

Strategic Procurement

Structured approach to strategic procurement

Government spends billions of dollars each year in the provision of goods and services that are needed to deliver public policy and business objectives. Good public service outcomes depend on good procurement - properly planned and effectively executed procurement is essential for all agencies.

There are several differences in methodology and execution between a traditional approach to individual procurements and a strategic approach:

- A traditional approach to procurement is to view it as an administrative function for buying goods and services.
- A strategic approach involves understanding the importance of the procurement to the agency in achieving its outcomes, sourcing suppliers and managing relationships to successfully deliver against public policy objectives and business needs, while delivering overall value for money.

For agencies, strategic procurement can be identified at two levels: firstly, involving high-level strategic thinking and business planning; and secondly, at an operational level when dealing with individual acquisitions.

Overarching procurement strategy

Agencies are encouraged to take a strategic approach to managing public funds. For procurement activities, this often involves developing an overarching procurement strategy. The process is supported by a detailed analysis of historic and forecast spend to identify the volume, value and risk associated with the acquisition of different types, or categories, of goods and services.

Using the supply positioning model, procurements can be seen to range from high-volume, low-value, low-risk transactional purchases (where there are many suppliers), to high-risk, high-cost specialist goods and services (where there are a limited number of suppliers).

Through the supply positioning model an agency can plan how it will procure different categories of goods and services. This will inform the allocation of resources across the organisation as well as identifying appropriate procurement procedures.

Our 'Guide to Mastering Procurement' includes a comprehensive discussion of strategic procurement.

Individual strategic procurement

At an operational level, agencies are encouraged to take a strategic approach to individual procurements. Our 'Guide to Mastering Procurement' focuses on strategic procurement at an operational level. The methodology and approach to strategic procurement, outlined in the guide, involves robust research, analysis and planning that results in a procurement strategy that influences and shapes the market to meet your needs.

It demonstrates how:

- research and planning add value to sourcing, implementation and results;
- collaborative cross-disciplinary team work leads to strengthened solutions;
- good governance and project management ensure delivery is on time, on budget and to specification; and
- professionalism and ethics support due process, accountability and transparency.

Download a copy of this must-read [Guide to mastering procurement \[1 MB PDF\]](#).

[Mastering Procurement - the guide](#)

Information about the Guide to Mastering Procurement