

Feasibility Study into Collaborative Purchasing of Goods and Services by Museums



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Executive Summary

Collaborative consumption, group buying and bulk purchasing schemes between like minded organisations and individuals have, over the past few years, become increasingly prevalent. They are seen as an opportunity for those benefiting to make savings, discounts, and negotiate deals on service provision and products with their suppliers. The onset of public sector austerity measures, impact of the economic recession, reduction in funding and finance opportunities for third, public, and private sector organisations has had a detrimental effect on many, and through a number of central government initiatives, funds, and programmes there has been a national drive to look at how organisations can be more resourceful, innovative, robust, and viable while still delivering high quality services and products to their respective target markets, and customers. Hence the potential opportunities and cost efficiencies made as a direct result of organisations working together to drive down costs of services and products that are essential to their operation.

York Museums Trust commissioned this report to provide indicative information on current and emerging schemes offered across all sectors, whether national or regional. It also wanted to highlight whether this was widespread not only within the generic third sector, but also within the cultural sector. Once collated, this data will then provide the Trust with the information required to make a decision about the potential development of a bulk purchasing scheme within the Museums Sector in our region.

This report has highlighted how many schemes, programmes, and brokers there are already throughout the UK providing a range of opportunities for public, private, and third sector organisations to benefit from service and product discounts. It has also identified the different ways that these programmes have been set up, whether through existing brokers, or as independent trading arms (to provide additional income). What is clear from the research, is that in order for a bulk purchase scheme to succeed there needs to be a substantial number of interested organisations involved so that the negotiations with the suppliers delivers the appropriate discounts to members – hence some schemes working alongside other partners or brokers to increase their buying power.

The report also highlights that many of the existing schemes make their profit through negotiated deals with the suppliers (dependent on client numbers), but the detail of these numbers was extremely difficult to secure as different for each scheme, and obviously personal and confidential to each organisation.

Though there are many schemes that third sector organisations make use of or have set up, the report has identified that the cultural sector, and more specifically Museums do not participate, or have set up a scheme specific to the sector. Some individual Museums do however, participate in other schemes, but other than Museum Services that are part of a Local Authority framework utilising Yorkshire Purchasing Organisation, and some larger Museums pro-actively engaging with existing third sector schemes the numbers are still small.

So, there are opportunities to develop a programme of support targeting bulk purchasing within the Museum Sector, but how this is practically developed by the Trust is the important decision. To set

up an independent enterprise as a trading arm of the Trust will be resource intensive (both financially and human), and the success of the scheme will be dependent on the number of Museums that sign up and pro-actively participate. The concern is that Piloting such a scheme within any sector is high risk, but within a sector that is currently not actively involved it is even more so. That is.....unless.....the Trust partners with an already well established and respected partner who can minimise any financial and resource risks, and maximise on numbers of participants involved in the scheme to increase potential benefits.

1. Introduction

This report presents the findings for the Feasibility Study into Collaborative Purchasing of Goods and Services by Museums in Yorkshire, providing indicative information on the current landscape of existing models nationally and regionally. It will also provide thoughts, views and recommendations regarding potential gaps in provision and opportunities for development within the Museum Sector and wider sector. It is though, only an indicative piece of research, and further work on cost implications, evidence, and understanding of collaborative/ bulk purchasing in both the cultural and non-cultural sector will be required to enable the production of more detailed and informed recommendations for future considerations and potential enterprise opportunities within the Museum Sector.

1.1 The Museums Sector

Museums are an extraordinary and popular resource, and the Yorkshire and Humber region is unusually rich in museums including:

National Railway Museum in York
 National Media Museum in Bradford
 National Coal Mining Museum in Wakefield
 Royal Armouries in Leeds.....

.....representing the National Museums, and over 150 Accredited/ Registered small, medium, and larger museums in the region which attract approximately ten million visitors annually. As in all regions, our museums are a mix of local authority services and independent charitable sector.

The launch of Renaissance in the Regions heralded a new dawn of support for the Museums Sector. The structuring of Renaissance support and funding through strategically placed regional Hub museums provided an opportunity for all museums to benefit directly or indirectly from central government funding enabling regional museums across the country to raise their standards and deliver real results in support of education, learning, community development and economic regeneration. The programme has helped to make museums great centres of life and learning, which people want to visit leading to an increase in visitors to regional museums, a major increase in educational use, much improved community engagement, a higher profile for museums and an increased confidence and empowerment of regional museum leaders. It has increased the ability for museum staff to build networks and frameworks for improved regional partnerships and infrastructures and to lever in external funding. Renaissance has been a success that has rejuvenated and strengthened England's regional museums.

With the responsibility for Renaissance in the Regions programme and Museum Development transferred to Arts Council in 2011 - both Leeds Museums & Galleries and York Museums Trust (YMT) were identified as the two regional major partner museums for Yorkshire, with York Museums Trust leading on Museum Development for the Sector. Working in partnership with museums across the region YMT aims to ensure that the benefits of Renaissance investment is felt as widely as possible through new and innovative projects and programmes developed in partnership with traditional and non-traditional partners, practical and realistic training opportunities, and robust evaluation and dissemination of its work across the region providing quantifiable and qualitative

analysis of work undertaken that has the potential to be replicated across other regions for the benefit of the sector.

Using the five strategic goals set out in *Culture, knowledge and understanding: great museums and libraries for everyone* as the key priorities to drive development and deliver sustainability, resilience and innovation in the regions museums, York Museums Trust is looking to pro-actively address challenges, barriers, and issues to development through pioneering research and studies that will enable the Museum Sector to better engage with and embrace new opportunities in collaboration with a wide range of partners.

1.2 Requirements of York Museums Trust

In order to address the above, and in recognition of financial and political changes which have had, and will further have a negative impact on all sectors, York Museums Trust recognised the need to consider new innovative and enterprising ways in which Museums can identify potential opportunities for cost and resource efficiencies. The aim being to reduce expenditure, work more efficiently and effectively, and collaborate with other like-minded organisations. The probability for this to be achieved within the sector could be positively enhanced through the consideration of bulk purchasing, group buying, and collaboration opportunities. Then, depending on the results identified, the next stage of development would involve the set-up of a Social Enterprise or Social Business as potential delivery mechanism or vehicle to drive this work forward on behalf of the overall Museum Sector, or to work in partnership with another organisation that has an existing successful project set up that can accommodate another sector within its core offer.

Over the past twelve months the challenges face by all sectors have been well documented whether through the economic recession, the impact of Public Sector austerity cuts, or the increased competition for charitable trusts, funds, and investment. In addition to this there are a number of other external factors that pose challenging times not just for museum organisations, but the Third and Public Sector as a whole around securing and maintaining current financial resources, being more efficient and effective, and getting maximum impact for minimum effort including:

Loss of traditional funding and investment sources – it is increasingly difficult to access finance through traditional sources with reduced finance available, more competition for funds, need for innovation, and a definite move towards partnership and collaborative bids. At both National and regional level Government and Sector leaders are now looking at more cost and resource effective and efficient ways to fund Organisations utilising new social finance, and investment models that will provide better efficiencies, future viability, and maximum impact than ever before. In May 2011, the Government's *Giving White Paper* announced a range of measures to support new and better ways to enable the giving and exchange of time, assets, skills, resources and money, including the Innovation in Giving Fund. The practical impact of this has increasingly been seen over the past twelve months through numerous Government led initiatives around collaboration, innovation, social finance including finance and initiatives from: BIS, NESTA, ACE, BIG...¹

¹ Department for Business, Innovation & Skills – Buy Better Together Challenge & Community Buying
National Endowment for Science and Technology – Innovation in Giving, Social Ventures Intermediaries Fund,
Big Society Finance Fund

Public perception – in the current economic climate value for money is key, as is the public profile of any organisation, and how they market their offer to engage with their potential customers. More so than ever, individual donors, funders, commissioners or investors need to feel that the return they get from either their social or financial investment in an Organisation is of value and beneficial to them and the wider community. Return on investment, being able to accurately measure the impact of your intervention, customer care and engagement are all essential when maintaining public confidence and support in any sector. With the advent of numerous social and digital media platforms with open access public audiences are now able to monitor and evaluate their experiences – whether at a restaurant, hotel, holiday, visitor attraction or Museum. These sorts of online reporting platforms – trip advisor, twitter etc....can have a massive impact on any organisation as their reach and impact is global.

Business understanding – it is imperative for the sector to embrace a business perspective and develop a robust business model and plan when considering target markets, service and product offers, and potential partners. By linking with both traditional and non-traditional markets and partners Museums will be able to diversify core offer, and generate increased interest, profile, and income, and thus achieve a greater buying power when considering bulk purchasing or collaboration opportunities. The drive from Government for the business sector to better engage with public and charitable sector has been increasingly evident, and as well as traditional donation and volunteering opportunities businesses are now more than ever looking at more innovative and effective ways of achieving social impact through their CSR² policies. Organisations like BiTC³, Reach Volunteering, and Yorkshire Mafia / Skill Will already offer skill matching services between the business sector and third sector as well as other useful learning and business development opportunities. These programmes provide the charitable and social enterprise sector new opportunities to engage with a broad range of businesses on a variety of key development areas.

Government policies and initiatives – it is essential to understand the ever changing funding and finance environment, and follow any changes in government policy relevant to sector development to ensure support and engagement especially with the *Big Society* and *Localism* agenda that promises a host of opportunities for *civil society* organisations. The demise of Yorkshire Forward and regional Government Office has highlighted the dramatic changes being made in each region, as has the Public Sector austerity cuts. The development and implementation of new partnerships to provide regional guidance, advice, and funds linking Private, Public and Third Sector partners herald a new future for the sector where localism and enterprise is at the hub of decision making. Consideration also needs to be given to a number of strategies, papers and initiatives from Central Government including the social clauses bill, localism bill, and public reform white paper which place the Civil Society and Public Sector at the heart of the Coalition Governments 'Big Society' agenda. Link this with the increased interest in the Collaborative Consumption Agenda – spearheaded by a few visionary entrepreneurs and organisations (Liam Black, Jonathan Jenkins, Rachel Botsman,

Arts Council England – Renaissance (Major Grants, Museum Development, Strategic Fund, Designation, PRISM, Accreditation), Catalyst Fund, Creative Industry Finance (second Pilot in Yorkshire in partnership with Keyfund)
Big Lottery Fund – Transition, Transforming Local Infrastructure, Assist (to be launched in Autumn 2012), Social Incubator Fund

² Corporate Social Responsibility

³ Business in the Community

Transition Institute, Social Business Brokers, NESTA, The Big Fund⁴, Co-operatives UK etc....) and you can see the changing times for the Enterprise Sector and thus the wider Sector ahead. Any programmes or pilots supported through government are now targeted around collaboration between different partners, being entrepreneurial and innovative, and developing robust and replicable delivery models.

The public service delivery agenda – the budget cuts in all public sector bodies have been dramatic ranging from 25% to 40% across the country, and due to continue over the next 3-4 years. This has impacted massively on public sector contract opportunities as many contracts have either being withdrawn or reduced finance offered to achieve the same or increased outputs linked to additional outcomes. This requires organisations to provide more efficient mechanisms of delivering the same quality services and products to clients with a reduction in overheads from their supply chain, as well effectively and accurately measuring both the financial and social impact of their intervention on clients and other third parties. This is now essential for any organisation wanting to secure future contract opportunities, as is working more collaboratively with and more effectively engaging with a wide range of other partners (both existing and new) to offer a more comprehensive, value for money and holistic offer to target markets, audiences, individuals and communities of interest. Some public sector directorates and departments have either considered or have already *hived off* their service - considering the opportunities and benefits of being independent of the public sector⁵. These organisations now have to look at new ways of developing their business and income streams without the reliance on statutory core funding support, compete in the open business market, and provide a high quality service.

Private Sector – supply chain opportunities come from a wide range of sources, but in order to consider and implement efficiencies organisations need to be able to source, engage, and effectively communicate with their suppliers negotiating offers and opportunities, and maintaining positive client relationships. The opportunities for museum organisations to better engage with private sector suppliers are immense, and this study will hopefully highlight some of these to be considered, which will have a positive impact on the long term relationships between museums and private sector business on a more equal platform than before. York Museums Trust is already aware that some museum organisations have already begun to address this area of cost saving by making use of purchasing consortia (either informal or formal) through organisations like Yorkshire Purchasing Organisation, but there is a growing need to think *outside the box / wider, bigger and better* because of the potential partnership and supply chain opportunities available. To achieve this, Museums should be fully informed about opportunities, and what can be achieved through collaborative working and group buying. It is not just about cost efficiencies and financial savings made, but also the development of new relationships with non-traditional partners who can assist and support the operational and strategic development of the Museums Sector, as well as enhance existing networks and contacts, and develop new ones.

⁴ Manages non-lottery funding on behalf of the Big Lottery Fund

⁵ NHS, Local Authorities – including health, youth, arts, culture through a number of government funded initiatives including the Mutual Support Programme have led on *public sector spin offs* - e.g. NAViGO East Lincolnshire, York Museums Trust, Doncaster Cultural and Leisure Trust etc.....

1.3 Study Methodology

The main outputs for the study are:

- Review of current practice in relation to Bulk Purchasing and Collaborative Consumption on a local, regional, and national level
- Consultation with Museums, key stakeholders and partners through social media, e-mail, phone conversations, questionnaire, newsletter articles, and meetings
- Identification of appropriate services and products where efficiencies and economies could be made
- Identification of cost savings - where accessible and applicable

The report includes detailed consultation with a range of organisations from traditional and non-traditional partners and considers the 'bigger picture' of bulk purchase through consultation with organisations, companies and individuals who are either practically involved in this work, or are key experts in the development of this work. The study also include a short consultation questionnaire that was sent via social, digital, and traditional media channels to the Museum Sector in Yorkshire to ascertain interest and knowledge around bulk purchasing⁶. The aim of the Study is to ascertain whether there are significant financial and resource savings to be made in the implementation of a formal scheme for the sector, and if so:

- What service areas and products offer the best opportunities, benefits, savings, and profit
- What are the barriers, restrictions, and potential issues around the development of this
- Are there existing successful models around that can be used
- What are the practical and resource implications for developing such a programme

Phase Two of the Study will be completed at a later date as agreed, and form the basis on which to move forward. The information for this report was sourced through a number of methods including desktop (internet, social media, e-mail, and telephone conversations) as well face to face meetings with partners, professional colleagues who are interested in or having been involved with this area of work.

1.4 Feasibility Report

The rest of the report will cover the following areas:

<i>Section 2</i>	<i>Background Information</i>
<i>Section 3</i>	<i>National and regional models</i>
<i>Section 4</i>	<i>Gaps, observations and opportunities</i>
<i>Section 5</i>	<i>Recommendations</i>
<i>Section 6</i>	<i>Next Steps</i>

⁶ See Appendices for further information

2. Background

Traditional economic theory says that people are only interested in improving their own outcomes⁷, and some commentators regard the word *consumer* as linked to greed and selfishness.⁸ However, this view is being increasingly challenged, and in practice, new technology has changed the way that consumers act – it is now easier than ever for consumers to work together to get the best deal and value.⁹ Also, the Governments approach is to encourage and incentivise the adoption of CSR in business, through best practice guidance, and where appropriate, regulation and fiscal incentives. CSR is seen as the voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society. This is what has been practically developed via new projects, programmes and collaborations across the UK over the past few years – more so in the past twelve months.

Consumers also collaborate virtually where individuals and organisations can acquire information about goods, services, and suppliers from previous experiences of others they significantly increase their chances of making better choices. This type of collaboration creates social capital as people connect, share information, and increase consumer confidence via a trusted network or community. Consider the popularity of Trip Advisor – launched in 2000 now deemed to be the world’s largest social travel network with over 100 million travellers having used it, and now also with direct links to other social networks (Facebook) – a global phenomenon. This kind of marketing, publicity, and collaboration between consumers who are becoming more financially and socially aware is common place in today’s society, and has a huge impact on those organisations promoting and selling their services and products to the public.

Collaborative consumption.....collective purchasing.....group buying.....membership schemes are not new to the public, private and voluntary sector. These are things that individuals and organisations have been doing for many years with the most well known and formal Association being the cooperative movement which began in Europe in the 19th Century¹⁰. The Co-operative Group formed gradually over the Centuries, and now, Co-operative communities are widespread across the globe with one of the largest and most successful examples being the Mondragón Co-operative Corporation in Spain. To a lesser extent and on a much smaller and less formal scale organisations and individuals have been either working together collaboratively to gain better information, deals and opportunities, or providing members and customers with better offers, services, and goods. This type of consumption and buying is now more than ever at the forefront of private, public, and voluntary sector because of the potential benefits, opportunities and value offered by working together for both personal and collective good. It is because of this shift in perception and understanding, as well as recent political, economic and policy developments that the Department for Business, Innovation and Skills leading on from their Plan for Growth¹¹ have developed a strategy document.¹² This document has been written to address some of the issues

⁷ Deaton A and Muelbauer J Economics and Consumer Behaviour

⁸ Thake S Individualism and Consumerism: Reframing the Debate

⁹ Botsman R and Rogers R What’s Mine is Yours

¹⁰ A workers co-operative in 1841

¹¹ HM Treasury & The Department for Business, Innovation and Skills The Plan for Growth

¹² The Department for Business, Innovation and Skills & Cabinet Office’s Behavioural Insights Team Better Choices: Better Deals

and opportunities around collective purchasing and consumption through a number of proposals to be considered and practically developed over the next 12 months at both National, Regional, and Local level (see Appendix A).

This document highlights the change in market trend for individuals and organisations around shared use of goods or services to increase efficiency as well as collective purchasing to negotiate better prices or quality. Collaborative consumption will improve economic efficiency by groups of consumers sharing or trading something jointly for example, car and bike sharing¹³ which reduces congestion, saves users money (insurance, vehicle maintenance, tax, and parking fees), and allows the additional resource to be used for alternatives. Collective purchasing allows individuals and organisations to increase their buying power in given markets, and allows them to negotiate lower prices and/or better quality of service. The Government recognises that collective purchasing can potentially benefit businesses charities as well, and has already done some indicative work to look at new models of collective purchasing (environmental efficiencies), and is currently working with B&Q to develop this in cooperation with Local Authorities. The Innovation Challenge Prize¹⁴ was launched this year in association with Co-operatives UK, and a shortlist of 7 projects was announced in July with finalists to be announced in November. This project has been targeted and developed to inspire new models of collective purchasing from a wide variety of organisations across the UK showing what can be achieved if people are willing to think *outside the box*, and work with a wide range of partners to achieve results.

So collective buying isn't *rocket science* it's just a cooperative approach to leveraging group size to benefit the consumer by offering savings on products. For example, internet companies have been leveraging this concept, bringing people together online in a variety of ways (as mentioned above) including looking at voucher / coupon deals that will only positively benefit the customer with a specific discount if the pre-agreed number are sold.¹⁵ The company will arrange a coupon offering, that will only go into effect if more than a before agreed upon number are sold

3 National, regional, and local models

As mentioned above the Government is now forging ahead in developing and piloting different models for collaborative purchasing with a range of partners, agencies, and organisations from public, private and voluntary sector. As well as this there are already a number of organisations that have developed or are developing models for collective purchasing or offering enhanced membership benefits. The following list is a comprehensive mix of traditional third sector, and non traditional enterprise and infrastructure across third, public and private sector, and are organisations that I have done research on, or already been in contact with to discuss their thoughts and views around collaborative consumption and bulk purchasing.

¹³ Zipcar and Streetcar, and the Barclays cycle hire scheme

¹⁴ Buy Better Together Challenge

¹⁵ Wowcher, Groupon etc....

NCVO¹⁶

NCVO like several other member based organisations that operate on a National level (Sue Ryder Care, Age UK, Shelter, Leonard Cheshire etc...) helps voluntary organisations cut costs and become more effective through negotiating discounts and preferential arrangements on a wide range of products and services for their members. The bulk purchasing power of over **8300** members, offers NCVO substantial leverage to drive down costs and source high quality products and services which are tailored to the needs of voluntary and community organisations. This has a two-pronged approach as it firstly raises their profile and offers potential members additional benefits to signing up to a membership list, and secondly gives NCVO the leverage needed to be able to negotiate with the supply chain for discounted products and services which can then be passed on to their members. They use the bulk purchasing power of their members to drive down costs and source high quality products and services which are tailored to the needs of voluntary and community organisations they serve. This includes services and products around human resources, information technology, insurance, and utilities to name a few. As well as offering a service for organisations it has also diversified and offered an additional service for individual member employees, thus targeting a second market. Members and visitors to NCVO website are able to access numerous resources including the *Essential* Resources booklet which has useful information on a range of products and services that organisations may benefit from including rent for premises, computer software, general insurance, training, utilities etc..... With over 8000 members across the UK from the voluntary and community sector NCVO has already developed a well-managed, well-used, and sound business model for developing collective purchasing. All of the products and services offered via the shared purchasing deals are negotiated via their dedicated enterprise and business development team. I have had conversations with Chris Taylor their Enterprise Development Manager, who is more than happy to talk to discuss their bulk purchase offer in more detail if required, as they deal direct with preferred suppliers to ensure they negotiate the best deals and discounts for their members. They also have begun to look at shared ownership of projects so that not only do they secure discounted deals but actually benefit from the profits secured (e.g. Trustees UnLtd).

Community Matters

Like both NCVO & Social Enterprise UK Community Matters offers its membership discounts and deals on a variety of services including insurance, utilities (through LSI Utility Broker - see below), and back offices services (Charity Backroom offering HR, legal, finance, and training support). The discounts offered are like most others dependent on size of organisation and current contract – so not a specific min discount offered (though insurance does state 10% discount). With over **1200** paid for memberships Community Matters like others has the ability to offer a good market for interested suppliers, and also good discounted deals on a variety of services for their members. Like NCVO this offers raised profile for the organisation and members, whilst offering specific suppliers the opportunity to access group accounts instead of individual clients whilst being supported and promoted through a recognised and trusted umbrella organisation.

¹⁶ National Council for Voluntary Organisations

Social Enterprise UK

Like NCVO above Social Enterprise UK has the ability to influence National policy at central government level, and thus be involved in decisions made about the sector, as well as being able to offer their members benefits of discounted services and products. They currently offer a limited range of discounted services ranging from 10-20% discount (or free) on insurance, catering, venue hire, and specialist support to their membership of **9000** organisations from private and third sector. They are currently developing a preferred supplier's database which will increase the range of offers for the members as well as the associated discounts.

NUSSL¹⁷

Initially developed as a purchasing consortium for students' unions in the 1970's, NUSL has since expanded and now supports all of students' unions commercial activity. Located in Macclesfield, it co-ordinates the trading activity of over two hundred Students Unions and has a turnover of £120 million per annum. With an extensive retail and licensed trade estate and a range of marketing solutions, NUSL is able to provide brand owners with direct access to over two million students. NUSLs Purchasing Consortium deals with suppliers centrally, utilising its collective buying power to negotiate beneficial prices, in the form of discounts, and deals on behalf of its members. NUSL creates, develops and sustains competitive advantages for member Students' Unions –reducing costs and maximising commercial revenues.

BiTC¹⁸

Business in the Community was set up in 1982 and now has over **830** members. They are the largest and one of the oldest national business-led coalitions dedicated to corporate responsibility.

Initially dedicated to regenerating local economies across the UK through charitable contributions, BiTC later widened its remit to incorporate corporate social responsibility (CSR) and integrating sustainability into members' core business strategies. Working alongside BIS and central government it is pioneering the Business Connectors scheme which is designed to:

- support business to work in partnership with local community organisations
- support enterprise activity in the local area
- increase the capacity of voluntary and community sector through facilitating business support
- improve the quality of life for local communities in need

Piloted in over 20 locations across the UK BiTC estimate that this programme has the potential to create more than 20,000 new local partnerships and mobilise resources and support into the voluntary and community sector worth more than £130 million. In discussions with BiTC YH they are only looking at a small number of business connectors in the region, and they will be looking at specific areas of business to support – to enhance and improve partnerships, marketing, and productivity and profit.

Locality

Locality is a national network of over **700** community-led organisations. Predominantly made up of local community organizations and development trusts it has a vision to be at the forefront as a

¹⁷ National Union of Students Services Ltd

¹⁸ Business in The Community

powerful movement for social change. They support current and aspiring members to promote community enterprise, community asset ownership and social action within their communities. Yet again Locality members get preferential rates on a number of services including knowledge and skills exchange (Locality will pay up to £1000 for members to visit each other and share skills and best practice), insurance and pensions (through a deal negotiated with Endsleigh Insurance Locality members get preferential rates for bespoke pensions and insurance deals – with additional benefits), and free HR support (2 hours) from Real People HR Service. Like all the other umbrella bodies Locality is utilizing the benefits of having a large membership base to secure preferential deals from a number of organisations which allows them to entice more members, and drive down costs from the service providers they are dealing with. In addition to this Locality is currently working with central government to utilise their Community Organisers Scheme to take advantage of information and opportunities relating to collective purchasing and collaborative consumption. The Government has committed to recruit and train 5000 Community Organisers within 200 organisations across the UK. Community Organisers and Business Connectors (see BiTC above) will be able to access toolkits and information to support collective purchasing and collaborative consumption at community level. Locality has also been approached by a private sector organisation that is interested in accessing the membership database in exchange for additional discounted deals for members. This is to be considered Autumn 2012.

Small Charities Coalition

Is a networking, mentoring and support organisation for small charities, trustees, or supporters. They work with trustees, staff and volunteers to help them find solutions to the challenges they face. They can either match members with other members to share knowledge and experience, or try to find members support and assistance through one of their supporters or partners. They started in 2008 and grew as a network for small charities. Following their merger with CTN¹⁹ in March 2010, they now have over **6000** members benefiting from the services and support the Coalition offers them. As a merged organisation, they have 14 years of experience and are constantly developing in response to the needs of their members. Like all of the above SCC offers its members a range of skill sharing, and service discounts through partnerships with Charities Buying Group (see below), Utility Aid, CES²⁰ (training courses) and Civil Society Media (magazine discount). Membership with SCC is free!

Charity Wholesale Energy Alliance (Utility Aid)

Established in 2002, Utility Aid has helped hundreds of charitable organisations make better use of their budgets by offering simple, clear and impartial advice on how to save money and make better energy purchasing decisions. Their services are available to all charities, no matter how big or small, and have helped put several million pounds back into the not for profit sector so far. Utility Aid works with Charity Organisations such as the Charity Finance Directors Group (CFDG), Scottish Council for Voluntary Organisations (SCVO) and Wales Council for Voluntary Action (WCVA), as well as many others to provide a first class service to their members. Utility Aid quickly grew as more and more charities reached out for guidance and support. In 2003 the company became the official energy partner of the Charities Buying Group (see below), one of many affiliations the company still

¹⁹ Charities Trustee Networks

²⁰ Charities Evaluation Service

holds dear today and now, with almost thirty staff across three locations, hundreds of charities in England, Scotland, Wales and for the first time, EIRE, have been able to receive a professional energy procurement service. Like many of the other organisations who have bulk purchasing schemes Utility Aid do not charge the customers for the service they provide – it is funded via the suppliers that they have negotiated deals with and then those costs are factored into the any discount offered. By plugging a gap in the market and seizing the opportunity to provide a brokerage service on behalf of clients, and providing a comprehensive energy audit to assess usage Utility Aid is then able to negotiate deals, which will 9 times out of 10 provide the client with a saving on the majority of their energy bills.

LSI Utility Broker

LSI has been established in the Utility industry since it was deregulated in 1994, making them one of the first companies to set up within this market. They work with customers to provide negotiated deals on gas, electricity, water, and communications, and currently have a range of customers across third and private sector including Ann Summers, Harvey Nichols, Age UK, NCVO, Community Matters and Mind.

CBG²¹

The Charities Buying Group is a dedicated service operated for the benefit of **ALL charities and not for profit organisations** offering a wide range of buying agreements that are designed to help all charity or not for profit organisations reduce expenditure and, by reducing cost help these organisations make better use of their money for the benefit of the missions/objectives they were created for. The CBG was formed in 2002 as a business of Leonard Cheshire after reviewing how little support charities get in solving their purchasing issues, particularly small charities who do not have the buying power of larger organisations. Currently they have over **2500** registered users and in excess of **30000** buyers benefiting from their purchasing expertise. This service is available to all charities and not for profit organisations **free of charge**, but if a Charity requires support from their procurement function then there is a fee. Discounts for clients range from a minimum of 5% up to 65% on a wide range of services (real case study). They already work in partnership with Small Charities Coalition, G:up, NCVO as their preferred partner for services discounts, and are always looking for other partners to link with to extend their reach.

Cost Controller

Cost Controller is a free to access buying group, where businesses can join together to reduce their everyday costs by combining their expenditure. They aim to combine cost reduction with quality suppliers, and as a result of aggregating volume clients benefit from prices much lower than can be achieved via individual purchase agreements and negotiations without comprising on quality and service. Cost Controller is free to join and free to access, and they provide a comparison report for each client highlighting the savings available following the cost reduction analysis that is undertaken. Like CBG and utility aid Cost Controller offers a brokerage service developing formidable buying power from their vast client base which is essential to achieve the preferential prices in almost all areas of overhead expenditure. In addition to reducing your overhead costs using Cost Controller like

²¹ Charities Buying Group

other agencies uses the fact that they save clients time, effort, and resources by sourcing the best deals on their behalf allowing organisations to concentrate on other key priority areas of business – a great pitch if you are an organisation with limited funds and staff resource. Cost Controller has operated for over 8 years now and on average the cost reduction reviews they carry out have helped organisations achieve **direct savings in excess of 20%**. They provide support in the following service areas: Stationery & office supplies; Print; Telecoms; Utilities; Postage; Packaging; Insurance. GMVSS²² (see below) currently use Cost Controller as their preferred provider for members. Cost Controller support a range of public, private and third sector organisations across the UK.

Pelican Buying Group

Are purchasing experts who have been negotiating the best pricing and service from suppliers on behalf of a range of clients for over 21 years. They have a total collective purchasing volume of £125m, working with over 180 suppliers, and thus are able to negotiate highly competitive trading arrangements with local and national suppliers, passing on those savings to members. They offer a free price check service which allows them to ascertain current spend with their suppliers on a like for like basis, and matched with their market knowledge and expertise allows their clients to make informed purchasing decisions. Pelican has a core client base from care homes, LEAs²³, leisure industry, schools, colleges, further education establishments, and the hospitality industry. Pelican do not charge clients for their service, and generate their profit through their supplier relationships dependent on volume of total sales through Pelican. They ensure all their suppliers are rigorously checked for quality and standards so that clients have access to a trusted database of suppliers.

YPO

In 1974 YPO was formed to aggregate demand and generate buying efficiencies providing a professional procurement service that allows public sector and charities and social enterprises to enjoy cost and efficiency savings through substantial bulk buying power and the convenience of a 'one stop shop'. They have an annual turnover of £400m and are one of the largest formally constituted local authority purchasing consortium in the UK. Their customer base extends across more than **100** local authority areas encompassing schools, colleges and universities in addition to all major local government departments as well as the Emergency Services and *charities and social enterprises*. The scheme is utilised by most of the Yorkshire local authorities, and is also the lead member of Pro5²⁴, a partnership between five of the biggest professional buying organisations in the UK.

In 2010 it launched its Share of Profits Loyalty Scheme, and in 2011 YPO paid back approximately £1.7 million to customers. The scheme was set up to provide customers with further savings through a percentage of the organisations profits, based on their total spend throughout the previous year. In 2012, the YPO Share of Profits Loyalty Scheme is set to pay back £1.8 million of 2011 profit to customers.

This kind of scheme for clients is one not widely used across the bulk purchase field, and again provides YPO with additional leverage in securing new clients.....loosely based on employee

²² Greater Manchester Voluntary Sector Support

²³ Local Education Authority

²⁴ With a joint buying power of £2 billion, Pro5 combines the expertise of the five biggest professional buying organisations in the UK.

ownership YPO incentivises it's clients to stay with them, and also refer to other agencies in order to increase spend within the consortium.

Since the coalition government announced the spending cuts of £83 billion from public sector in 2010, it's now more important than ever for organisations to embrace the buying power and cost savings associated with purchasing through organisations and schemes including YPO.

Involve Yorkshire & Humber

Involve Yorkshire & Humber supports voluntary and community sector organisations (VCS) in Yorkshire and the Humber to create a strong society and fair communities, with opportunities for all, throughout Yorkshire and the Humber. Like SEYH below they ensure the independent voice of the Yorkshire and Humber VCS is heard in the right places to influence strategic issues that cross over local government boundaries. With **140** members they advocate on behalf of the sector, and provide support, advice and information to assist them to build the right leadership and support structures. They endeavour to connect organisations in our region, to encourage partnerships and increase effectiveness. Currently other than benefits attached to discounts on in-house events, seminars or workshops Involve does not offer its members any opportunities for collective purchasing. There were discussions that this would be offered and research undertaken by the Networks Manager, but there has been no recent communication regarding this.

SEYH

With **64** members Social Enterprise Yorkshire and the Humber (SEYH) represent, promotes and connects social enterprise in the region. SEYH Ltd is a not-for-private-profit company limited by guarantee, and its members are social enterprises within the region. SEYH offers its members an enhanced package of benefits around advocacy, lobbying, advance notification of events, and introductions to other businesses. It has more recently enhanced its offer to members to encourage greater take-up, and has started to link with other private and voluntary sector organisations to offer better discounts (around 10% on a limited range of services and products), increased advertising and collaboration opportunities. Even though the general manager Alex Sobel is trying to increase the bulk purchasing / collaborative buying opportunities he is restricted by the membership numbers of the organisation as it does not provide him with the leverage he needs to negotiate great service deals with key suppliers.

Co-operatives Yorkshire and the Humber

Co-operatives YH are the regional network of co-operative enterprise in the Yorkshire and Humber region of England. With over **200** co-operative members they make a substantial contribution to the region's economic and social life, with a turnover of £2,268 million and providing jobs for over 18,000 employees. Co-operatives Yorkshire and the Humber now offer a package of enhanced benefits for members around advocacy and discounted memberships with partner agencies but not bulk purchasing discounts. The package also links in with the benefits offered by Social Enterprise Yorkshire and the Humber (see above) This is a new offer from 2 leading regional organisations to get a joint enhanced package of support. I have already met and discussed collective/ bulk purchasing opportunities with Jon Clarke from Humberside Co-operative Development Agency, and he has expressed his willingness to support the practical development of this project if the Study indicates there is potential to develop a viable enterprise. This offer links closely with the collaboration between central government, BIS, and Co-operatives UK.

Yorkshire Mafia / Yor Buy / Skill Will

The Yorkshire Mafia is a network that combines the best of business membership with the scale and speed advantages that social networking technologies afford. The Yorkshire Mafia brings together executives and stakeholders from the Yorkshire Business and Charity Community to meet, network, share experience, learn, build relationships and ultimately trade (where appropriate). This is all done in a relaxed and sales-free environment. The Yorkshire Mafia is a new model of business support, with a thriving ecosystem of thousands of businesses and charities across the Yorkshire region and beyond. It currently has over **11500** members, and plugs the gaps following the decline of the regional development agencies and Business Link advice network. It facilitates the building of business relationships for thousands of businesses and charities across the Yorkshire region, brings members together to share, learn, support each other and ultimately, where appropriate, trade. In addition to the Yorkshire Mafia network the founder has also developed another network called Skill Will which enables businesses to connect with charities and social enterprise to offer knowledge, skill and expertise in areas that those third sector organisations need but cannot afford to pay for. The Skill Will network is going to be formally launched in October after a successful 6 month pilot period, and the offer to all will be expanded considerably to include: Yor Buy platform – offering organisations the opportunity to access services and products from preferred suppliers at discounted rates; Skill sharing – offering those smaller organisations that cannot afford full time staff for specific areas of work the opportunity to buy those services from preferred external providers at a discounted rate, and also offer those engaged with the network to work together to share existing skills and expertise. With a current membership base of 11500 YorBuy will be able to offer clients great deals and discounts on a range of products and services. The YorBuy platform and associated Skill sharing platform is due to be launched Autumn 2012.

GMVSS²⁵

GMVSS is made up of its member organisations, and its aim is to improve and strengthen the voluntary and community sector in Greater Manchester through a collaborative, co-ordinated approach. Launched in 2010 in response to a central government programme called ‘ChangeUp’ the GMVSS Market Place is a project that helps voluntary, community and faith groups in Greater Manchester benefit from bulk buying discounts. Managed by GMCVO (Greater Manchester Centre for Voluntary Organisation) it aims to help local organisations save money by joining a purchasing group. It offers a range of relevant goods and services including insurance, IT, utilities, telecoms, stationery, HR and more. They have a rigorous selection process for due diligence before recommending a supplier, and this approach helps members save time shopping around and have confidence in their purchase. Market Place also promotes ethical and environmentally friendly shopping and provides training and information on related issues such as purchasing, negotiating skills, and environmental sustainability. Over **60** organisations have benefited from Market Place since August 2011, and this number is growing. The scheme saves members time as all main suppliers have already been identified, and a free audit service identifies whether it is worth organisations switching suppliers. Working in partnership with Cost Controller (see above) GMVSS is sustained through referral fees from suppliers dependent on the total number of clients they secure. Cost Controller manages the relationships with supply partners, and GMVSS manages the client

²⁵ Greater Manchester Voluntary Sector Support

relationships with third sector members. GMVSS is one of the few regional VCS organisations to practically implement such a scheme, and it is hoped that through increased interest from members, and their positive relationship with Cost Controller that this project will be self – sustaining through supplier referral fees (GMVSS had initial project development support from Change Up from June 2009 – March 2011).

G:up & G:XL²⁶

G:XL is a three year Big lottery Funded project developed through a collaborative partnership of 40 agencies and is designed to develop infrastructure, capacity and collaboration in the West Midlands children and young people's voluntary and community sector. The project was set up to develop cost-efficient and collaborative solutions to everyday operational needs for goods and services. Working with their key partners Charities Buying Group and National Energy Control Group G:up is able to offer clients discounts on a range of everyday goods and services providing them with cost efficiencies they would otherwise have had to source themselves on an individual basis. They also offer a Shared Back Office Service which allows clients to outsource a number of services including premises; financial service; staff – administrative and specialist; HR and recruitment; IT support; transport; office services etc....Like many of the organisations above G:XL sources its income from the project through referral fees from suppliers thus providing them with additional monies to address future viability.

Cultural Networks and Models

During this research I have had several communications, conversations, and meetings with individuals and organisations from the cultural sector about bulk purchasing and group buying, and the information I have received has highlighted that at this moment in time this is a gap that has not been developed or researched further specifically within this sector. The National and regional networks for the sector have membership benefits and discounts, but they mostly relate to access to training opportunities specific to the sector, events and conferences, newsletters and e-bulletins etc.....They also have suppliers and contractors listings, but these are not preferred rather a database of businesses and consultants offering their services to the sector. Listed below are some of the organisations I have been in contact with.

ACEY²⁷

In October 2011 Arts Council England assumed responsibility for museum and library sector development and improvement in England from the Museums, Libraries and Archives Council. As mentioned before this means that the Arts Council will not only be responsible for the development and sustainability of Arts based organisations, but also the Museums Sector. Museum development is an important responsibility of the Renaissance programme, and will continue to explore and develop new projects and opportunities that encourage innovation and sustainability/ viability within the Museum Sector. Having had numerous conversations with the regional director about sustainability they have now launched Creative Industry Finance Yorkshire for organisations that are looking to increase their skills, grow their business or replicate their offer. The programme will offer

²⁶ Growing up in the West Midlands – set up through Warwickshire Association of Youth Clubs

²⁷ Arts Council England Yorkshire

a mix of loan finance and business support for Creative Organisations, and is being run in partnership with Keyfund Yorkshire (a well known Social Investor in Yorkshire).

Welcome to Yorkshire

Championing Yorkshire tourism. Yorkshire is a contemporary destination which hasn't neglected its roots. Welcome to Yorkshire has created a fresh, dynamic view of the UK's largest county with its innovative marketing and PR campaigns, not forgetting its contagious enthusiasm which has garnered fans of Yorkshire from across the globe. The destination management organisation (DMO) has achieved in excess of £100 million in media coverage worldwide and has received accolades including the World Travel Award for World's Leading Marketing Campaign.

- The visitor economy has grown from £5.9bn to £7bn
- An additional 4,000 jobs have been created
- Overnight domestic holiday visits have increased by 26%
- Overseas visitor spend has doubled during peak summer months.

Welcome to Yorkshire offers a range of benefits to its members either through suppliers (who are charged to utilise the site to promote their business), and through member to member offers. Having had indicative discussions with Carol Cheetham regarding their offers, it was apparent that WtY were not looking at a formal Bulk Purchasing Scheme as a priority, and that they would continue to offer the existing benefits and discounts to members as is advertised via their website. This means that members have to source and negotiate those discounts themselves rather than rely on someone else to have provided them with the best deal (as most of the other agencies do).

MMM²⁸

Mission Models Money is a passionate network of thinkers and doers whose vision is to transform the way the arts use their resources to support the creation and experience of great art. One of their programmes, re.volution is a peer network offering a variety of learning opportunities, toolkits, and information and advice to assist members to building their future resilience and sustainability. The existing memberships within MMM lends itself to setting up and developing a more practical and flexible approach to collaboration to include the potential for group and collective purchasing.....but as yet does not have a clear or practical offer for the sector.

MA²⁹

I have had both e-mail and phone conversations with Will Adams from the MA to discuss bulk purchasing, as they currently offer a suppliers and contractors database for members to access, and also charge suppliers/ consultants to be on the list – as part of corporate membership deal. With over **5200** individual members, **600** institutions, and **250** corporate members the MA has a great potential to develop either a group buying offer or shared services scheme for members. This does not seem to be a part of their bigger picture though.

²⁸ Missions, Models, Money

²⁹ Museums Association

YHFED³⁰

Having attended a meeting of YHFED, and discussing the work I was doing for York Museums Trust it was apparent that they would not be looking at this type of work for their membership which currently consists of **113** individual members, and **40** institutions in our region. YHFED offers members access to a range of training opportunities, events, seminars, mini-conferences, and documents relevant to their organisation.

AIM³¹

The Association of Independent Museums like many other of the networks for the sector also offers a range of services, advice, guidance, and support for its membership (just short of **1000**). It provides advocacy on strategic policy decisions, training opportunities, forums for members to discuss things, and also several grant strands that it administers on behalf of several charitable trusts and foundations for the benefit of the sector. It does not however, offer members bulk purchasing or group buying opportunities through the network.

YoMMS³²

I have not managed to source much information about the Yorkshire Medium Museums Service other than information supplied to me via the Museum Development Team regarding the potential development of a Skill Sharing Pilot that YoMMS were considering for their membership - providing opportunities for staff and volunteers to offer their skills, knowledge, and expertise to others when required on a time sharing basis. I am still unsure as to whether this has progressed any further.

As highlighted above there are many group buying and bulk purchasing initiatives that have been set up, piloted, developed across the general landscape both Nationally and less successfully regionally. Due to government initiatives and funding organisations have been able to “trial” these sorts of schemes to ascertain cost efficiencies, profitability, and more importantly viability. There are also numerous brokers and facilitators for this type of scheme that are more than willing to expand their reach and work with any new network of organisations that is interested in this type of work and opportunity. It has been increasingly difficult to identify the costs to set up, develop, and run these schemes as they vary across agency, and also depend upon whether an external broker is used to support the scheme. The majority of income generated through these schemes is directly related to the number of individual organisations that sign up to the preferred suppliers. The discount secured for the member of the scheme may be directly related to how many sign up. The suppliers will pay a fee to the network to secure this new business, and this is where the income/ profit is usually generated. The amount of income is usually directly related to the numbers in the network – hence national networks are able to secure better discounts because of their membership numbers. What has also been very clear from my research, is that this activity is not replicated across the cultural sector. While the existing networks offer basic member benefits, these do not seem to have expanded into, or diversified further to include service and product discounts, or skill sharing (other than on an informal basis through the online forums set up in each of the networks).

³⁰ Yorkshire and Humberside Federation of Museums and Art Galleries

³¹ Association of Independent Museums

³² Yorkshire Medium Museums Service

4 Gaps, observations and opportunities

My research and findings during this piece of work have highlighted a number of gaps in the bulk purchasing market, general observations about existing programmes and schemes, and potential opportunities for the museum sector.

Gaps

Whilst the generic third sector and infrastructure bodies / networks supporting the sector seem to have grasped bulk purchasing, group buying, and collaboration wholeheartedly over the past 12 to 24 months (fuelled by a central government push, and distinct reduction and lack of funding available), the cultural sector has not. Other than the existing schemes offered through YPO for example – where the driver is the Local Authority looking at cost savings, and the Museum Service is just a small part of their bigger picture very few cultural organisations within our region have proactively utilised this opportunity to enhance their cost efficiencies, negotiate discounts, and streamline their operations. Part of my research with one of the larger bulk purchase schemes offered to the general sector only identified one of our regions larger Museums as a customer. If further detailed research and consultation was undertaken with the larger Museum Services, Hubs, and National Museums I would suspect that they will have negotiated some discounts with their supply chain, or will be a part of an existing scheme so that they can make cost efficiencies. However, on a sector specific basis, there is a distinct lack of this type of provision for cultural organisations with no real evidence to identify why this is the case (especially considering other sectors seem to be actively involved). What is apparent across the existing schemes is that there are well defined core services and products that organisations are able to secure discounts on – and they are across all sectors e.g. insurance, utilities, telecoms (including broadband), office supplies, stationary, and retail etc.... There will be gaps for the cultural sector, and these will be around specialised services and products e.g. collections insurance, collections maintenance and restoration, and the products associated with these specialist areas. This does not mean that there isn't an opportunity for the sector to be a part of a bulk purchasing scheme, but it may mean that initially the scheme will prioritise and target general services and products that the sector uses to evidence need and benefit before it considers engaging with more specialised areas (where the negotiated discounts may be less).

Observations

The only group buying schemes that seem to be the most viable are the ones operating on a national basis, or have the highest number of members – for example Yorkshire Purchasing Organisation, Charities Buying Group, and interestingly Yorkshire Mafia (through initial consultation with members and supply chain). As highlighted above the cultural sector currently does not operate this type of scheme across any of the existing specialised networks – though they offer access to trade and consultant lists – they are not quality assured or preferred providers, nor offer any major discounts on services or products (other than training, events etc....). There seem to be a plethora of “brokers” within this field already – utility aid, CBG, cost controller who will partner with networks and manage or facilitate the deals on the networks behalf – thus acting as the middle man for networks and infrastructure bodies – thus minimising cost and risk. To set up this type of Pilot as an independent enterprise is quite challenging both administratively, logistically, and financially. Having spoken to YPO, G:up, GMVSS, and YorBuy – the resources required to develop the frameworks, processes, and systems to administer such a programme are substantial – as is the

technology behind the platforms used (especially if you are not using a broker). As mentioned before the current key areas where many networks have secured discounts are around core operating essentials - utilities, communications, IT, insurance, and stationary, but that is not to say that there aren't organisations securing discounts on other products and services. This again comes down to securing the numbers of interested organisations for those services in order to drive prices down and negotiate discounts accordingly. This issue has been highlighted within some of the current schemes that have expanded from a core number of services and products to now include a diverse range to secure new customers. This is only viable if there is the market demand, as it can potentially dilute the profitability of the rest of the scheme.

Opportunities

With the onset of a variety of funds and Schemes via Central Government around collaboration, cost efficiencies, and partnership working many organisations (whether public, private, or third sector) are now considering opportunities that will allow their organisations to become more efficient, profitable, and thus sustainable in the future.....bulk purchasing/ group buying is one of those areas that many are now looking at Nationally and across all Sectors. One of the ways that this is sold to organisations is as a member benefit of being part of a specific network. For example by paying to be a member of a network you will receive your payment back with potential discounts you receive on IT, insurance etc.....thus attracting new members, and highlighting the financial benefits of network membership. Large networks have the ability to negotiate greater discounts with the supply chain, and offering initial audits on potential members is a sure fire way of engaging them, as more often than not the audit undertaken WILL highlight savings and discounts on a variety of services and products, and thus the negotiations can begin. Incentivising members of schemes is another great way of retaining existing customers, and reaching new audiences. YPO already do this with their programme where they pay dividends to members from the previous year's profits – thus providing them with a reason to stay with the programme. It also helps YPO that this is a dividend that can only be spent within YPO – but never the less will reduce the following year's budget. I know that this type of incentive package is also going to be used within YorBuy. As mentioned above there is a willingness and lead from Central Government to pro-actively promote collective purchasing schemes and group buying schemes across the UK and across all sectors. This is also being tied in with the call for the third and public sector to be more enterprising, innovative, and robust when it comes to service provision. Numerous funding and investment initiatives have been promoted and launched in 2012 including ***innovation in giving, buy better together challenge, transforming local infrastructure, social incubator fund, creative industry finance, and assist (due to launch in October 2012)***. There is also a drive by the traditional funding agencies to look at their funding programmes and criteria, and shape them to encourage enterprise, diverse income generation, and collaborative working – like Big Lottery Fund, Arts Council, Esmée Fairbairn³³ etc..... The Coalfields Regeneration Trust which until now was a National grant funder is now developing a social investment arm to the Trust – encouraging organisations to be more robust, entrepreneurial, and thus take on loan finance as part of a blended mix of funding and investment. As well as Bulk Purchasing opportunities for the sector, there is also an opportunity for the Trust to consider a skill sharing scheme between Museums which could be a part of this new programme. Though the

³³ The Big Fund, Creative Industry Finance, The Merger Fund

survey³⁴ I did only secured a minimum number of responses it did highlight the fact that those respondents were interested in being able to share skills across the sector. I appreciate that this is already happening on a more informal basis, but could be a future consideration as part of a wider Museum offer.

Finally, though many of the organisations I spoke to were reluctant to share financial information about their programmes, there were many networks and existing schemes and brokers willing to meet, discuss further, and look at the potential opportunities to work with the Museum Sector e.g. YPO, YorBuy, CBG etc.....

5 Recommendations

The original reason for this work was to consider the potential opportunities for the museum sector to look at collective purchasing / bulk buying as a mechanism to make cost efficiencies, increase retained income within individual organisations, and secure better deals with the supply chain. Over the past 15 months the programmes and initiatives developed through Central Government funding have identified potential opportunities for both third and public sector to become more efficient, robust, and innovative both operationally and strategically. During the time I have spent on this research, and as a result of the many conversations, meetings, and communications I have had with numerous agencies already involved in this type of work the two ways of working are clear:

- Set up your own programme as an independent enterprise
- Work alongside an existing / established programme and/ or broker

Whilst my original thoughts were that setting up a bulk purchasing programme for the museum sector as an independent social enterprise was the preferred way to go.....I have since had a change of heart. There are successful, profitable, and viable examples of these schemes in the market, but my many meetings, e-mails, and telephone calls with those organisations has highlighted how resource and time intensive setting the schemes up have been. Not only the technology of the software required to develop, and maintain the platform required for members and suppliers, but the administration of the programme, members and suppliers, the marketing and promotion of the programme to retain existing members and secure new members, the ability to secure the discounts required for members with the supply chains, and most importantly the ability of the organisation to generate enough income to cover core costs and overheads, as well as generate a profit.

Two of the regional organisations doing just that were lucky enough to secure substantial amounts of grant funding via Big Lottery and Capacity Builders to set up, develop, and run their programmes for three years, so only now are they going to find out if they will be able to be self- sustaining. That is an extremely big risk to take for any organisation without substantial financial support. There is also the need to consider the number of organisations already out there doing this, and thus the field that you will be competing in to provide this service to the museum sector. The final thing to consider is the willingness of the sector to engage with this project. If you have invested substantial

³⁴ Survey Monkey questionnaire sent to Museums – secured 14 responses. See appendix for responses

financial resources to set this up, then you need to be extremely certain that there will be the numbers within the sector that want to be a part of this. The survey I did with the museum sector asking about bulk purchasing had a low response rate (less than 10% of registered accredited museums) though it was promoted in both social and traditional media channels. Those that did participate highlighted that they would be interested in saving money on³⁵:

- Specialist Insurance Services
- Retail Goods
- Stationary and Office Supplies
- Broadband and Wifi
- Fundraising
- Marketing and Promotion
- Training and Development
- Social and Digital Media Services

This does not mean that there cannot be a programme that offers discounts, cost efficiencies, and savings for the museum sector in Yorkshire. What I would recommend is that consideration is taken on whether this is a totally new enterprise set up to develop this independently of any other existing scheme, or whether this is a new programme that is set up ***in partnership*** with an existing provider. By working with an existing provider there would still be the ability to:

- Generate income/ profit (negotiated between partners) which can then be utilised for other priorities
- The opportunity to access funds and finance to set up what is needed to market, publicise, administer and manage a much smaller programme as part of a new offer
- The benefits of working with an established partner who will potentially be looking for new clients (ensuring that the partner is right for you)
- The ability to secure extremely good discounts on identified services straight away (due to the deals and discounts secured by the partner)

During my time spent undertaking this research I was approached by YPO, CBG, and YorBuy as prospective partners for the development of a scheme specifically targeting Museums. There are therefore several opportunities to initially develop a Pilot programme for Museums within a much more secure framework with minimal risk (to market test engagement, buy in, potential etc....), with the flexibility to look at any additional benefits and opportunities that may develop as the programme establishes itself within the Museum Sector. There may also be the potential for the Trust to consider more than one scheme (considering many local authority museum services may already be a part of YPO). Once established and tested, it may then be more relevant to develop something independent within the sector. The opportunities to negotiate your deal (and additional benefits) with existing providers is also relevant, as those that spoke to me were extremely interested in securing this potential new business opportunity – as it offers a new client base for their Scheme.

³⁵ Top 8 of 19 services identified as key services for Bulk Purchasing within short survey undertaken

6 Next Steps

Leading on from the recommendations above, I believe that the next steps for the Trust would be to:

- Decide whether they want to progress this any further as a potential project

...if yes then:

- Consider whether the programme will be set up as an independent enterprise or in partnership with an established programme/s

....if as an independent enterprise then:

- Be extremely sure that there will be the take up of potential members – test the market in more detail to ascertain take up
- Secure the financial information required to fully cost the project – one of the organisations within this report may provide more detailed financials about programme setup (YorBuy, GMVSS, G:up), and then produce a robust business plan to go alongside the financials
- Ensure YMT has the resources available, or is able to secure the resources to develop the enterprise and resource the technology, and staff required to manage it – bearing in mind that it may need financial support for **at least** the first year until it is established, and until it can generate a profit (consider ACE - Creative Industry Finance, Keyfund Yorkshire, Awards for All, or other Trusts etc...)

.....if in partnership with an established programme/s:

- Consider which organisations YMT should meet to discuss further – highlighting key questions, priorities, benefits, and fit for your project. Ensure you are able to identify (as much as possible) what you require and want from the programme (I can assist with this – if required)
- Meet and communicate with potential partners – as many times as you feel necessary to make your final decision
- Once agreed on partner organisation/s produce a project plan with associated financials required to set up, launch, and manage the programme
- Secure the resources required to implement the project

Through the work that I have undertaken my own professional recommendation for YMT would be to Pilot this project in partnership with an established programme/s that will not only provide benefits, opportunities, and very real cost efficiencies for the Trust and participating museums, but will also provide additional benefits of working alongside an already robust business, minimise financial risk to the Trust, and may also provide an opportunity for the Trust to become involved in other work relevant to the sector in partnership with their chosen organisation. The Trust is extremely well positioned to maximise on this opportunity, as the one thing that my research has highlighted, is that while the generic private, public, and third sector are all starting to develop or establish these programmes for their specific members, there is a distinct lack of this type of initiative within the Cultural Sector. To be a trailblazer for the museum sector would offer the Trust opportunities both strategically (at central government and policy level), and also operationally within the sector. There are long term opportunities not only for bulk purchasing / group buying, but also for skill sharing, and cross sector investment and support.

Appendices

Acknowledgements

Museum Survey Response Summary

Table of Existing Group Buying Schemes

Options / Risk Analysis

Acknowledgements

The following individuals have supplied me with a wealth of information and understanding about this bulk purchasing sector, and as such have assisted me immensely with this report.

Geoff Shepherd / Andy Brown – YorBuy

Morag Rose – GMVSS

William Clemmey – G:XL & G:up

Chris Taylor – NCVO

Will Adams – MA

Jo Marshall – YPO

William Campbell – Utility Aid

Graham Loftus – Charities Buying Group

Museum Survey Summary

1. Number of Responses:	14
2. Geographical Split:	
N Yorks	5
S Yorks	3
WYorks	3
Humber	3
3. Are you involved in a Bulk Purchase Scheme	14
Yes	2
No	12
4. If you are not involved with a BP Scheme would you be interested?	13
Yes	9
No	4
5. If yes what services would you be Interested in getting discounts on	11
Utilities	3
Insurance – Specialist	4
Insurance – General	3
Retail	4
Stationary & Office Supplies	4
Office Equipment	3
Cleaning Services & products	2
Grounds Maintenance	2
Buildings Maintenance	2
Catering & Food Services	1
Event Management	1
Telephone	3
Broadband/wifi	4
Fundraising	4
Legal Services	2
Marketing & Promotion	7
Printing Services	2
Training & Development	4
Social & Digital Media Services	4

6. Would you be interested in a skills sharing scheme for Museums?	13
Yes	10
No	3
7. What skills would you like to share and benefit from?	11
Audience Development	9
Collections Management	6
Curatorial Management	5
Archivist	5
Collections Restoration	5
Commercial Management	8
Event Management	6
Sales & Marketing	9

Existing Member Discount Schemes

<i>Name</i>	<i>Geographical Reach</i>	<i>Target Market</i>	<i>Member Nos</i>	<i>Member Discounts</i>	<i>Group Buying Scheme</i>	<i>Discounted Areas</i>
NCVO	National	Third Sector	8300	Yes – in addition to BP	Yes – they have a dedicated team to negotiate with the supply chain	HR, IT, Utilities, Insurance & more
Community Matters	National	Third Sector	1200	Yes- in addition to BP	Yes – through LSI Utility Broker & Charity Backroom	Insurance, utilities, HR, Legal, finance etc....
Social Enterprise UK	National	Third, Public & Private Sector	9000	Yes – insurance discounts, venue hire, catering, events, & training	No – not really set up – developing a preferred suppliers database	
NUSSL	National	Student Unions	200 Unions (over 2 million students)	Yes – in addition to BP	Yes – turnover of £120 million	Retail, licensed trade, utilities, insurance etc....
Locality	National	Third Sector	700	Yes – insurance, free HR support, knowledge exchange	No – but have been approached by a private sector company looking to develop this	
Small Charities Coalition	National	Third Sector	6000	Yes – in addition to BP	Yes – via CBG, Utility Aid, CES, Civil Society Media	Utilities, insurance, training, magazines, IT, communications etc....
YPO	Yorkshire based but Nationwide	Public & Third Sector	Members across 100 LA areas		Yes- specifically set up to do this with their members	Stationary, retail, utilities, insurance, communications etc....
GMVSS	Manchester	Third Sector	60	Yes – in addition to BP	Yes – they work with Cost Controller	Insurance, IT, Utilities, telecoms, stationary, HR etc...
G: XL / G: up	West Midlands	Third Sector		Yes – in addition to BP	Yes – they work with CBG & National Energy Group & have a shared back office service	Utilities, IT, telecoms, HR etc...
YorBuy	Yorkshire	Public, private, & third sector	11,500		Yes – they are going to be offering a range of services & products& skills sharing	Utilities, insurance, telecoms, stationary, office supplies etc....
MA	National	Museums	6050	Yes – events, training, resources	No – not yet, but they have a suppliers & consultants database	

Options and Risk Analysis

Option	Risk	Type of Risk	Impact on Trust	Impact on Sector
1. Do Nothing <i>Continue to provide existing services and support to the Museum Sector but do not develop any Bulk Buy or Group Purchasing Scheme</i>	LOW	FINANCIAL PERFORMANCE	The Trust would continue to provide existing services to the Museums Sector as before – and thus there would be no immediate financial impact. The impact would happen when existing funding and income streams either finish, or do not cover core expenditure and the Trust has to consider its offer to the Sector. There is also a performance issue if the Trust does not investigate new and innovative ways of working that will increase and diversify its income streams – as the strategic drive is for all organisations to look at how creative, diverse, and viable their organisation is or can be, and as an advocate for the Sector the Trust should be the driving force for this type of thinking	There would be no immediate impact on the Sector if the Trust carried on as normal. As mentioned previously the impact would come later if the Trust was unable to continue providing all the services it currently does due to insufficient funding.
2. Develop a Bulk Purchase / Group Buying Programme for the Museum Sector in partnership with an established organisation	MED	FINANCIAL REPUTATIONAL	This option will provide the Trust with an opportunity to investigate this potential service further with an established partner, offering a range of core services and discounts to the Museum Sector agreed through consultation. It will minimise risk to the Trust as the service is provided in partnership with a lead organisation, but will also offer financial benefits to both the Sector and the Trust (negotiated with partner). It will also provide the Trust with an opportunity to Pilot this work safely (potentially with an initial grouping), thus providing evidence of Sector take up, financial savings made, which can be used for future developments and opportunities	The Sector will benefit from an opportunity to be a part of a Scheme that will enable them to receive discounts on a range of core services (and products) through a trusted partner / network. Dependent of initial offer, the evidence of the initial impact can be used as case studies for marketing purposes for the rest of the Sector – to engage and increase take up
3. Develop a Bulk Purchase / Group Purchase Programme for the Museum Sector as an independent Enterprise set up specifically to develop, manage, and run the programme as a trading arm of the Trust	HIGH	FINANCIAL REPUTATIONAL PERFORMANCE	This option could potentially provide the Trust with the most income if successful. It would also provide the Trust with the most risk – both financial and reputational if it is not successful. To set up an independent trading arm, with robust administrative, financial, and technological systems and processes independent of any other support without having Piloted the Scheme is risky – especially if the organisation does not have the financial flexibility if the Scheme is not viable. The trust would have to be confident that they would be able to deliver this to their target market, compete with other offers, and attract the numbers required to make it a financial success	The impact on the Sector will probably be no different to the impact if the Trust was working in partnership with another organisation – as they would still benefit from the discounts offered. If anything the discount may be slightly reduced as the Trust would need to ensure it can cover set up, development, and running costs for the project until it generates a surplus/ profit

Option 2 is the preferred option to consider