

# Guide to Developing a Supplier Engagement Plan

## Contents

<b>What is a Supplier Engagement Plan?</b> .....	<b>2</b>
Objectives of a Supplier Engagement Plan .....	2
<b>Why develop a Supplier Engagement Plan?</b> .....	<b>2</b>
Who is involved with supplier engagement?.....	3
Developing a Supplier Engagement Plan.....	3
Stage 1: Develop and document processes and systems/procedures.....	3
Stage 2: Implement processes and systems/procedures .....	3
Stage 3: Communicate processes and systems/procedures with suppliers .....	3
<b>Target audience analysis</b> .....	<b>6</b>
<b>Procurement reform messages</b> .....	<b>6</b>
Communicating with suppliers.....	6
<b>More information</b> .....	<b>6</b>
<b>Disclaimer</b> .....	<b>6</b>
<b>Appendix 1: Target audience analysis</b> .....	<b>7</b>

## What is a Supplier Engagement Plan?

Providing timely, accurate and relevant information to the market is central to maintaining a positive view of government and to supporting supplier participation in government procurement activities.

A Supplier Engagement Plan (SEP) documents the processes, systems and communication approaches that are 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.

### Recommendation

It is recommended that you measure your performance against the SEP objectives and report the results regularly (e.g., quarterly) to your health service's Chief Procurement Officer (CPO) or Accountable Officer (AO).

## Objectives of a Supplier Engagement Plan

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

The minimum objectives of an SEP are to:

- Provide a consistent message to suppliers concerning procurement
- Inform existing suppliers about the intent and opportunities of the procurement reform
- Increase the transparency of procurement processes and activities
- Map engagement with suppliers by detailing relevant actions, processes and activities
- Encourage participation from Small and Medium Enterprises (SMEs) and Not For Profit (NFP) organisations
- Adopt new ways of engaging with suppliers (for example, procedures for encouraging/managing innovation and market-based solutions)
- Maintain good supplier relationships to encourage better contract performance and ongoing efforts to seek improvements and drive better value for money.

## Why develop a Supplier Engagement Plan?

Health services should implement a high-level SEP to inform key business and professional stakeholders and peak procurement-related bodies about the procurement intended. Health services should initially focus their SEP on existing suppliers, to provide reassurance when necessary and to keep suppliers up-to-date with major developments (e.g., telling suppliers when you begin the transition to a new procurement framework<sup>1</sup>).

Good supplier engagement can help your health service meet its business objectives and strong performance is needed on both sides for each partnership to be successful. Therefore, developing collaborative and mutually beneficial relationships with existing and potential suppliers delivers greater levels of innovation and competitive advantage, and hence added value, than could be achieved through a traditional transactional purchasing arrangement.

---

<sup>1</sup> The PGF may consist of Policies and/or Procedures to make up the PGF but may/or may not be called the PGF.

## HSV Purchasing Policy requirement

Supplier engagement is an ongoing function of procurement best practice. The HSV Purchasing Policy 1-Governance requires that health services develop an SEP as part of their procurement governance framework and that they review and evaluate their SEP regularly.

## Who is involved with supplier engagement?

Every staff member is responsible for building and maintaining good relationships with suppliers. This applies primarily to procurement staff (e.g., 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.

Therefore, supplier engagement activities may overlap with other areas, such as staff training and stakeholder engagement activities being carried out by your organisation's communications team.

### Communications planning

It is important to manage your health service's communications in a coordinated and collaborative manner. You should involve where appropriate your internal corporate communications team/processes or gain independent review from colleagues in developing your SEP.

## Developing a Supplier Engagement Plan

The following stages are the three key steps to developing your SEP:

**Stage 1:** Develop and document processes and systems/procedures

**Stage 2:** Implement processes and systems/procedures

**Stage 3:** Communicate processes and systems/procedures with suppliers

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

First, you need to understand your current approach to supplier engagement and identify gaps and opportunities for improvement.

Second, you need to begin mapping out processes and systems/procedures that are related to supplier engagement. Table 1 (overleaf) outlines some key considerations for developing processes and systems/procedures to support your supplier engagement activities.

### Stage 2: Implement processes and systems/procedures

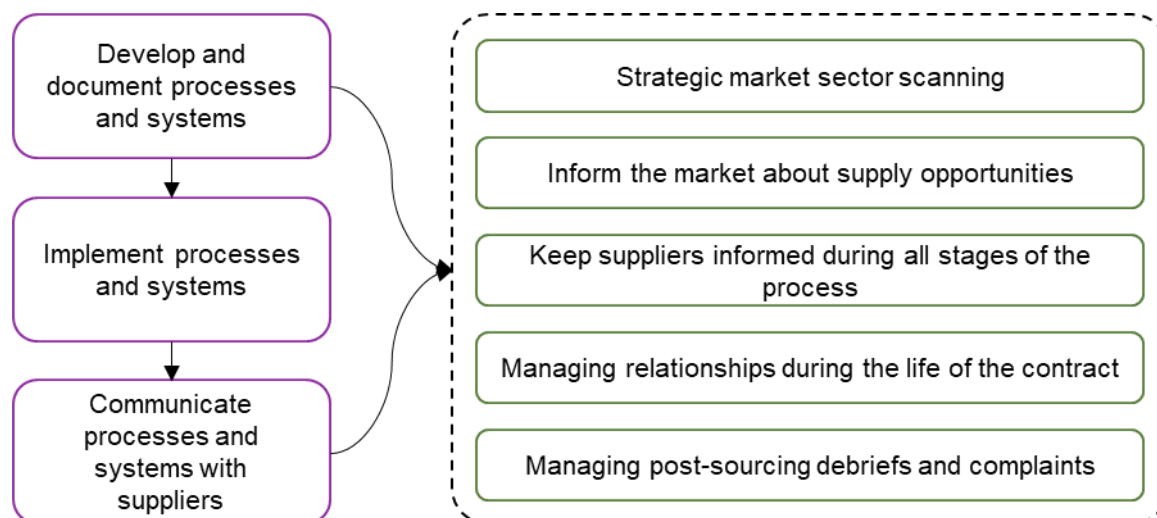
Implementing the processes and systems/procedures identified in Stage 1 will most likely require some form of project plan with assigned roles and responsibilities. Consider establishing a team (this could be a cross functional ad hoc team) to plan the implementation of your SEP and to review the SEP on an ongoing basis.

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

### Stage 3: Communicate processes and systems/procedures with suppliers

The following sections contain tools to help you communicate more effectively with your target audience. Table 1 (overleaf) also provides some examples of communication activities.

**Figure 1:** Stages of developing your Supplier Engagement Plan



**Table 1:** Key considerations and examples for developing supplier processes and systems

Considerations	Details	Examples
<b>How will you inform the market of forward supply opportunities?</b>	<p>What scope of information will you provide?</p> <p>In what format will the information be provided?</p> <p>Where will the information be located and how can suppliers access the information? How frequently will the information be reviewed and/or refreshed?</p> <p>Do you maintain supplier lists or procedures to allow suppliers to register in advance for opportunities of interest? How would a supplier find out about these?</p>	<p>Publish your procurement activity plan online.</p> <p>Publish details of any supplier lists online.</p>
<b>How will you inform the market of actual supply opportunities?</b>	<p>What processes do you adopt in seeking quotes?</p> <p>How will you inform the market of supply opportunities?</p> <p>How will you inform the market of the process and procedures related to a particular supply opportunity?</p> <p>How easy is it for SMEs and NFPs to get involved?</p>	<p>Publish relevant procurement processes online Support Business Victoria programs and activities Direct suppliers to the Local Jobs First Policy and Fair Jobs Code.</p>
<b>What generic information will you make available?</b>	<p>Do you have a mailing list (? If so, how can suppliers register to this list? Is the organisation chart publicly available? If so, where can suppliers access this?</p> <p>What channels are available to the market to raise queries?</p>	<p>Provide an online registration for mailing lists</p> <p>Publish your organisation chart online</p> <p>Publish key contact details online (per supply category or activity)</p>

Considerations	Details	Examples
<p><b>How will you manage your relationship with suppliers during the procurement process?</b></p>	<p>How do you manage bids (including unsolicited and innovative bids), intellectual property, confidentiality, evaluation etc.)?</p> <p>Under what conditions would you implement project briefings for suppliers? How does a supplier become 'prequalified' for certain panel arrangements? How are contracts monitored and managed?</p>	<p>Publish relevant procurement processes online.</p>
<p><b>How will you inform the market about the process for managing complaints and debriefs?</b></p>	<p>Why do you consider debriefs to be valuable (for your health service and for suppliers)? How will debriefs be managed? When will the debrief take place in the process?</p> <p>Where can suppliers access your complaint management policy and procedure? What are the conditions for lodging a complaint?</p>	<p>Publish information online regarding the availability and timing of debriefs.</p> <p>Publish your complaints management policy and procedure online.</p>
<p><b>How will staff learn about supplier engagement?</b></p>	<p>What is the most effective way to communicate with employees who work regularly with suppliers (contract managers, procurement professionals, buyers)?</p> <p>Should supplier engagement be incorporated into internal procurement training?</p>	<p>Post relevant procurement information on your intranet.</p>
<p><b>How will you implement the SEP?</b></p>	<p>How can supplier communication activities be incorporated into the activities planned as part of the wider implementation of procurement processes?</p> <p>What level of support can corporate communications/or other colleagues within your health service provide? Do you have senior management buy-in?</p>	<p>Engage corporate communications or relevant team members with capability and the procurement team</p> <p>Present your proposed SEP to relevant senior managers for review and feedback.</p>
<p><b>How will supplier engagement activities meet the principle of scalability?</b></p>	<p>How will you prioritise time and attention when dealing with suppliers? For example:</p> <ul style="list-style-type: none"> <li>• high-risk and critical procurement activities</li> <li>• suppliers who are critical to the delivery of a project</li> <li>• suppliers who operate in high-risk or volatile settings, or who have essential supply chains located in high-risk/volatile settings</li> <li>• low-risk but high-spend suppliers (with the potential for greater savings)</li> </ul>	<p>Ensure that buyers are involved in developing supplier engagement strategies.</p>
<p><b>Where should the market go for other business support and advice?</b></p>	<p>Link to the HealthShare Victoria website.</p> <p>Link to the Industry Capability Network website.</p> <p>Link to the Tenders VIC website.</p> <p>Link to other relevant websites, such as GS1 and NEHTA.</p>	<p>Ensure that suppliers are aware of relevant procurement information by publishing these links on your website, including these links in documents, etc.</p>

## Target audience analysis

To communicate effectively 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 relationships with suppliers who are involved in high-risk procurement activities or those with the highest spend (and the potential for savings).

*Appendix 1* provides an example of how you might analyse your various supplier groups.

**Note:** The word 'supplier' is primarily used within government; replace this with 'business' in all external communications.

## Procurement reform messages

A message is a simple and clear idea that acts as a guiding principle for all kinds of communications, from the content of leaflets, brochures and websites to the agenda for a media interview and conversations with stakeholders. A message should respond to the concerns identified in your target audience analysis (see *Appendix 1*) and support your objectives.

The messages you create for your suppliers will depend on how they respond to the considerations in *Appendix 1*.

## Communicating with suppliers

Communicating with the wider supply market about procurement is the responsibility of a health service more generally as you need to respond to enquiries from suppliers and may want to promote opportunities in the PAP.

## More information

Related documents and templates are available on the HSV website.

## Disclaimer

The information presented in this document is general in nature and based on HealthShare Victoria's interpretation of the *Health Services Act 1988 (Vic)* and any ancillary legislation and regulations in effect at the time, and should not be relied upon as legal advice. Please consider seeking professional and independent advice from your legal representative as to the applicability and suitability of this information and the legislation to your own business needs or circumstances.

## Appendix 1: Target audience analysis

Target Audience	Concerns	Risks	Needs	Treatment
<b>External audience</b>	For example: Health services' Invitations to Supply are badly managed. <b>&lt;Complete&gt;</b>	Inadequate or poorly targeted communication is a disincentive for suppliers to participate in procurement activities. <b>&lt;Complete&gt;</b>	Ongoing information and status updates regarding procurement opportunities. <b>&lt;Complete&gt;</b>	Make your health service's relevant processes and procurement activity plan readily available to suppliers. <b>&lt;Complete&gt;</b>
<b>Suppliers (general) (supplying goods and services to health services)</b>	For example: Invitations to Supply are too complex and mandatory requirements too excessive for small suppliers. <b>&lt;Complete&gt;</b>	Fewer suppliers participating in the procurement activity may limit innovation and value-for-money outcomes. <b>&lt;Complete&gt;</b>	Consideration given to creating a level playing field for all suppliers. <b>&lt;Complete&gt;</b>	Ensure that Invitation to Supply documents are scaled to the scope and complexity of the category. <b>&lt;Complete&gt;</b>
<b>SMEs</b>	For example: SMEs are given favourable treatment over the cost advantages available from large suppliers. <b>&lt;Complete&gt;</b>	Challenges made to the sourcing outcome. <b>&lt;Complete&gt;</b>	Consideration given to creating a level playing field for all suppliers. <b>&lt;Complete&gt;</b>	Publish your procurement activity plan online, and ensure that evaluation criteria are available as part of the Invitation to Supply. <b>&lt;Complete&gt;</b>
<b>Larger suppliers</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>
<b>NFPs</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>
<b>Suppliers involved in high-risk procurement activities</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>
<b>Internal audience</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>
<b>Contract managers</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>
<b>Procurement staff</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>
<b>Buyers</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>
<b>Other</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>	<b>&lt;Complete&gt;</b>