

Strategic Sourcing and Cost Optimization by IFFCO for organizing ICA Global Cooperative Conference 2024

ABSTRACT

IFFCO, the world's largest cooperative based on the ratio of turnover over GDP per capita income, successfully organized the ICA Global Cooperative Conference 2024 in New Delhi, marking a historical first for the event in India. Guided by the theme "Cooperatives Build Prosperity for All," IFFCO embraced strategic sourcing and cost optimization methods to enhance event management efficiency. A pivotal decision was made to outsource complex tasks to specialized event management agency while retaining influence over key operational aspects through in-house teams. Utilizing frameworks such as the Kraljic Matrix, Pareto Principle and Make/ Buy Analysis, IFFCO strategically allocated resources, ensuring that major part of budget focused on high-impact tasks while minimizing costs elsewhere. The robust procurement process included strict pre-qualification criteria and a thorough evaluation of potential partners, emphasizing experience and capability. The conference resulted in considerable savings and showcased IFFCO's commitment to sustainability, featuring a carbon-neutral event with tree saplings planted to offset the carbon footprint. The attendees included both Indian and international dignitaries, further strengthened IFFCO's status in the cooperative sector. Ultimately, IFFCO's strategic approach facilitated a successful conference, fulfilling its mission to promote sustainable agricultural practices and cooperative values globally.

Background (about Cooperative Movement, IFFCO, ICA GCC)

Cooperative Movement in India has deep roots, drawing inspiration from ancient Indian ethos of **वसुधैव कुटुम्बकम्** "world is one family" According to Mahatma Gandhi "non-cooperation with evil is as much a duty as is cooperation with good" where the cooperative enterprises are pillars to uphold democracy, openness and concern for others which were founded in the values and principles that contributes to achieving prosperity of our communities, society, and the planet. Cooperatives have been an integral part of India's socio-economic fabric and played a significant role in providing financial and other support to rural areas, where access to resources is limited.

Indian Farmers Fertiliser Cooperative Limited (IFFCO) is a multi-state cooperative society dedicated to serving farmers through the production and distribution of fertilizers and agricultural products. IFFCO is headquartered in New Delhi, India. Started in 1967 with 57 member cooperatives, it is today the biggest co-operative in the world based on the ratio of turnover over GDP per capita income (as per World Cooperative Monitor 2021).

International Cooperative Alliance (ICA) was founded in London, England on 19 August 1895 during the 1st Cooperative Congress to promote the cooperative model worldwide. Today 3 million cooperatives act together to build a better world, as businesses driven by values and not by remuneration of capital.

International Cooperative Alliance Global Conference ICA GCC 2024 hit Indian soil for the first time in its 130-year history, with the theme "Cooperatives Build Prosperity for All", organized at Bharat Mandapam, New Delhi in Nov' 2024. The event was hosted by IFFCO in collaboration with ICA and support from the Ministry of Cooperation.

Organisation Dilemma/ Challenge/ Opportunity for Innovation

IFFCO had a big task of organizing the ICA Global Cooperative Conference 2024, aiming to deliver a seamless and impactful event. The decision to select an event management partner was critical, involving a strategic evaluation of potential vendors to ensure alignment with IFFCO's standards and objectives.

The dilemma was whether to manage the event internally (make) or outsource to a specialized event management agency (buy). This decision required careful consideration of cost, expertise, and resource allocation. The opportunity lay in leveraging external expertise to enhance the quality and impact.

Make or Buy Decision

IFFCO evaluated whether to manufacture certain event-related services and infrastructure in-house (make) or outsource to an external supplier (buy). The decision was based on factors such as cost, expertise, and strategic alignment.

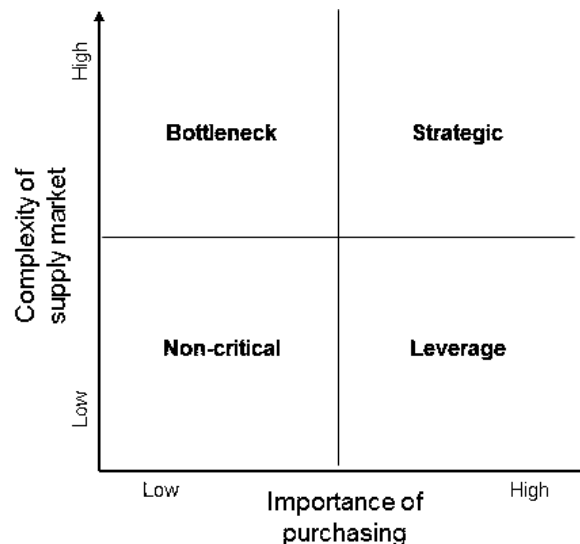
- **Make (In-house):** IFFCO could decide to handle the event internally by developing its own event management team and resources. However, this may require a significant investment in personnel, technology, and expertise, which could be resource-intensive and time-consuming.
- **Buy (Outsource):** Given the complexity and scale of the event, outsourcing to a specialized firm likely presents a more viable option. By hiring an event management agency, IFFCO benefits from its established experience, specialized knowledge, and a more efficient process for managing large-scale events e.g. designing layouts, constructing exhibition booths and handling complex logistics.

MAKE (in-house) *	BUY (outsource)
Medical Facility Clock Room / Safety Control Room / Helpdesk Internet Live Streaming of Event Invitation to dignitaries and follow-ups Registration and Distribution Activities Activities for ICA election, Voting Room Plenary Hall, Stage set up, Seating etc. Coordination with Ministries, Embassies etc	Event Management Food and Beverage Social Media Promotion Conference Kits Souvenirs Theme Uniform Cultural Programme
* IFFCO deployed a dedicated team of around 200+ employees as volunteers resulting into significant reduction in outsourcing manpower and better command on the various event activities.	

Solution & Detail Action

Kraljic Matrix

IFFCO's decision to "Make or Buy" refers to whether they should handle certain aspects of the event internally (Make) or outsource them to specialized companies (Buy). Kraljic Matrix, named after Peter Kraljic, helps categorize these decisions. It is a method used to segment the purchases or suppliers by dividing them into four classes, based on the complexity (or risk) of the supply market (such as monopoly situations, barriers to entry, technological innovation) and the importance of the purchases or suppliers (determined by the impact that they have on the profitability). This subdivision allows to define the optimal purchasing strategies for each of the four types of purchases or suppliers.

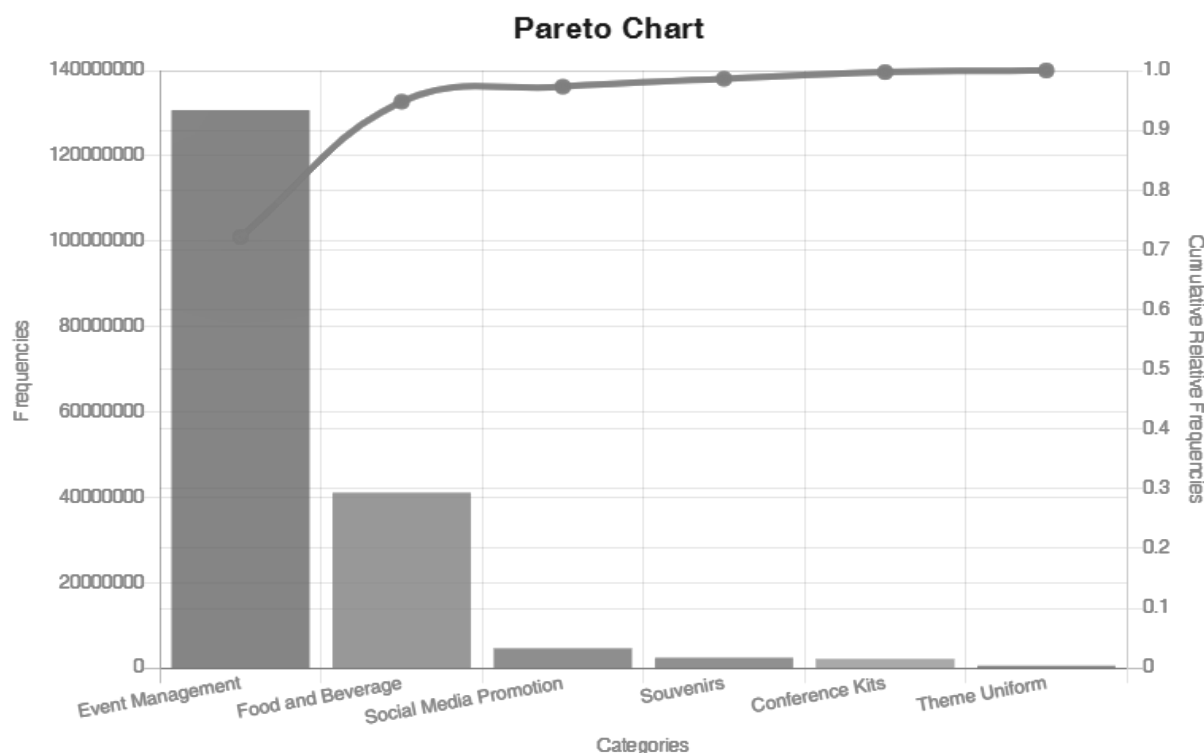


- **Strategic items (High impact, High risk):** IFFCO may choose to outsource high-risk, high-impact tasks like event design, production, and specialized services. These require careful selection of a reliable supplier.
- **Leverage items (High impact, Low risk):** Outsourcing non-critical, cost-effective services that could improve efficiency, like catering, transport, or promotional items.
- **Non-critical items (Low impact, Low risk):** Routine services like decor or simple staffing might be handled in-house or outsourced to ensure cost-efficiency.

Bottleneck items (Low impact, High risk): Services that are difficult to find reliable suppliers for might need to be closely managed, either in-house or with very specialized partners.

Pareto Analysis / 80:20 rule / Vital few Trivial many given by Vilfredo Pareto an Italian economist, states roughly 80% of consequences come from 20% of causes.

Pareto Allocation in Event Management: The ICA Global Cooperative Conference 2024 posed significant logistical and operational challenges, necessitating strategic prioritisation.



80% of Cost for Event Management: Scope of Work (20% of the Tasks)

The event management agency was entrusted with pivotal responsibilities essential for the conference's success, including:

- Designing the event layout and managing venue logistics at Bharat Mandapam.
- Coordinating complex scheduling and participant flows for international delegates.
- Managing vendor selection for catering, audio-visual services, and other logistics.
- Ensuring global marketing and promotion of the event.
- On-site management during the event to ensure seamless execution.

Why This Focus? High-impact, high-risk tasks required specialised expertise to deliver outcomes aligning with IFFCO's standards. By outsourcing, the agency's proven track record minimised risks, maximised efficiency, and allowed IFFCO to concentrate on its core objectives.

20% of Cost for Supplementary Vendors: Scope of Work (80% of the Tasks)

Smaller, routine, or support tasks were allocated to other specialised vendors or internal teams:

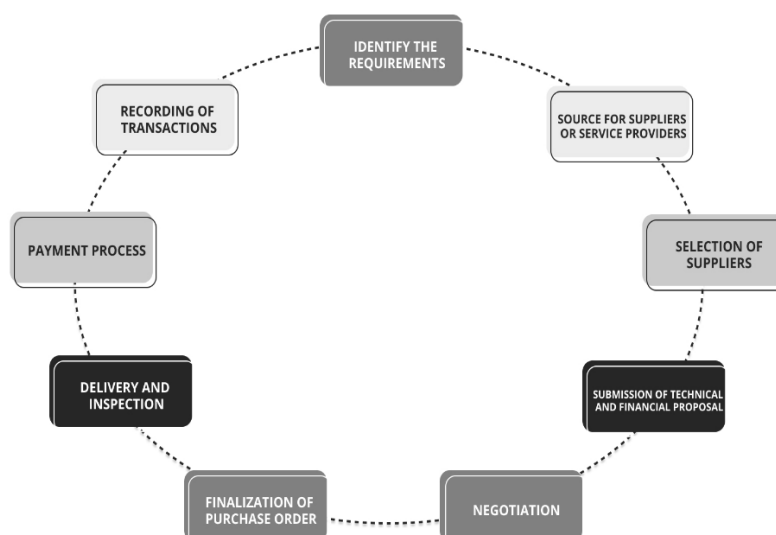
- Décor, basic staffing and routine operational support.
- Coordination of transportation and accommodation for participants.
- Localised promotional efforts and on-the-ground support.

Why This Distribution? These tasks, while necessary, were less critical to the overall success of the event. By strategically allocating only 20% of the cost, IFFCO ensured cost efficiency without compromising on execution quality.

Application of Pareto Principle exemplifies how strategic fund allocation can maximise impact. By entrusting 80% of cost to Event Management for 20% of critical tasks, IFFCO successfully delivered a seamless and impactful event, while remaining 20% of cost ensured operational support for less critical items. This balanced approach highlights IFFCO's strategic foresight and its commitment to excellence.

Procurement Process : Indent to Payment

After evaluating the options, IFFCO decided to outsource an event management agency with a proven track record in organizing large-scale international conferences.



A two-stage e-procurement bidding process was conducted, and enquiry was issued to the potential event management agencies. A comprehensive evaluation of potential event management agencies was conducted and finalized a event management agency which emerged as both technically suitable as well as commercially suitable for the job.

The Pre-Qualification Criteria and Technical Evaluation Criteria have been tabulated as below-

Pre-Qualification Criteria (PQC)

S. No.	Eligibility Criteria	Supporting Documents (self-attested copy)
	EMD / PBG / Payment	5 Lakh / 5% / Stagewise
1	Bidder must be an Indian legal entity registered as a Company/LLP/Society/ partnership firm/proprietorship firm under respective acts in India	registration of legal entity such as Company Incorporation Certificate from ROC/Partnership deed etc.
2	Bidder must have operational office/ branch office/ head office in Delhi/ NCR	Electricity/ Telephone Bill or any other supporting document with address
3	Bidder must be registered in India with taxation/ administrative authorities	GST Registration or GST exemption certificate/ PAN Card
5	Bidder must have executed Event/Exhibition/ Conference/ seminar/ Similar work during last 5 years	work order(s) arranged in chronological order i.e. latest first along with letter of successful completion, award, appreciation, payment proof from client
6	Bidder must have an average annual turnover of Rs.20 crores during the last three financial years (2021-22, 2022-23, 2023-24) (audited/unaudited)	Turnover certificate duly certified duly certified by CA with valid UDIN number Unaudited/ Audited financial statements for last 3 financial years.
7	Bidder must have a Net-worth of not less than Rs.1 crore as per audited financial statement 2022-23 or 2023-24	Net worth certificates duly certified duly certified by CA with valid UDIN number.
8	Bidder should not have been blacklisted by any Central /State Government/PSU etc.	Undertaking in the Letter Head of the Bidder duly signed & Stamped by Authorized Signatory
9	Consortium/ Joint Venture	Allowed

Technical Evaluation Criteria

S. No.	Technical Evaluation Criteria (Documentary Evidence are to be attached as the scoring will be done based on the submitted documents)	Supporting Documents (self-attested copy)
1	Experience in Events/Exhibitions/ Conference similar nature	work order(s) arranged in chronological order i.e., latest first and letter of successful completion from the client/ appreciation certificate, any Award/ Payment Proof
2	Event/ Work Experience at Bharat Mandapam	
3	Previous Experience of any work, similar event with any Agriculture/ Fertiliser/ Cooperatives	
4	Awards/ Appreciation Certificate received for any Exhibition/ Event/ Pavilion for any State/ Central govt./ Ministry/ PSU/ Govt. Department	Certificates/ Awards
5	Evaluation of Technical presentation before the technical evaluation committee Design/ Concept/ Content Development as per scope of work	Technical Presentation before IFFCO's committee

Cost Optimisation (Negotiation, Asset Utilisation, Inventory Control)

- After Price Bids opening, it was observed that overall L-1 bidder is not itemwise L-1; but most of BOQ items are interlinked therefore split of contract was not possible. However in order to explore possibility of reduction in rates, L-1 bidder was asked to match item wise L-1 rates. The bidder regretted on rate matching but offered a suitable discount stating that any further additional discount will tend to compromise with the quality of the job.
- Bharat Mandapam Meal Rate Card is applicable for all customers thus there was no scope of negotiation in rates. IFFCO held negotiation with ITPO and made them agreed to provide Grade 3 Food (higher) in Grade 5 Rate (lower) and Tea/Coffee with munching snacks counter running whole day in Normal Tea/Coffee rate, which was also a cost saving in monetary terms.
- While finalising the contract IFFCO had a detailed discussion with Event Mgmt. Agency and made deletion/ redundant/ unwanted items change in BOQ resulting into significant reduction in the cost.
- IFFCO deployed a dedicated team of around 200+ employees as volunteers resulting into significant reduction in outsourcing manpower and better command on the various event activities.

Inventory Categorisation

The inventory for the conference was sourced from various vendors and categorised based on the location and timing of receipt:

Pre-event Inventory: Items like *Nettoor boxes* and *program leaflets* were delivered to IFFCO's office before being transported to Bharat Mandapam on 23rd November.

Just-in-time Inventory: Critical components, such as *conference badges* were sent directly to the venue on 24th November, reducing intermediate handling and storage requirements.

Storage and Logistics

Pre-event Inventory Management: Items received in advance were temporarily stored at the IFFCO office to ensure readiness. Careful tracking and proper labelling streamlined their movement to Bharat Mandapam, maintaining accountability.

On-site Storage: Inventory arriving on 24th November was stored in the *Retreat Lounge* at Bharat Mandapam, facilitating easy accessibility during the event. This just-in-time strategy minimised storage costs and ensured a clutter-free environment.

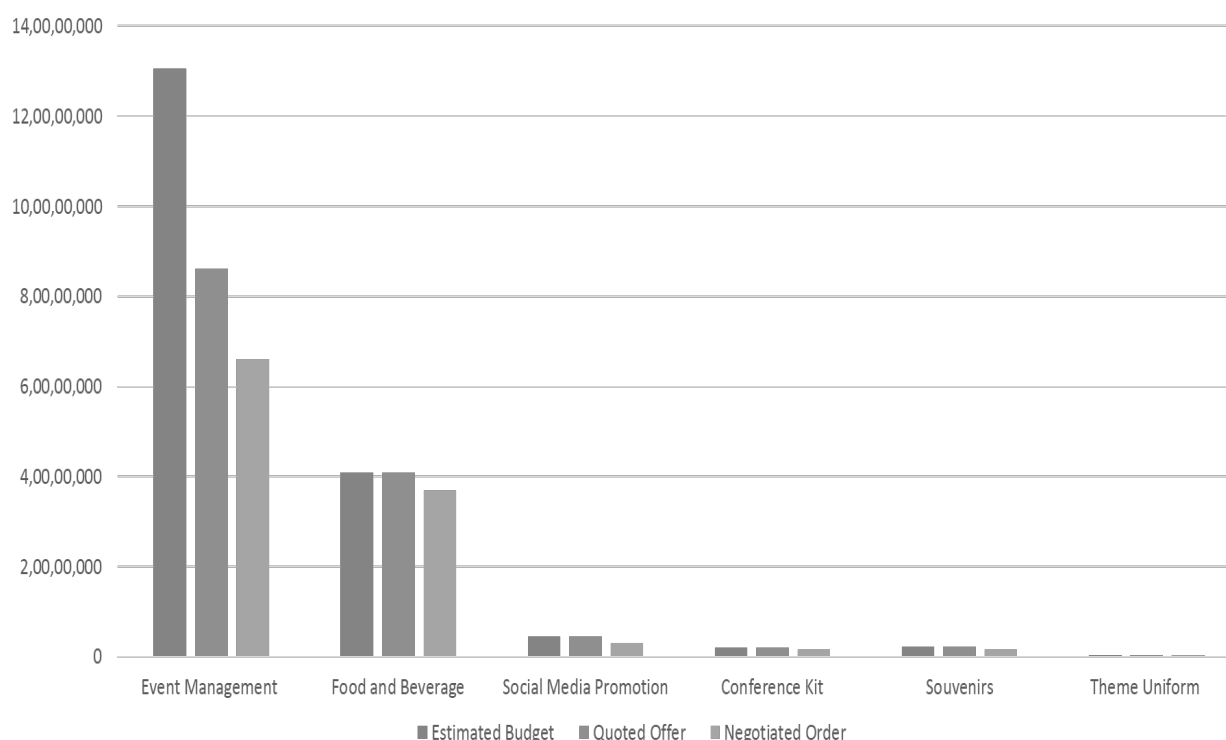
Implementation Strategy

The implementation strategy for execution of event involved:

- **Contractual Agreement:** Formalizing the partnership with the Agency through a detailed contract outlining responsibilities, timelines, and deliverables.
- **Collaborative Planning:** Establishing a joint planning committee comprising members from both IFFCO and the Agency to oversee the event's progress.
- **Resource Allocation:** Allocating necessary resources, including financial, human, and technological, to support the event's execution.
- **Planning and Coordination:** IFFCO and the Agency collaborated closely to develop a detailed event plan, including timelines, resource allocation, and contingency measures.
- **Vendor Management:** Agency managed the selection and coordination of vendors for catering, audiovisual services, and other event requirements.
- **Marketing and Promotion:** Joint efforts were made to promote the conference, leveraging both IFFCO's and Agency's networks to attract a global audience.
- **On-Site Management:** Agency oversaw the on-the-ground execution of the event, ensuring smooth operations throughout the conference.

Outcomes of the Strategy

The effective implementation of strategic sourcing and cost optimization resulted into substantial saving in the allotted/ estimated budget and successful organization of event. A pictorial representation of the same is given below –



Results/ Impact :

The dedicated efforts of team IFFCO made successful execution of the ICA Global Cooperative Conference 2024, from 25th to 30th November 2024, at Bharat Mandapam, New Delhi, India, first time in its 130 years history, pure-vegetarian, non-alcoholic and carbon neutral event promoting Indian culture and values.

Additionally, the Conference served as a platform for IFFCO to showcase its commitment to sustainable agriculture and cooperative values, reinforcing its position as a leader in the cooperative sector.

Hon'ble Prime Minister of India Shri Narendra Modi ji and Hon'ble Union Minister for Home and Cooperation Shri Amit Shah ji inaugurated the Conference, alongwith Prime Minister of Bhutan His Excellency Dasho Tshering Tobgay, Deputy Prime Minister of Fiji His Excellency Manoa Kamikamica, Resident Coordinator of UN in India Mr. Shombi Sharp, President of ICA Mr. Ariel Guarco in presence of over 3,000 delegates from more than 100 countries.

Dr. U.S. Awasthi, Managing Director of IFFCO, was honored with prestigious ICA Rochdale Pioneers Award 2024, recognizing his significant contributions to cooperative movement; pertinent to mention that only two Indians have so far received this award : i.e. Late Dr. Verghese Kurian and Dr. U S Awasthi.

IFFCO's commitment to sustainability was highlighted through the planting of 10,000 peepal saplings to offset the conference's carbon footprint.

A new Postal Stamp was also launched by Hon'ble Prime Minister of India Shri Narendra Modi ji to commemorate the UN International Year of Cooperatives 2025.

In conclusion, the effective implementation of well-crafted strategies enabled, IFFCO enabled it to host a successful and impactful international conference, aligning with its mission and vision to promote sustainable agricultural practices and cooperative values worldwide.
