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PART
2 of 3

SUPPLY CHAIN MANAGEMENT

Edmonton's enlightened approach to procurement supports public policy goals

What began as a project to streamline office space for Edmonton's municipal workers has ended up as an ambitious attempt to contribute to revitalizing the city's downtown core – and shown just how much a bold and imaginative procurement process can accomplish.

The Edmonton project has become a shining example of how enlightened public sector procurement can be used to achieve much wider economic and social policy goals, such as urban renewal and job creation.

"We had a city council that was pushing us to think outside of the box to drive something that's transformational," says Dan Lajeunesse, the city's manager for corporate procurement and supply services. "It went far beyond just getting the best bang for the buck. It was very much a strategic, city-building outcome."

About 3,000 City of Edmonton employees currently work downtown, some in two buildings owned by the city and the rest in space leased from private landlords in seven separate buildings.

City planners realized a few years ago that the time was ripe for a fresh approach.

For one thing, the downtown area had seen only one new office tower built since the 1990s. Furthermore, one of the city-owned municipal buildings needed costly repairs, and leases in many of the privately owned buildings were due to expire in 2016. Plans for a new downtown arena that would be the home of the Edmonton Oilers, the



Edmonton city council pushed city officials to think outside the box and come up with a truly transformational approach to revitalizing the downtown core. ISTOCKPHOTO.COM

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Dan Lajeunesse is Edmonton's manager for corporate procurement and supply services

city's NHL hockey team, triggered plans for urban renewal in the city's core.

The city issued an open request for proposals in late 2013. It received 13 responses, and following an extremely rigorous evaluation process, negotiated a deal based not only on the cost of new office accommodation, but also the potential for further downtown development and broader economic stimulus.

The eventual winner, Edmonton Arena Corporation, owned by the Katz Group and WAM Developments, committed to building a new office tower with the city as the anchor tenant. Its

plans also included significant additional development in the downtown. The Katz Group, who own the Oilers, is also the city's partner in the new downtown arena.

The city estimates that the arrangement will save \$30-million in rental costs and has helped stimulate \$500-million in related downtown commercial development.

In a tribute to the robustness of the process, none of the unsuccessful bidders has challenged the city's decision. Mr Lajeunesse notes: "We were able to achieve the highest possible openness of competition and transparency. Typically, this kind of deal would have happened in the backrooms somewhere. We leveraged innovative tools to deliver a pretty spectacular outcome using an open competitive process."

The city's supply chain experts played a key role. "A lot of it stems from being able to demonstrate value to our clients," Mr Lajeunesse says. "You need a procurement function that is operating in a very strategic way, that has a seat at the table, and that has some unfettered influence over the process."

In another tribute to its success, the Edmonton project won the Supply Chain Management Association (SCMA) 2015 award for excellence in supply chain management.

The new arena is due for completion in September 2016, in time for the Oilers' first game of the 2016-17 season. Two months later, assuming all goes

to plan, hundreds of municipal workers will move into their new 27-storey office tower right across from the arena. A new era in the development of Alberta's capital city will have begun.

ABOUT



With nearly 7,500 members working across the private and public sectors, the Supply Chain Management Association (SCMA) is Canada's leading association for supply chain management professionals. It is the national voice for advancing and promoting the profession, and sets the standard of excellence for professional skills, knowledge and integrity. SCMA was the first supply chain association in the world to require that all members adhere to a code of ethics.

SCMA was formed in 2013 through the amalgamation of the Purchasing Management Association of Canada and Supply Chain and Logistics Association of Canada. It is the principal source of supply chain training, education and professional development in Canada. Through its 10 provincial and territorial institutes, the association grants the Supply Chain Management Professional (SCMP) designation, the highest achievement in the field and the mark of strategic supply chain leadership.

ABOUT THIS SERIES

Supply chain management: Canadian success stories

Once upon a time, supply chain management professionals were scattered around organizations, told to focus on keeping costs down and ensuring everything ran smoothly. This remains the foundation of the supply chain function, but there has been a striking evolution of the role in recent years as organizations of all types recognize how important suppliers are to their own success.

The networks of suppliers around any given organization are now far more complex than ever before and are often spread around the world. The



strength, performance and actions of those suppliers can have a major impact on the organization they supply. According to PwC, companies that operate best in class supply chains have 50 per cent higher sales growth and are 20 per cent more profitable. In the public sector too, there is over \$150-billion of spending in Canada, which not only has to be spent well, but often has goals attached such as boosting environmental performance or driving innovation. To manage this growing complexity, there has been a rapid growth in the use of technology and the skills required by supply chain management professionals. This is why we are showcasing a series of supply chain success stories from across Canada.

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