03. Pou Tuatoru – Rironga

Procurement Systems

Procurement is more than just buying goods and services; it has the potential to drive significant broader outcomes.

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This article is three of six in our Tere ki Tai impact series

Unlocking the power of procurement

While procurement is a powerful tool, it can also present barriers, especially for diverse suppliers. To truly harness its impact, procurement professionals should focus on creating inclusive processes. This involves using various procurement approaches, identifying diverse sources of supply, actively scanning the market, and prioritising relationship management. Let's explore the key steps to inclusive procurement practices.

① Diverse procurement approaches and tactics

Working with diverse suppliers, particularly Māori and Pasifika businesses, requires a thoughtful approach. Different communities have unique needs, so buyer organisations will attract different suppliers by using a variety of procurement tactics.

Ensuring that procurement processes are fair and accessible to all is crucial. Building flexibility into your processes allows for adaptation, therefore ensuring that strategies evolve to meet changing market demands. According to the Chartered Institute of Procurement & Supply (CIPS), it's important that:

"the procurement system, contracting system, and policies and practices do not inhibit participation"

(CIPS, 2012)

Often using the same procurement approach time and time again doesn't enable diverse suppliers to compete and reinforces the use of the same suppliers.

② Identifying opportunities for Māori and Pasifika

Proactively identifying and analysing opportunities is key to engaging Māori and Pasifika businesses. This involves market scanning, analysing procurement categories, and reviewing upcoming contracts to find areas where supplier diversity can be improved.

Supplier diversity goes beyond a simple goal; it requires an intentional effort to diversify the supply chain. As noted by the National Minority Supplier Development Council,

"Relationships with diverse suppliers must be intentionally sought"

(NMSDC, 2015)

Organisations should not only identify existing opportunities but also create new ones tailored to the needs of Māori and Pasifika businesses. This includes examining the opportunities pipeline and adjusting processes to better accommodate these businesses.

Malcolm & Cairns (2023) highlight the importance of "looking at procurement categories, doing market scanning, and reviewing upcoming contracts to understand where Māori and Pasifika businesses could participate."

③ Simplifying vendor onboarding

Efficient and straightforward vendor onboarding processes are essential for engaging new suppliers. Complex and cumbersome procedures can deter potential suppliers, making it critical to keep these processes simple and accessible. Providing support throughout the onboarding process can help overcome potential barriers and encourage engagement.

④ Supplier relationship management

Building strong, meaningful relationships with suppliers, especially Māori and Pasifika businesses, is crucial. Kanohi-ki-te-kanohi (face to face) interaction often helps build stronger relationships. True engagement goes beyond sporadic emails or calls about price; it involves genuine effort and interest in building relationships. In-person meetings often provide

deeper insights and show a sincere interest in working together, making the interaction more personal and human.

⑤ Supplier development

Supplier development focuses on enhancing the capabilities of suppliers through engagement in contract opportunities. A robust supplier development programme builds strong relationships and drives business growth by providing structured support and resources.

Key elements of a supplier development programme include; clear programme goals and objectives, access to training and workshops, technological tools and resources, mentoring and coaching from subject matter experts and financial support or incentives.

This helps suppliers improve their efficiency, competitiveness, and overall capabilities.

⑥ Flexible contract and payment terms

Flexible contract and payment terms are crucial for supporting supplier diversity. Traditional, rigid terms often favour larger companies that can absorb delayed payments and comply with stringent conditions. By adopting more flexible terms, such as shorter payment cycles and customised contract provisions, organisations can empower smaller and diverse suppliers, including Māori and Pasifika businesses, who might lack the capital reserves to manage long wait times for payment.

Inclusive contract and payment terms create a more equitable marketplace and enhance innovation and competitiveness by bringing in a wider range of perspectives and capabilities into the supply chain.

In conclusion

By embracing flexible procurement approaches, actively seeking opportunities for diverse suppliers, simplifying onboarding processes, investing in supplier relationships, and adopting flexible contract and payment terms, organisations can create more inclusive procurement processes.

References

CIPS, 2012. Supplier Diversity, London, UK: CIPS

National Minority Supplier Development Council, 2015. How to guide to develop a corporate minority business development program, New York, USA: NMSDC.

Malcolm, K. & Cairns, F., 2023. Finding opportunities for Māori businesses. [Online] Available at: https://www.punaawarau. com/post/ finding-opportunities-for-m%C4%81ori-businesses [Accessed 12 May 2023].

Tere ki Tai

Tere ki Tai Buyer Maturity Matrix is a powerful framework designed to inspire and guide organisations towards becoming global leaders in supplier diversity.

Tere ki Tai sets a benchmark for supplier diversity maturity in Aotearoa. It provides a way to measure how well organisations have progressed and improved across supplier diversity indicators.

This article references one of the six **Ngā pou o Tere ki Tai I The Pillars of Tere ki Tai: Rironga I Procurement Systems.**

Start your Tere ki Tai journey by contacting your Supplier Diversity Lead or our Capability Manager, **Paul Tukukino**