# **Preparing a supplier engagement plan – Goods and services procurement guide**

## Why engage with suppliers?

Good supplier engagement can help your organisation meet their business objectives.

Developing collaborative and mutually beneficial relationships with existing and potential supply partners delivers greater levels of innovation and competitive advantage than could be achieved through a traditional, transactional purchasing arrangement.

Strong performance is needed on both sides for the partnership to be successful.

The Victorian Government Purchasing Board (VGPB) is committed to improving the interaction between government and the supplier market.

A supplier engagement plan (SEP) documents the processes, systems and communication approaches put in place to ensure the highest levels of trust and accountability in all dealings with suppliers. It encompasses keeping the market informed about supply opportunities, managing supplier relationships during the procurement process, and managing complaints and debriefs. Providing timely, accurate and relevant information to the market is central to maintaining a positive view of government and supporting supplier participation in the government marketplace.

The SEP is required by the VGPB as part of the assessment to transition to the proposed procurement framework. Supplier engagement is an ongoing function of the organisation subject to regular evaluation and review.

This document contains information to help organisations prepare their SEP.

It is important to manage an organisation’s communications in a coordinated and collaborative manner. We recommend involving the organisation’s internal communications unit (corporate communications) at an early stage.

### How far does supplier engagement go?

Every staff member is responsible for building and maintaining good relationships with suppliers. This applies primarily to procurement staff, project managers and contract managers, but also includes employees who make occasional purchases. It is important that suppliers hear the same message and receive the same fair treatment from every level of the organisation.

Supplier engagement activities may therefore overlap with other areas such as staff training and other stakeholder engagement activities being carried out by your organisation’s communications team.

The VGPB will implement a high-level supplier engagement plan to inform business/professional associations and peak procurement-related bodies about the procurement reform. Organisations should focus on their existing suppliers, providing reassurance when necessary and keeping them up-to-date with major developments, for example, telling suppliers when they transition.

### Objectives

Supplier engagement is an ongoing function of an organisation subject to regular evaluation and review. It is important to define supplier engagement objectives so that you can measure the success of your activities afterwards.

The minimum objectives of a SEP are to:

* improve transparency of procurement-related information;
* detail the actions, processes and activities to map engagement with the supplier market;
* make information on your procurement processes and key activities easily accessible to suppliers;
* encourage participation of small and medium enterprises (SMEs) and not for profit (NFP) organisations in government procurement;
* facilitate feedback from the supply market (including specific segments such as SMEs) regarding barriers (actual or perceived) to participate in government procurement;
* adopt new ways to engage with suppliers, for example, procedures for encouraging/managing innovation and market-based solutions;
* inform your existing suppliers about the intent and opportunities of the procurement reform; and
* provide consistent messaging to the supplier market.

## Developing a supplier engagement plan

Developing your supplier engagement plan (SEP) includes the following stages:

* **Stage 1**: Develop and document your supplier engagement processes and systems;
* **Stage 2**: Implement processes and systems; and
* **Stage 3**: Communicate processes and systems with suppliers.

Stages in developing a supplier engagement plan:

* Develop and document processes and systems
* Implement processes and systems
* Communicate processes and systems

These three stages include the following actions:

* Strategic market sector scanning
* Informing the market about supply opportunities
* Keeping suppliers informed during all stages of the tender process
* Managing relationships during the list of the contract
* Managing post-tender debriefs and complaints

### Stage 1: Develop and document processes and systems

The first step is to understand your current approach to supplier engagement and to identify gaps and opportunities for improvement.

The second step is to begin mapping out the processes and systems related to supplier engagement.

The following table outlines some key considerations for developing the processes and systems to support your supplier engagement activities.

Key considerations for developing supplier engagement processes and systems (example)

| Considerations | Details | Examples of communication activities |
| --- | --- | --- |
| How will the market be informed of forward supply opportunities? | What scope of information will the organisation provide?  In what format will the information be provided?  Where will the information be located?  How can suppliers access the information?  What will the information review/refresh period be?  Does the organisation maintain supplier lists or procedures to allow suppliers to register in advance for opportunities of interest? How would a supplier find out about these? | Publish procurement activity plan online  Publish details of any supplier lists online |
| How will the market be informed of actual supply opportunities? | What processes does the organisation adopt in seeking quotes?  How will the organisation inform the market of tender opportunities?  How will organisations inform the market of the procedures and process related to a particular opportunity?  How easy is it for SMEs and NFPs to get involved (Read the *SME Access Guide)*? | Publish procurement process information online  Support Business Victoria programs and activities |
| What generic information services will be made available? | Will the organisation establish a mailing list (hard/electronic)?  How can suppliers register for the mailing list?  Is the organisation chart available and where?  What helpline service is available to manage queries? | Publish your mailing lists online  Publish or link to your organisation chart |
| Where to go for other business support advice | Link to Procurement Victoria website  Link to Business Victoria website  Link to Tenders VIC website  Link to other relevant websites such as construction procurement websites | Ensure suppliers are aware of procurement information by publishing these links on your website |
| How will the relationship with suppliers be managed during the procurement process? | How does the organisation manage bids (including unsolicited and innovative bids)/Intellectual Property/confidentiality/ evaluation/etc.?  Under what conditions would the organisation implement project briefings for suppliers?  How does a supplier become ‘prequalified’ for certain panel arrangements?  How will the contract be monitored and managed? | Publish relevant process information online |
| How will the market be informed about management of complaints and debriefs? | Where to find the complaint management process?  What are the conditions for lodging a complaint?  Why does the organisation consider debriefs valuable for it and the supplier?  How will debriefs be managed? When will the brief take place in the process? | Publish complaints management policy and debrief information online |
| How will your organisation, subcontractors and staff learn about the Supplier Code of Conduct (the Code) and | What is the most effective way to implement the requirements of the Code? | Write to existing suppliers about the Code.  Update all market approach templates and contracts to include the Code and its associated documents.  Communicate with all buyers about the Code , the scope of the code and how to apply the Code.  Update all organisation policies, procedures and tools to incorporate the Code and its associated documents. |
| How will staff learn about changes to supplier engagement? | What is the most effective way to reach VPS employees that work regularly with suppliers (contract managers, procurement professionals, buyers)?  Should supplier engagement be incorporated into internal procurement training? | Update procurement information on your Intranet |
| How will your organisation implement the SEP? | How can supplier communication activities be incorporated into the activities planned as part of the wider implementation of the reform in your organisation?  What level of support can corporate communications provide?  Do you have senior management buy-in? | Engage corporate communications and the procurement reform implementation team  Present your proposed SEP to relevant senior managers |
| How will supplier engagement activities meet the principle of scalability? | How will the organisation prioritise time and attention when dealing with suppliers? For example:   * high-risk and critical procurement undertaken by organisations; * suppliers who are critical to the delivery of a project/program; * suppliers who operate in high-risk or volatile settings or have essential supply chains located in high-risk/volatile settings; and * low-risk but high spend suppliers (with the potential for greater savings) | Ensure buyers are involved in supplier engagement strategy development. |

Consider establishing roles and responsibility for your SEP. Establish a team (could be a ‘virtual’ team) and a forum to plan and review the implementation of your SEP on an ongoing basis.

#### Evaluating your SEP

It is recommended that the SEP team produce a regular report (for example, every two months) to track the process to see how well the SEP is meeting its objectives.

The VGPB may request oversight of this evaluation if deemed necessary.

### Stage 2: Implement processes and systems

Implement the processes and systems identified in Stage 1. This will most likely require some form of project plan with assigned roles and responsibilities. This information will make up the main body of the SEP as part of the assessment to manage transition.

This stage may overlap with other activities related to implementing the proposed procurement reform.

### Stage 3: Communication processes and systems

This section contains some tools to help you communicate more effectively with your target audience. Some examples of communication activities are also given in Table Key considerations for developing a supplier engagement plan (above).

#### Target audience analysis

To communicate effectively and in a results-driven way, organisations need to understand that suppliers may have different concerns and may respond to different communication approaches. For example, you could categorise suppliers by size, market segment or risk. Segmenting suppliers by risk or spend would allow you to prioritise the relationship with suppliers involved in high-risk procurement or those with the highest spend (and the potential for savings).

An example of how you might analyse your various supplier groups is shown in the Supplier engagement plan tool.

## Using this guide

This guide accompanies the goods and services supply policies. There are 5 supply policies:

* Governance policy
* Complexity and capability assessment policy
* Market analysis and review policy
* Market approach policy
* Contract management and disclosure policy

This guide supports the [Governance policy](https://buyingfor.vic.gov.au/governance-goods-and-services-policy-and-guides).

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