



Swimming
with the big fish
SME MATCHMAKER SERVICE

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Unlocking maximum socioeconomic value from strategic SME procurement

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WEDNESDAY 13TH SEPTEMBER 2023



THE POWER OF THE "LITTLE FISH"

SMEs hold the key to the nation's economic growth and prosperity (99% of UK businesses employing over 61% of total workforce)

Crucial role to play in rebuilding and regenerating regional economies post pandemic

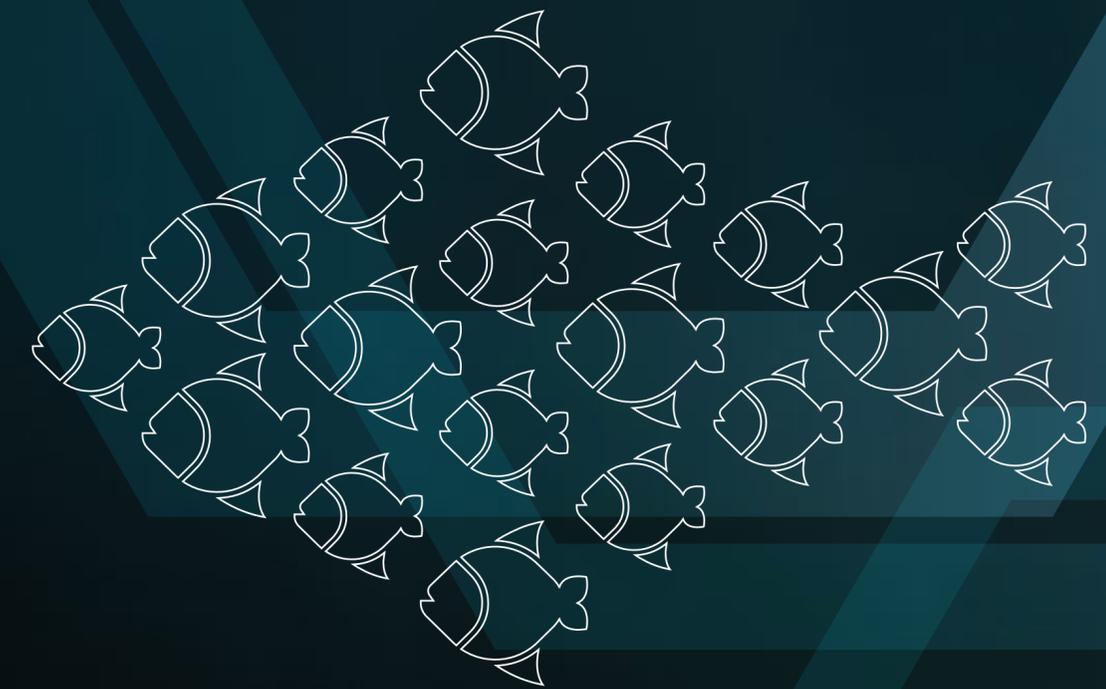
SMEs free from the constraints of corporate bureaucracy and systemised decision-making

Can be more agile and adaptive to change, innovation and risk

Well positioned to make local investments that create jobs, pioneer technologies, upskill the local workforce, and deliver meaningful social impact

Can do it quickly if given the chance

Key to success – long term, high value and sustainable contracts that allow them to grow, invest and be more resilient



THE REALITY FOR SMES

While SMEs have significant latent potential to deliver project excellence and social value, they are constantly walking a tightrope

Examples include:

- New project risk – FJ Booth Construction
- Contract risk – LEL Nuclear
- Collaboration risk – AVRS Systems

Remember, most SME owners earn less than a Senior Project Manager at Sellafield Ltd.

Yet, SMEs deliver significant value – e.g., Solomons Europe contributes £22m in Corporation Tax, VAT and National Insurance

This figure does not take into account salary payments made to local employees who then spend a significant proportion of their earnings in the local economy



TAKING INSPIRATION

Inspired by report 'Swimming with the Big Fish' by Dr Jas Kalra and Prof. Jens Roehrich

Detailed fresh approach to local SME procurement by EDF commercial and procurement director Ken Owen, at Hinkley Point C nuclear power station

Clear and coherent strategy to engage with local stakeholders from the outset with deep understanding the Somerset region's economic structure

Mapped out capabilities and matched them with work requirements

Actively led on the development of supplier capabilities to meeting long-term project requirements

Appointed highly motivated local champions to drive the approach forward



FROM SOMERSET TO CUMBRIA

Swimming with the Big Fish movement created in “home” county extolled the virtues of SMEs to anchor institutions including Sellafield

“Power 8” SMEs pledged to create 300 new jobs, minimum 50% local supply chain spend, invest in existing or new facilities and deliver social impact activities in exchange for long-term contracts

Sellafield Ltd. recently awarded 20-year contracts worth £7bn for major site decommissioning works through the Programme and Project Partners (PPP) initiative

PPP an innovative Project 13 enterprise framework awarding agreements of up to 18 years with Key Delivery Partners through amended NEC4 Engineering and Construction Contracts and NEC4 Professional Service Contracts

Amendments align with PPP’s principles:

- Performance defined by enterprise outcomes, not purely project performance
- Commitment to partner, develop, support and utilise SMEs willing to invest and grow in Cumbria
- Achieving early contractor involvement through embellishing framework teams with expertise from contractors and subcontractors
- Profit/KPIs incentivised through Critical Success Factors



A PRACTICAL SOLUTION

The Swimming with the Big Fish SME Matchmaker Service created to identify like-minded enterprises prepared to support growth and investment in Cumbria region

Pair high-performing SMEs with the major businesses tendering for frameworks as Key Delivery Partners (KDPs)

SMEs assessed on key qualities, capabilities, experience, social impact pledges and growth potential – all underpinned by PPP's Critical Success Factors for the programme

Matchmaker team hosts face-to-face meetings between SME and KDP, facilitates creation of joint Heads of Terms ahead of signing long-term framework agreement

Pledges become Key Performance Indicators which directly impact on profit made

To date...

- 116 SMEs registered with Matchmaker Service
- 35 Heads of Terms have been signed
- 23 SMES have Heads of Terms
- First SME framework agreements about to be signed
- Identifying opportunities for supply chain/ PO work for non-framework holding SMEs



MATCHMAKER EVOLUTION

SUPPLIER RELATIONSHIP MANAGEMENT DONE PROPERLY

PPP approach is to build an “ecosystem” not a traditional supply chain – incentivised model means everyone is “in it together”

Long-term trusted relationships need to be nurtured – regular open and honest communication is key to success

Hard work continues post contract award to ensure SMEs and KDPs manage risk and commitments (KPIs) are achieved

Matchmaker Service provides a vital link between the two to ensure growth plans are on track and help identify ways of overcoming any challenges (e.g., with recruitment)

Emphasis is always on a personal approach – an intimate understanding of different perspectives and motivations to provide expert advice and relevant support

Provide real supplier relations that help ensure the PPP ecosystem works and achieves the high-level ambition to revolutionise the way programmes and projects are delivered at Sellafield



WHY SOCIOECONOMIC IMPACT MATTERS

What is socioeconomics?

- Individual level: the differences between groups of people caused by social class and financial situation
- Locality level: how communities progress, stagnate, or regress because of their local, regional or global economy

What has this got to do with SMEs?

- Small businesses tend to be locally based. Local employees spend money locally, so money earned stays in a locality and is fundamental to what is called 'Community Wealth'
- Localities with high levels of Community Wealth are better off, have greater community connectivity, ownership, pride and equality – largely driven by money being earned and spent in a location (the "sticky pound")



WHY AND HOW IS THE PUBLIC SECTOR RESPONDING TO THIS

Why?

- Self-supporting communities with higher levels of Community Wealth have less reliance on public services (benefit system, police, social care, health)

How?

- Government SME Action Plan (33% spend target)
- Public Services (Social Value) Act: A measurable Action Plan has to be included in contract delivery, which addresses jobs, skills, spend and community engagement at defined community level

What opportunity is there for SMEs?

- Large organisations need SMEs in their supply chain
- SMEs are well placed to help deliver Community Wealth objectives



A SHIFT IN CULTURE TO DELIVER POSITIVE RESULTS

Traditional “arm’s length” approach may be seen as a “safe choice” but can result in adversarial behaviours and a fragmented procurement model that...

- Does not connect strategy with contracting and management
- Focuses on risk transfer rather than collaborative systems that encourage team integration and shared learning
- Does not deliver productivity, profitability, cost management, social value, Net Zero carbon or dispute avoidance

A truly collaborative approach is needed to address this – systems that include balanced evaluation, early supply chain involvement, multi-party contracts and joint risk management

Frameworks and contracts that incentivise main contractors and their supply chains to deliver project excellence and sustainable practices will ensure all the “good stuff” is delivered and build long-term relationships

Procurement needs to be more open, honest, clearer and fairer to achieve real success and exceed, not just meet, expectations

Projects need to leave a positive legacy on the regions in which they can take place – communities need to feel not just see the impact of major investment

SMEs are integral to success and making a real difference – they just want a hand up, not a hand out



WHAT OTHERS HAVE TO SAY

THE BIG FISH

Sir Robert McAlpine

Key Delivery Partner for KDP8 Concrete Structures, Groundworks and Blockwork framework



The Matchmaker process has been mutually beneficial. For SMEs, having an intermediary that understands their growing pains and can help them identify the support they need from tier-one contractors is important so they can grow their capability and capacity. For us, we've expanded our supply chain by securing long-term relationships with several SMEs that we haven't previously worked with but have shown great potential.

It's certainly made us think about SMEs differently and, while it is early days, we're already starting to develop some ideas about how we can take a similar approach on other long-term framework opportunities.

Dragan Barnett

Pre-construction Director



WHAT OTHERS HAVE TO SAY

THE LITTLE FISH

Delkia

Specialist integrator of safety-related and mission-critical systems in nuclear and defence, based in West Cumbria. Four HoTs in place



The key thing about the SME Matchmaker Service is the independence it brings to the assessment. They score SMEs against criteria that will dictate your chances of success when it comes to securing work on a PPP package. Nothing else comes into it. It makes the assessment clean and clear.

It's really powerful that the companies bidding for KDP status are getting an honest overview and endorsement from an independent source. It is a great way to approach it.

We're over the moon with the outcome and really hope it will lead to the long-term work we need to grow and invest in the region.

Dick Monaghan

Business Development Director



KEEP SWIMMING WITH THE LITTLE FISH

Learn more about Swimming with the Big Fish and the work of the SME Matchmaker Service at www.solomoneurope.com/blog/tags/swimming-with-the-big-fish

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