

Steel fist in a velvet glove

During a recession it is more important than ever to monitor and control expenditure on non-core activities, such as print and stationery. Here we explain how Bourne Leisure is using a stationery ordering system developed by Office Canopy Group to cut stationery costs by 25%.

Bourne Leisure is a £750 million business with an HQ in Hemel Hempstead and sites spread across the UK. Its three main brands are Butlins holiday camps in Bognor, Skegness and Minehead; Haven Holidays, which has 35 caravan sites around the British coastline; and Wave Hotels, a chain of 12 resort hotels.

Each location has a general manager who is responsible for his site's revenue and expenditure. Managers are encouraged to use workwear, catering, entertainment and stationery companies selected by head office, but many also use local suppliers. In 2007 Bourne Leisure spent £900,000 with the recommended national office products supplier and £500,000 on 'maverick' purchases with 30 local companies.

This arrangement had a number of drawbacks: Bourne Leisure sites were failing to benefit from centrally negotiated prices; there was no visibility of expenditure; and there was no control over what managers could or could not buy.

When Simon Crawshaw, Bourne Leisure head of IT, was given charge of stationery purchasing he decided to do something about it, starting with an e-auction to find a new national stationery supplier.

Office Canopy Group (OCG) won "hands-down" because they offered a different way of doing things. Instead of having core and non-core products with different margins, Netstationers, OCG's stationery business, applies the same margin to all products; as a web-based provider, it can operate on lower margins; it has a policy to beat anyone on price; and, above all, it has an e-procurement platform that is powerful and very simple to use.

In January 2008, after running a pilot at one location, Bourne Leisure extended the OCG e-procurement system to all sites, giving the company complete visibility of stationery purchasing for the first time.



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"In the previous year we had no real understanding of the level of adoption of our central stationery contract. We believed we had reasonably good compliance but it was just a gut feeling. Since January (2008) we have been able to see individual spend by item, so we can see the number of pens bought by each site and buyer," Crawshaw explained.

This level of detail has enabled him to identify sites that are under or over-spending. "Within our three brands there's a lot of commonality: turnovers are identical, so it's reasonable to assume stationery needs should be the same. We started running reports on EOS and stationery purchases and benchmarked total spend in each category. This has enabled us to see the high rollers and the low rollers and identify who is and is not using the preferred suppliers. In the last 6 months we have identified a site that was spending too much and changed processes, and another bigger site that was spending too little, indicating that it was buying stationery from alternative suppliers," he said.

In the case of the latter, all that was required to make the manager comply with suggested purchasing channels was to call up his last 10 stationery orders and show how much would have been saved by buying from Netstationers.

Crawshaw argues that the fact people know their spend is being monitored makes it more likely that they will use the recommended channel and removes the need to lay down strict rules that can be bad for morale and lead to maverick purchasing. The system will prioritise the visibility of cheaper options and make automatic product substitutions, e.g. a cheap pen for a luxury pen, but Crawshaw points out that these can be over-ridden.

"We have to be very careful about laying down rules, because if you say to someone you can't buy a luxury Bic pen they will go around the corner, buy one and put it through on petty cash. People are still free to buy what they want, but when they know they are being reported on they are more careful about how they spend their money. Visibility enables us to adopt a soft management approach," he said.

Crawshaw believes that the combination of Netstationers pricing model and OCG's web-based procurement platform will have reduced Bourne Leisure's stationery expenditure by 25% in 2008, without the need to impose purchasing restrictions on site managers.

Bourne Leisure now plans to use the e-procurement system, described by Crawshaw as a "steel fist in a velvet glove", to reduce costs in other areas, starting with print. www.ocgplc.com