



## e-Three Spend Leaders Forum

Friday October 10<sup>th</sup> 2008  
The Institute of Directors, Pall Mall, London

**Overview:** e-Three's Spend Leaders Forum is an invitation-only thought leadership group offering senior procurement leaders the opportunity to network with peers, exchange best practices, share issues and think outside of the box.

**Attendees** at the October 10<sup>th</sup> Forum included procurement leaders from the following organisations:

The Olympic Development Authority  
Kraft Foods  
JCB  
Fujitsu  
SunGard  
BT

Network Rail  
Johnson & Johnson  
NHS  
BP  
Ecclesiastical Insurance

### **Key Forum Agreements:**

“The Global Banking Crisis requires radical approaches to Supply Chain Stewardship. Procurement must raise its profile to be a key driver of business value through the current financial downturn.”

- In some sectors, there is growing evidence of key suppliers, usually the smaller SMEs, rapidly going out of business as the Credit Crunch bites and as their wider market opportunities begin to dry up. The onus is now on the larger buying organisations to exercise Supply Chain Stewardship and to proactively assess and manage risk in their supply chain where it is appropriate to do so.
- Although the general consensus is that interest rates in the UK will continue to fall, cost of capital and capital availability are top line issues for many companies, small and large. Buying organisations will be under increasing pressure to extend payment arrangements with their suppliers as cash becomes king. Equally, major buyers may be able to look to ways of helping their suppliers secure cash quickly and at low risk through a range of existing and innovative financial products that are available through intermediaries.
- Renegotiation of liabilities is almost certain to be on the agenda for most businesses as the Crunch continues to bite. Major companies will want to identify areas with their suppliers where cash and cost can be saved without damage to core business interests. It is in everyone's interests that major Corporates take a proactive, responsible and structured approach to such exercises.
- Effective sourcing can drive substantial savings. Ecclesiastical Insurance has been able to penetrate more spend efficiently and effectively, primarily through the use of eSourcing. They are achieving an average of 20% savings, and are doing this 20% quicker.
- PFI and PPP deals may be an emerging risk and problem area for bidders. Although Government has shown it will underwrite the main players in the financial services industry, the Crunch will bite hard on many building and construction companies. Equally it is as yet not clear whether the Secondary PFI Market – on which the viability of most PFI bids rest – will be immune from market nervousness. If PFI does begin to shake, the implications for the rebuild and renewal of public sector infrastructure will be immense.

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