more appropriate for much larger organisations, were modified to reflect the SME context.

In their 2006 study of SME’s Morrissey & Pittaway concluded that manufacturing firms exhibited a greater tendency to establish a separate purchasing function (35% from their later survey, 19% in an earlier study) to non-manufacturing firms. Our study findings (45% of manufacturing SMEs exhibiting a dedicated purchasing function) concur with this.

80% of respondents agreed that academia and procurement professional bodies rarely or never engaged with / were engaged by SME’s; this was cited as a challenge by Ramsey in 1994 and is disappointingly still the case 17 years later. Ramsey also highlighted the need for focussed negotiation skills training for procurement professionals, the findings of this study show supplier negotiation tools and techniques to be the most frequently employed skill set by SMEs.

In respect of the geographic distribution of suppliers our findings agree with those of Agndal & Axelsson (2004) who argued that SMEs select off-shore suppliers on a ‘need’ basis rather than due to a new sourcing initiative. Our case studies support this finding and further extend it with the citation of ‘improved quality’ as a determining factor.

We found evidence to support Lamming and Harrison’s (2001) assertion that small firms can and do operate with purchasing strategies. Our findings indicated that 86% of manufacturing and 75% of non–manufacturing SMEs hold either a ‘case-by-case’ or ‘every-case’ purchasing strategy.

In addition to the existence of a purchasing and supply strategy there is evidence that supports the specific indicators to identify the potential for strategic purchasing supply in smaller companies. The first indicator is ‘the deliberate development and maintenance of desired types of supplier relationships’ as previously shown in Figure 8. The second and most important one is ‘the identification of specific competitive advantages that might flow from strategic actions in purchasing’ as previously shown in Figure 3. These findings showed a very strong recognition that in both manufacturing and non-manufacturing SMEs, purchasing was used as a competitive advantage by the majority of small companies surveyed.

The majority of respondents reported customers actively influencing the way the purchasing activities were conducted. Follow up case studies identified factors such as customer specific quality programmes and customer CSR / Environmental policies passed down through the supply chain. Furthermore in terms of environmental policy, evidence was identified in support of Williams 2004 finding of buyers aiming to understand the environmental credentials of their supply base.

Summarily, our findings indicate that SMEs are on an upward trajectory in terms of the focus and investment placed on the development of purchasing activities; this has led us to draw parallels with the earlier purchasing development path of large organisations. Figure 15 illustrates our early conceptualisation of the relationship between the paths of SMEs and large organisations in purchasing development activity.
Findings that challenge current literature (continued)

Our survey found 94% of firms rarely / never used either a purchasing consortia or specialist purchasing service, this is in direct contrast with the findings of Quayle (2002) who found “…a purchasing service seems to be popular with SMEs acting as either a consultancy or in sourcing difficult to find commodities”. However from our follow up interviews we identified potential for SMEs in both collaborating and engaging with specialist sourcing services.

The research of Morrissey & Pittaway (2006) indicated a significant difference in purchasing practices between sectors and sizes of SMEs; the findings from this study do not on the whole support this view. For example: SMEs were segregated into 8 groups to allow a comparison by manufacturing / non-manufacturing, greater than / less than 150 employees and an external spend of greater or less £15m. Under the theme of purchasing strategy, there were no notable differences by either sector or size, with most firms frequently citing a case-by-case or overall business focussed purchasing strategy.

To Conclude

Most encouragingly 73% of manufacturing and 36% of non-manufacturing SMEs openly cited purchasing as one of their priority areas for improvement. When reviewing the primary barriers to improvement (i.e. resources, nature of business, cost of investment, lack of experience, lack of purchasing professionals) there is a clear role to be played by external bodies such as Academia, CIPS and Government / EU funded SME initiatives, to help overcome these obstacles. The path to engagement will not be an easy one; however the increasing perception of purchasing as a source of competitive advantage should enable such engagements. Future research would look to explore these findings in the context of SMEs throughout other regions in the UK and to further evolve our early conceptualisation of the evolutionary path of SMEs and large organisations with respect to their purchasing activities.

Finally, we would like to thank all those who contributed to this research: academic partners, financial supporters and survey participants without whose collective help this research would not have been possible.

The I-Series is the result of more than ten year’s cumulative research whose aim is to produce research that is:

- Independent
- Topical
- Aimed at practitioners
- Available to all
- Easy to understand
- Based on sound academic research
- Accompanied by a toolset where appropriate

These projects have collectively been accessed by over 35,000 people in 32 countries.

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**I-SAVE** – Independent savings analysis, verification and evaluation including a self-help toolset providing aid when trying to assess the savings contributions / ROI from an investment in your procurement ‘environment’.

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**I-ADAPT** – A study to determine the impact of online auctions on the buyer-supplier relationship. Specifically excluding price-savings considerations and looking at what happens post e-auction in areas such as supplier quality, delivery, reliability and account management.

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**I-EXCHANGE** – Quantitative and qualitative research into the use and perception of e-marketplaces. Assessing how both buyers and suppliers view them and if they have now developed to become a real consideration in an e-procurement context.

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**I-INNOVATE** – An investigation into the emergence of a fifth stage of purchasing development. This research identified key elements that span the purchasing ‘environment’ and produced a toolset that lets the practitioner benchmark themselves against the leaders in both private and public sectors.

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