

## Joint Procurement of Postal Services

**Published On:** 10 June 2014

**Organisation:** Ministry of the Interior and Kingdom Relations

**Country:** Netherlands

**Level of government:** Central government

**Sector:** General public services

**Type:** Organisational Design

**Launched in:** 2008

**Overall development time:** 18 months

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# Description

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The innovation deals with central government category management. The participating ministries combined forces in the procurement of postal services. About 180 ministries, services, departments, autonomous administrative authorities, universities and institutions of higher professional education have been consolidated into a relatively small number of tender procedures.

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## Why the innovation was developed

The main factor was the need for a more efficient and effective procurement.

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## Objectives

Improve effectiveness, Improve efficiency, Support economic growth

More efficient and effective procurement of postal services with a focus on sustainability, social return and the possibility of SME involvement.

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## Main beneficiaries

Academia, Businesses, Government bodies, Government staff

180 services taking part in the postal service tender procedures.

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## Existing similar practices

### Joint Procurement of Energy

In my own organisation

Dutch central government

A collaborative procurement programme undertaken by the Dutch government on energy.

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### Joint Procurement of Telecommunication

In my own organisation

Dutch central government

A collaborative procurement programme undertaken by the Dutch government on telecommunication.

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# Results

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## Efficiency

Substantial savings (EUR 20 million a year) have been demonstrated due to the increased scale of procurement.

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## Service quality

### Other:

Service quality has remained at least at the previous level as strict contractual conditions have been agreed with the postal service providers.

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## User satisfaction

- Most of the 180 participating organisations have themselves made the choice to use the services of the postal services category manager. An important factor in this is obtaining a certain financial savings and assurance of quality.
  - As they are less involved in the details of tendering now, in most cases their general level of satisfaction with the process and with the suppliers has increased. By information and website use, and of course the daily communications with organisations every day, by phone and by visiting.
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## Evaluation

- An evaluation has been conducted using a simple method, comparing the past and present results of P (price) multiplied by Q (quantity), whereby the old and new price were different but the quantity remained constant.
- An evaluation with the parties involved takes place once a year. When contract management was set up, an agreement was also made about the provision of management information by the suppliers; discussions with the suppliers take place on this basis.

# Development

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## Design

It was the political mission to spare millions through saving on purchasing costs by centralising.

Design time: 12 months

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## Implementation

### Tools used:

- The Postal Services category is coordinated by the Tax and Customs Administration.
- Demand aggregation ensures that only very few contracts are put out to tender.
- Knowledge is being concentrated (and is now plentiful) in the hands of a “postal services category manager.”
- Fewer and larger contracts facilitate making advantageous agreements with market parties.
- Strict contractual conditions have been agreed upon with the postal service providers.
- Potential participants were either invited to consider taking part or came forward voluntarily. In consultation with them, their needs were assessed and the category manager developed and adopted the specifications.

### Resources used:

#### Direct costs:

- The category manager and his team had to invest in knowledge of the market and of the procedures used by the government bodies taking part. In practice, the entire project, including the processing of the bills received at a central location, required seven FTEs (full-time equivalents).

#### Indirect costs:

- Knowledge concerning the tendering procedure. Knowledge is present at a limited number of organisations sending large volumes of e-mails.

Implementation time: 6 months

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## Diffusion

The knowledge came from the several organisations who participate within the contracts.

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## Challenges and solutions

In a situation like this one with a large number of parties involved, working with suppliers (in some cases new ones) and agreeing on new contracts takes a great deal of time, particularly because the staff involved at the various user organisations changes frequently.

The project aim goes beyond the immediate scope of central government category management, requiring agreement in the specification phase among all participants. The challenge is to meet the demand from all these sources with a single set of specifications, while at the same time pursuing the relevant political and policy objectives.

Liberalising the postal market involved several challenges, including defining a specific lot of postal items for which the delivery time could be longer than 48 hours so that that the lot could be delivered for a significantly lower price than standard delivery would require.

In some cases this also meant modifying internal mailing and printing systems. And all these services had to monitor for compliance with principles of proper contract and supplier management.

Some employees have lost their jobs due to the postal services category management.

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## Partnerships

### Not specified.

Private sector

Discussions were held with suppliers at various stages of the process.

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### Not specified.

Other Public Sector

## Lessons Learned

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### Lessons Learned

The main lesson learned is that the organisations that are not directly linked to central government need to conclude their own contracts with the suppliers awarded contracts through the tender procedure prepared by the postal services category management. The service provided by the category manager encompasses everything up to and including drafting the agreement for the parties, but the parties have to sign it themselves. This is a preferable method, because central government cannot directly manage these other organisations and therefore should not take on the responsibility of having to discuss any problems that may arise with the suppliers.

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