

HOW TO

Engage with industry and other stakeholders

Successful procurement and contract management outcomes require effective engagement between public authorities and industry stakeholders throughout each process. This document should be read in conjunction with:

- *Premier and Cabinet Circular 036 – Community and Stakeholder Engagement*
- SA Government Better Together Principles of Engagement Handbook.

Industry engagement that is genuine, timely and constructive will strengthen the processes and outcomes of any activity.

Principles of engagement – whole of government

As set out in *Premier and Cabinet Circular 036 Community and Stakeholder Engagement*, all stakeholder engagement carried out by public authorities must follow the Better Together Principles of Engagement.

1. We know why we are engaging
2. We know who to engage
3. We know the history
4. We start together
5. We are genuine
6. We are relevant and engaging

Public authorities should be respectful of the nature and resources of suppliers at all times.

Principles of engagement – procurement and contracts

Some key principles to keep in mind when applying PC036 to industry and stakeholder engagement during procurement and contracting include:

- deliver what is promised
- be consistent
- respond promptly
- encourage positivity and engagement
- have a single point of contact
- keep records of all engagements
- ensure information is shared with all
- be unbiased in all forms of communication
- be inclusive and respectful
- engage early and regularly.

What is industry engagement in procurement?

Industry engagement is a type of stakeholder engagement. In procurement, industry engagement means working with current and potential suppliers to shape or inform the decisions of industry and/or the government.

Industry engagement has many benefits for procurement activities, including:

- facilitating consultation, transparency and collaboration
- promoting the market's understanding of, and trust in, procurement processes
- ensuring that procurement processes serve the needs of our suppliers, end users, and other stakeholders
- supporting the government to develop its knowledge of market capability and capacity
- empowering the government to act as a well-informed buyer.

Engaging with different types of industries

Each procurement will require engagement with different types of industry stakeholders. The general principles of engagement apply to all types of stakeholder, however, it is important to consider the nature and context of each engagement and tailor communications appropriately. Characteristics of industry stakeholders to consider include:

- **Size and resourcing:** large, well-resourced businesses, small to medium enterprises
- **Maturity:** well established businesses, entrepreneurs and start-ups
- **Reach:** global, national, state-wide, local
- **Model:** for-profit, not-for-profit
- **Leadership and workforce:** Aboriginal enterprises, disability enterprises, women-owned businesses
- **Audience:** for example, executives (management, finance, procurement, etc), technical, sales, operational
- **History:** prior engagement experiences can impact future relationships by setting up biases and expectations.

Consider engaging with **industry groups, peak bodies and advisory bodies** as an effective way of engaging with a large market. Consider whether different methods of engagement may be needed to involve all suppliers – interpreters, liaison officers, industry experts and industry forums can encourage engagement.

Engaging at different times

Public authorities engage with suppliers at all stages of procurement and contract management. Public authorities should plan and manage each stage of engagement with intentionality to maintain fairness, consistency and transparency.

When setting up procurement governance arrangements engagement should support the establishment of constructive relationships with clear roles and responsibilities.

When planning procurements engagement should continue building relationships and create a shared understanding of needs and opportunities.

When sourcing procurements engagement should continue building relationships and ensure the probity and equity of a market approach and outcome.

When managing contracts engagement should continue building relationships and constructively manage the challenges and opportunities that arise throughout the term of the contract.

Industry engagement during procurement planning

During procurement planning, public authorities should seek diverse engagement with prospective suppliers. Procurement plans for complex or strategic procurements must include a formal **stakeholder engagement plan**, but all procurements benefit from some form of planning for engagement mechanisms, timeframes and objectives. Engagement should:

- not favour a supplier or a brand but should explore markets broadly
- be unbiased and should engage with open questions
- make no commitments about the awarding of a potential contract should be made during engagement
- respect suppliers' intellectual property
- ensure the same information is provided at all engagements.

Procurement planning is a good time to consider establishing an **engagement register** to record interactions, and a **lessons learned** register to build agency knowledge and skills.

Industry engagement during sourcing

The objectives of engagement during sourcing are:

- for **buyers** to ensure suppliers correctly understand the procurement need
- for **suppliers** to ensure the buying agency correctly understands the proposal presented
- for **buyers** to determine which supplier(s) best meets the tenders requirements.

During sourcing planning and activity, public authorities should engage with industry through, at minimum:

- market approach (including for open, complex and strategic, standing offers, and/or prequalification lists)
- communication with suppliers (e.g. disclosures, nomination of contact officers, clarifications, addenda)
- contract offers, notifications of unsuccessful tenders
- contract negotiations
- supplier debriefs.

Other opportunities for engagement at this stage include:

- industry briefings in the early stages of market approach
- presentations during evaluation
- site visits during evaluation

Engagements during sourcing will vary depending on the nature of the procurement, with greater investment and complexity for more complex, higher-risk procurements.

Industry engagement during contract management

The objectives of engagement in contract management are:

- for **buyers** to ensure the benefits negotiated in the contract are delivered/realised
- for **suppliers** to successfully meet the requirements of the contract and develop a positive working relationship with the buyer
- for both **buyers and suppliers** to seek continuous improvement in the contract operation, their individual practices, and their relationship.

During contract management, public authorities should follow engagement plans in the contract management plan.

Public authorities will further engage with stakeholders during contract management through, at minimum:

- contract establishment/startup
- contract administration
- regular and/or ad hoc contract management meetings
- performance management
- dispute resolution
- reporting
- contract extension, variation, closure, and/or transition planning

Additional engagement through contract management may be required based on the contract and circumstances.

Risks to consider when engaging with industry

Industry engagement can introduce risk but can also introduce risk dialogue which lays the foundations for risk management throughout the procurement and contract. Early planning should produce clear instructions on:

- what engagement activities to conduct
- how to conduct/manage engagement activities, including communication, information, and intellectual property
- how disputes and records will be managed

While probity is the greatest risk within industry engagement, misunderstanding and miscommunication can create significant problems, such as:

- favouring suppliers who participated in engagement through shaping specifications based on their input or capability
- suppliers believing the industry engagement will lead to a procurement exercise, prompting them to invest in capability, product development, and/or supply chains
- participants misunderstanding through engagement that an order has been placed for goods and/or services

The risks of conducting industry engagement should not discourage public authorities from engaging the market and should be considered and appropriately mitigated throughout the process.