

# SWIMMING WITH THE BIG FISH

by Luke Diccio, Solomons Europe\*

## Power to the little fish

It is easy to see SMEs as Little Fish. They frantically dart around the Big Fish, or large contractors, picking up work where they can, always hungry for growth but in many cases held back by the natural order of things.

However, it has become clear over the past 12 months that this ecosystem needs to, and is already to some degree, changing. There is greater recognition than ever of the collective power SMEs yield as all eyes turn to the UK's Covid recovery and post-Brexit economic readjustment.

The figures for SMEs already speak for themselves. They account for almost 99.9 per cent of the UK's business population, three fifths of employment and a turnover of £2.2 trillion – just over half of all private sector turnover.

Aside from just statistics, their agility, flexibility and absolute focus on client, or customer, satisfaction set them apart. And just as importantly, their closeness to the communities in which they are based, means they share their success locally – whether that is through their recruitment and training activities or steadfast commitment to deliver social impact that changes people's lives and prospects.

When it comes to the construction sector, procurement practices that see large contractors swallow up the work and hand piecemeal contracts to their smaller counterparts has without question stifled the UK's SME community.

Brexit has seen some relaxation in public sector procurement, and there has been a significant shift by some large contractors to change their approach to their supply chain engagement and development.

And, particularly in the North given the increasing momentum behind the 'levelling up' agenda, but also reflected elsewhere, there is greater

scrutiny on large-scale developments and that they deliver real socioeconomic benefits: what is often described as The London 2012 Olympics 'effect'.

Solomons Europe, a Northern-based practice of quantity surveyors, procurement and commercial professionals, has been quick to seize on this shift and drive home the message, if it needed driving home at all, that SMEs are crucial to the



nation's economic recovery and growth.

The firm has developed the Swimming with the Big Fish (SWTBF) concept as a positive and proactive way to giving SMEs every opportunity to realise their potential and deliver all the positive benefits which, are to them, second nature.

## Inspired thinking

Solomons Europe is quick to admit that it took a huge dollop of inspiration from elsewhere, and from a project taking place hundreds of miles from its Northern stronghold.

In Somerset, EDF took a unique and fresh approach to engaging with SMEs when it embarked on the huge multi-billion Hinkley Point C nuclear power station.

Working in partnership with the business community and academia, the energy giant actively sought out local SMEs and helped them to scale up, form alliances and ultimately secure

long-term contracts, in the process creating jobs, training opportunities and countless social impact initiatives.



*Dr Jas Kalra, Assistant Professor in Operations and Supply Chain Management at Newcastle University Business School*

This visionary approach certainly created waves in Somerset. Dr Jas Kalra, who supported this effort as a member of the University of Bath School of Management's Hinkley Point C Supply Chain Innovation Lab, explains.

'By undertaking a proactive, intelligent client approach, Hinkley Point C (HPC) successfully created a programme that enabled them to integrate regional SMEs in their complex supply network and develop their capabilities to create an ecosystem for site service operations,' he says.

'They achieved this by finding and engaging the right regional players, such as the Somerset Chamber of Commerce, to help them understand the existing capabilities of SMEs in the region. HPC worked with the Somerset Chamber of Commerce to create a database of the organization and map their capabilities to their requirements.

'These SMEs were then encouraged to form alliances and joint ventures

and bid for the contracts. HPC and SCC also developed and scaled up the capabilities of these organizations by training them on the NEC contracting methodology and working with large organizations.

‘Once the SME site operations ecosystem was developed, HPC encouraged these alliances to bid for similar contracts in other sectors/projects.’

Encouraging others to follow the model – both big contractor and SME – was also part of this fresh approach, adds Dr Kalra, who is now Assistant Professor in Operations and Supply Chain Management at Newcastle University Business School.

‘The HPC Supply Chain Innovation Lab was created to analyse and codify the work undertaken – and then to disseminate this knowledge to practitioners and policymakers to encourage other large organizations to consider partnering with SMEs to drive regional growth.’

Dr Kalra, along with the then Commercial Director of EDF for HPC, Ken Owen, have both provided help and support to Solomons Europe to spread the Swimming with the Big Fish concept further afield.



*Dominic Doig, Managing Director of Solomons Europe*

Dominic Doig, Managing Director of Solomons Europe, says: ‘What happened at HPC was both visionary and inspirational. We saw absolutely no reason why this approach could not be embraced elsewhere, particularly in Northern regions that are continuing to



*The Sellafield nuclear site in West Cumbria*

rebuild following decades of industrial decline.

‘And with an increasing number of investors and major contractors taking a similar approach to EDF in wanting to deliver so much more than, for example, a shiny new building or facility, and the Government’s SME-friendly, post-Brexit shift in public sector procurement rules, the timing could not be better.’

The challenge facing Solomons Europe was the practical manifestation of the big vision into something that delivers outputs – real contracts for SMEs along with real project-related and socioeconomic outcomes.

**Creating ‘sticky pounds’**

Just over £2 billion a year is spent on the decommissioning and clean-up work taking place at the Sellafield nuclear site in West Cumbria each year.

For decades those running the site, along with local businesses, politicians and academics have grappled with the challenge of ensuring as much of that money sticks in the local region as possible – or ‘sticky pounds’ as they are commonly referred to – whilst complying with public and European Union procurement regulations.

SMEs in the region have been steadfast on their belief that they can

deliver these elusive ‘sticky pounds’. However, they believe they have been held back by common practice procurement routes that have offered limited access to the huge frameworks in place – access to the long-term contracts that would allow them to grow, invest and deliver meaningful social impact in the region.

But change is afoot.

Programme and Project Partners (PPP) is a 20-year £7 billion framework of megaprojects which aims to transform project delivery at the Sellafield site, its supply chain and the socioeconomic landscape of Cumbria.

Embracing the Project 13<sup>1</sup> approach, Sellafield Ltd has adopted the Multi-Project Procurement (MPP) commercial strategy, which encourages the creation of long-term supply chain relationships and measures success on enterprise outcomes.

1. Project 13 is a new industry-led business model for the delivery of infrastructure projects, based on an enterprise, not traditional transactional arrangements. It aims to boost certainty and productivity in delivery, improve whole-life outcomes in operation, and support a more sustainable, innovative, highly skilled industry. For more information visit [www.project13.info](http://www.project13.info).



*Brian Davidson, Head of Lot for Doosan Babcock for Programme and Project Partners*

This will see PPP’s Lot Partners procure Key Delivery Partners (KDPs) who, in turn, are required to set out a predetermined supply chain for the work they will deliver. This provides supply chain companies, in particular SMEs, a golden opportunity to secure long-term work they, and the region’s economy, crave.

Brian Davidson, PPP representative and Head of Lot for Doosan Babcock says: ‘We have a pipeline of major projects and a framework that will build trusted relationships with key suppliers who will contribute to and benefit from the success of PPP.’

‘We are confident that this approach will deliver benefits on certainty of costs and schedule, plus importantly delivering wider social impact through the supply chain in West Cumbria and beyond.’

**A match made in heaven**

Recognising the opportunity, an SME focus group entitled ‘Swimming with the Big Fish’ was created in 2020 to press the case for giving SMEs a hand up, not a hand-out, when it comes to securing work with PPP and other frameworks at the Sellafield site and beyond.

This group of eight SMEs represented a broad spectrum of sectors ranging from professional



*The Sellafield (Product and Residue Store) Retreatment Plant (SRP), one of the first projects transferred over to the PPP framework. SRP currently holds Sellafield packages of special nuclear materials in different stores across the site. These packages have different expiry dates and the clock is ticking to provide a capability to extend their safe and secure storage. This new retreatment plant will treat and re-package all nuclear material into new 100-year packages that will then be transferred safely and securely into the Sellafield Product and Residue Store*

services, design, construction and engineering to catering and cleaning. Collectively they articulated what they would achieve if they were to each secure a contract worth in the region of £1.5 million over five or more years with PPP: 300 new jobs, increased apprentice and training opportunities, significantly boost their resilience and the ability to deliver bigger and bolder social impact initiatives, which included the creation of a new STEM training and educational facility for people of all ages.

Taking this compelling offer to Sellafield Ltd and its Tier 2 partners, a Collaborative Procurement Group was created to discuss and then identify solutions to current barriers that would give the eight – along with the many other economic and socially invested SMEs in the region – a better chance of realising their targets and, in the process, PPP’s strategic ambitions.

One outcome from this group’s work was the creation of the Swimming with the Big Fish SME Matchmaker Service, which, as the name suggests, seeks to proactively match SMEs with a strong pedigree in project delivery

and commitment to delivering social impact with KDPs.

The service is just a few weeks old, and the award of contracts is some time away. But its huge potential to empower Cumbrian-based SMEs and SMEs looking to invest in the region is recognised.

John Grainger, Director at Cumbria-



*John Grainger, Director at Cumbria-based business network organization Britain’s Energy Coast Business Cluster*

based business network organization Britain's Energy Coast Business Cluster, which has more than 300 members, with the vast majority falling into the SME category, believes the sky's the limit.

'This is an exciting initiative that benefits the contract holder and supporting companies within the supply chain. We are breaking new ground here and it will benefit everyone,' he says.

'The Sellafield supply chain has an excellent track record of coming together to bid for framework contracts. The desire for the future is to have contracts extended over a period of time that enables the SMEs within a chain to plan for workforce expansion and give them the ability to consider, then deliver, measurable social impact.

'The SWTBF Matchmaker Service will deliver even more efficiency and drive down true costs within contracts. By engaging collaboratively with local SMEs, targets are met, trust is engendered, and reputations gained over years of working in a collaborative fashion. It is both innovative and sustainable.'

Mr Grainger adds: 'We look forward to exciting developments with the service and how that will inevitably benefit our members through such engagement; lead to new and diverse opportunities to collaborate further and, importantly, to offer this inherent supply chain infrastructure to a wide range of potential inward investors in the future.'

## Small giants

The Swimming with the Big Fish concept is certainly capturing the imagination of little and big fish alike, but for Dominic Doig, the focus is on turning the vision into reality.

He says: 'This is an exciting time to be an SME, particularly in the North. There are so many huge investments taking place and there's a growing appetite for SMEs to play a leading role.

'The key is for SMEs to capture and then articulate in the clearest and strongest possible way, the impact they could have if they get the contract they are targeting. Of course, so much focus remains on capability, capacity and cost. But those factors, such as socioeconomic impact, that were once way down the pecking order are now, and rightfully, becoming more prevalent.

'It's vital SMEs are on the front foot and continue to drive home the message that they are small giants.'

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### \* AUTHOR BIOGRAPHY

**Luke Diccico** is Head of Enterprise and Engagement at Solomons Europe. His wide-ranging role includes the development of the Swimming with the Big Fish concept across Solomon Europe's regions in the North, and the delivery of the newly launched SWTBF SME Matchmaking Service. He has spent more than 15 years leading strategic marketing and communications functions for public sector organizations and businesses in the fields of business,



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recruitment, inward investment, regeneration, energy, tourism and politics; and delivered business support and inward investment services to economic development agencies in Cumbria and across the North. He is also a professional journalist, former business editor and an award-winning marketer.

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For more information about Swimming with the Big Fish and the work of Solomons Europe visit [www.solomonseurope.co.uk](http://www.solomonseurope.co.uk).

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