WellingtonNZ

project ue
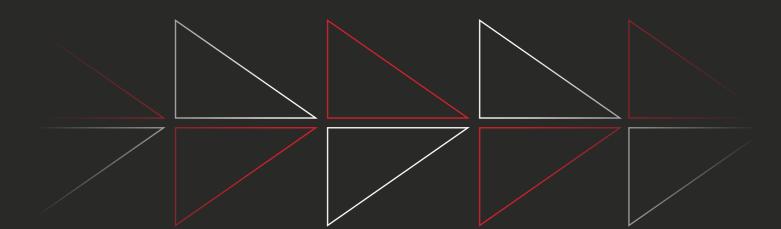
WellingtonNZ Procurement Framework Report

Te Ara Hiranga

Acknowledgements

Foreword

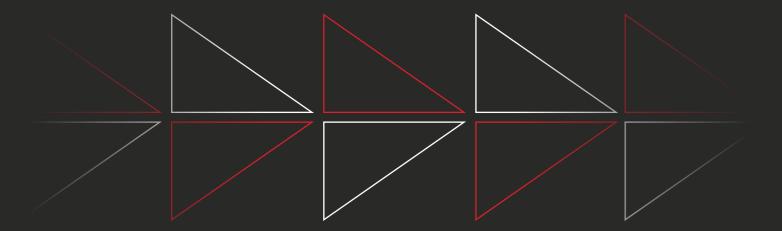For those who have read our report *"Opportunities for Impact through Procurement"*, this was a small step to understand the current state of the procurement system through the lived experiences of buyers and suppliers in our region.

Our goal has always been to encourage greater participation in a system that is highly complex. Even the kupu (word) Procurement is problematic as it is not easily understood by many, including those who want participate in the system.

And so using our initial report as the means to breathe life into this kaupapa, we commissioned a follow-on piece of work that we named Project UE. We chose UE as this reflects a desire to push for system change.

Our initial brief was a Warrant of Fitness to help businesses assess whether it was worthwhile to engage in the system. We knew it was critical to reflect the voices of businesses and engaged Te Ara Hiranga to lead a co-design process.

Where we have landed is a set of five products that span the life-cycle of procurement.

As it turns out from the deeper understanding we now have, these products will enable businesses to better understand and participate in the system. Ultimately this should contribute to the wealth and prosperity of our regional economy.

The whakataukī that best encapsulates what we see as the core to a future state where opportunities for impact through procurement are realised is:

Mā te kimi ka kite, Mā te kite ka mōhio, Mā te mōhio ka mārama

Seek and discover. Discover and know. Know and become enlightened.

A final point is the role of local government. An important, yet often forgotten fact, is the movement to support better "Supplier Diversity" practices in Aotearoa New Zealand started in local government.

The recommendations from this Procurement Framework report remind us that to bring about change, we need the support of and leadership from local authorities in our region. Our next step will be to develop an engagement strategy so that we can progress the actions that have been identified through a robust co-design process.

Toni Kerr
Ngāti Tūwharetoa, Ngāti Raukawa ki te Tonga
General Manager - Māori Economic Development and Strategy

Executive Summary

In 2024 Te Ara Hiranga was engaged by WellingtonNZ to develop a single product aimed at enhancing procurement outcomes for diverse small businesses (Vendors). A project was developed (Project Ue) to deliver these outcomes. A series of engagements and workshops with procurement specialists and representatives from diverse small businesses ultimatey led to the identification and prototyping of five products that fit within the contract lifecycle. Broadly the contract lifecycle has three phases, pre-contract, during contract, and post contract delivery.

The products have been designed to improve engagement, knowledge, streamline processes, and ensure compliance across each phase of the contract lifecycle. These prototypes have since been tested with business representatives, and a set of high-level requirements developed for the next phase of project implementation.

The next steps are to seek mandate and then develop interest with buyers to achieve wider adoption (beginning with Local Authorities and related entities), work on policy settings to support the core programme, and build a business case for the development of the tools. At this point the products can be built and implemented, we recommend beginning with the Warrant of Fitness and ProcureMaster Suite product development. The following are summary recommendations from the project regarding the implementation of next steps:

Summary of Recommendations:

Strategic Support & Approval:
Establish a coalition of the willing with key strategic partners and develop a business case to secure approval for the project's detailed design and implementation phases. This includes costs to develop. In the first case seek to establish commitment from local authorities in our region.

Programme Design:
Engage stakeholders through codesign workshops and surveys to define user needs and use cases, map the procurement lifecycle, prioritise core features like the Warrant of Fitness, and ensure legal compliance.

Building the Solutions:
Develop a scalable, secure, and user-friendly cloud-based architecture that enables development and roll-out of the suite of tools beginning with the Warrant of Fitness and ProcureMaster Suite.

Supporting longevity:
The solution must continue to be maintained and developed so that it forms a long-term sustainable resource that is adopted widely.
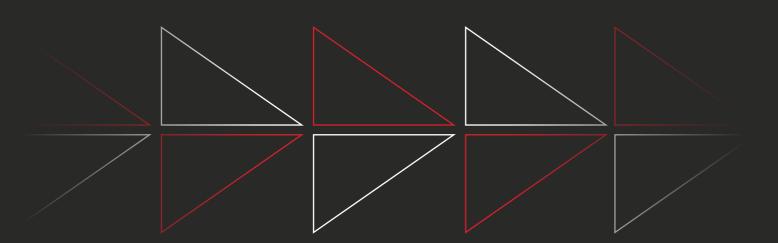
Introduction

Manaaki – nurturing
Tātou - inclusive
Toitū - sustainable

The WellingtonNZ procurement project, "Project Ue", seeks to create a more inclusive and efficient procurement environment that better supports all Vendors, including those owned by Māori, Pasifika, and local businesses who are best placed to provide value for money and effective services to their regions. This report outlines the framework developed to achieve this objective, covering each phase of the procurement process, from pre-contract to post-contract delivery.

Stakeholder feedback has been integral in shaping this report, ensuring the framework meets the needs of all participants. Five products are proposed in this report.

The products developed have gone through several rounds of testing with both procurement specialists and businesses. The testing considered policy settings, applicable laws, and realistic practices. It is noted that good practice already occurs in some procurement processes, but feedback is strong that current government procurement favours tier one or prime contractors over smaller businesses, as tier one suppliers are perceived as less risky.

We thank all participants for their time, openness, and mindful approach to this mahi. Without your input this would not have been possible.

![UE logo]

Procurement Framework Overview

Connect & Thrive	Procure Master Suite	Warrant of Fitness	Contract Performance Platform	Procure Refine

| Pre contract | | | During contract | Post contract |

Warrant of fitness continuous improvement

Phase One:
Pre-contract

Workshop participants identified opportunities and challenges in the pre-contract phase. This time is seen as the chance to prepare your business to be ready for procurement opportunities, the key opportunities in this phase were:

1. Preparing your business to be compliance and capability ready.
2. Building an awareness of the environment, pipeline of opportunities, and how to access them.
3. Building relationships with buyers (appropriately).
4. Buyers 'right-sizing' contracts so that small businesses can compete for them.
5. Building awareness of different types of responses including unsolicited and 'out of form' (and how to capture these insights).

The difficulties highlighted in this stage were:

6. Having the capacity to dedicate time to building relationships.
7. Small vendors are perceived as risky, meaning contracts are awarded to those with a proven track record.
8. That prime contractors already have strong relationships and people dedicated to the role of maintaining them.
9. That pipelines of work in government are not always consistent and projects cannot be counted on to arrive.
10. RFP completion takes time and specialist skills are not always available to vendors.
11. Small vendors see the RFP process as stacked against them and favoring prime contractors.
12. Procurement specialists must be seen to maintain integrity through the process and relationships could be perceived to impact that (conflict).

Connect & Thrive

Description and Objectives
"Connect & Thrive" is designed to foster early engagement between buyers and Vendors, ensuring these businesses are well-prepared to participate in procurement opportunities through pipelines of work coming through council (and other agency) plans. The primary objective is to build strong relationships and provide Vendors with the resources they need to succeed. Connect & Thrive builds awareness of the procurement eco-system and how to identify future potential opportunities while also developing a business brand in the eyes of the buyers.

Key Features and Benefits
Connect & Thrive is about offering networking events, educational workshops, and procurement resources, which aim to demystify the procurement process for small businesses.

Building Strong Relationships
Objective: Establish and maintain robust relationships between buyers and suppliers through mutual understanding and collaboration.
Outcome: More effective procurement processes driven by strong partnerships.

Engagement Events and Networking Opportunities
Events: Regular networking forums, trade shows, and meet-and-greet sessions.
Purpose: Facilitate direct interactions between procurers and suppliers to better understand each other's needs.
Benefit: Strengthens relationships and enhances the likelihood of successful procurement engagements.

Supplier Diversity Network
Platform: Connects diverse suppliers with potential buyers.
Features: Supplier profiles, case studies, success stories, feedback ratings, networking events, webinars, and virtual meet-and-greets.
Benefit: Promotes diversity in procurement and facilitates opportunities for diverse suppliers.

Structured Information Sessions
Sessions: Regular information meetings to explain the procurement process, requirements, and expectations. Aligned to actual pipelines of work in council long term plans and delivered in a timely enough manner to promote improvement actions.
Objective: Help suppliers understand the procurement cycle and effectively respond to opportunities.
Benefit: Provides clarity and guidance to Vendors, improving their ability to meet procurement needs. Vendors appreciate that these sessions will be structured around actual pipelines of opportunities that could result in potential future work.

Impact on Small Business Engagement
"Connect & Thrive" could improve Vendors' awareness and readiness to engage in procurement activities. There are organisations currently carrying out activities that align with Connect & Thrive however these do not meet all the criteria and in some cases miss the purpose by focusing heavily on one industry or delivering events that are more social. Create an online tool tool that delivers information and resources in support of existing kanohi ki te kanohi event providers.

Direct Feedback
Networking events: a lot of talk and not the buyers in the room.
Meet the buyers: often focused around construction.
Networking groups: sometimes prioritise social activities over business support.
Procurement websites: keeps buyers and Vendors at arm's length and in the case of GETs is a poor technological solution and hard to use.
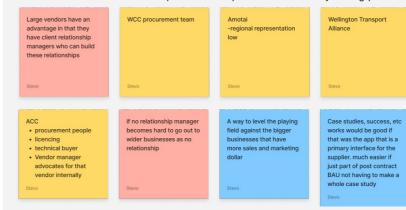
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*Procurement Framework Overview Prototype"
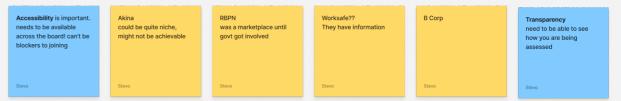
1. Building Strong Relationships
- **Objective:** Establish and maintain robust relationships between buyers and suppliers through mutual understanding and collaboration.
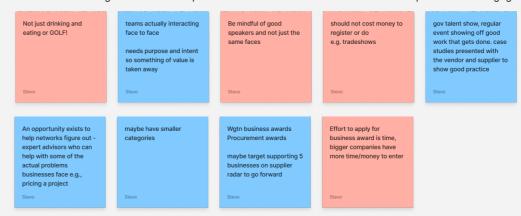- **Outcome:** More effective procurement processes driven by strong partnerships.

Sticky notes:
- Large vendors have an advantage in that they have client relationship managers who can build these relationships — Stevo
- WCC procurement team — Stevo
- Amotai –regional representation low — Stevo
- Wellington Transport Alliance — Stevo
- ACC • procurement people • licencing • technical buyer • Vendor manager advocates for that vendor internally — Stevo
- if no relationship manager becomes hard to go out to wider businesses as no relationship — Stevo
- A way to level the playing field against the bigger businesses that have more sales and marketing dollar — Stevo
- Case studies, success, etc works would be good if that was the app that is a primary interface for the supplier. much easier if just part of post contract BAU not having to make a whole case study — Stevo

2. Supplier Diversity Network
- **Platform:** Connects diverse suppliers with potential buyers.
- **Features:** Supplier profiles, case studies, success stories, feedback ratings, networking events, webinars, and virtual meet-and-greets.
- **Benefit:** Promotes diversity in procurement and facilitates opportunities for diverse suppliers.

Sticky notes:
- **Accessibility** is important. needs to be available across the board! can't be blockers to joining — Stevo
- Akina could be quite niche, might not be achievable — Stevo
- RBPN was a marketplace until govt got involved — Stevo
- Worksafe?? They have information — Stevo
- B Corp — Stevo
- **Transparency** need to be able to see how you are being assessed — Stevo

3. Engagement Events and Networking Opportunities
- **Events:** Regular networking forums, trade shows, and meet-and-greet sessions.
- **Purpose:** Facilitate direct interactions between procurers and suppliers to better understand each other's needs.
- **Benefit:** Strengthens relationships and enhances the likelihood of successful procurement engagements.

Sticky notes:
- Not just drinking and eating or GOLF! — Stevo
- teams actually interacting face to face needs purpose and intent so something of value is taken away — Stevo
- Be mindful of good speakers and not just the same faces — Stevo
- should not cost money to register or do e.g. tradeshows — Stevo
- gov talent show, regular event showing off good work that gets done. case studies presented with the vendor and supplier to show good practice — Stevo
- An opportunity exists to help networks figure out - expert advisors who can help with some of the actual problems businesses face e.g., pricing a project — Stevo
- maybe have smaller categories — Stevo
- Wgtn business awards Procurement awards maybe target supporting 5 businesses on supplier radar to go forward — Stevo
- Effort to apply for business award is time, bigger companies have more time/money to enter — Stevo

4. Structured Information Sessions
- **Sessions:** Regular information meetings to explain the procurement process, requirements, and expectations.
- **Design:** Help suppliers understand the procurement cycle and effectively respond to opportunities.
- **Benefit:** Provides clarity and guidance to suppliers, improving their ability to meet procurement needs.

Sticky notes:
- Difficult to offer briefings as projects subject to political cycles — Stevo
- businesses need to not pin hopes on one project but stay the course for the eco system if aiming for Govt work need to be agile and sustainable — Stevo
- bigger companies are advantaged when following the pipeline and wider ecosystem — Stevo
- could there be another pre-RFI process. mini briefing session/ co design group paid — Stevo
- Approach to mareket to — Stevo

ProcureMaster Suite

Description and Objectives
The "ProcureMaster Suite" serves as a comprehensive toolkit for managing the procurement process efficiently. The objective is to streamline pre-contract procedures, making them more accessible and less burdensome for Vendors.

Key Features and Tools
The suite includes templates, automated tender submission tools, and a guidance portal designed to simplify the bidding process. ProcureMaster Suite can provide a home for, and link to, assets developed in the wider procurement and business support chain.

Knowledge builder and gap analysis
Features:
Interactive Lessons: Engaging and hands-on lessons covering all aspects of the procurement cycle.
Quizzes: Regular quizzes to test comprehension and reinforce learning.
Certification: Certification upon completion of courses to validate skills, knowledge and experience.
Comprehensive Content: Extensive modules on proposal writing, regulatory compliance, and effective procurement strategies.

Pre-Qualification Programs
Description: Pre-Qualification Programs are designed to streamline the contracting process by allowing businesses to get pre-approved for specific types of contracts. These programs assist businesses in understanding the criteria they need to meet for pre-approval, identifying their gaps and enabling them to improve and prepare in advance.

Features:
Criteria Guidelines: Detailed information on the requirements for different types of contracts.
Preparation Tools: Resources and tools to help businesses meet pre-qualification criteria.
Streamlined Approval: Faster and more efficient pre-qualification process once contracts are listed.

Pre-Qualification Tool
Description: The Pre-Qualification Tool is an innovative digital solution designed to help businesses navigate the pre-qualification process for contracts. It provides a guided experience through the necessary criteria and facilitates the submission of required documentation for pre-approval.

Features:
Guided Criteria Navigation: Step-by-step guidance through the pre-qualification criteria.
Documentation Submission: Streamlined process for submitting necessary documentation.
Requirement Checklist: A comprehensive checklist of all pre-qualification requirements.
Automated Reminders: Notifications for renewal and updates to ensure continued compliance.
Streamlined Approval: Faster and more efficient pre-qualification process once contracts are listed.

Risk Management Toolkit
Description: The Risk Management Toolkit provides essential resources for developing and implementing a robust risk management framework. It includes tools and templates for risk assessment, contingency planning, and best practices tailored to different industries and contract types.

Features:
Risk Assessment Tools: Instruments for identifying and evaluating potential risks.
Contingency Planning Guides: Templates and guides for developing effective contingency plans.
Key person risk
Best Practices: Recommendations and examples of successful risk mitigation practices.

Feedback and Improvement Portal
Description: The Feedback and Improvement Portal is a dedicated online space for businesses to receive constructive feedback on their unsuccessful bids. It provides detailed suggestions for improvement, resources for enhancing future proposals, and a community for sharing experiences and advice.

Features:
Detailed Feedback: In-depth analysis of unsuccessful bids with constructive criticism.
Improvement Suggestions: Practical recommendations for enhancing future proposals.
Resource Library: Access to tools and resources for proposal improvement.
Support Communities: Forums and communities for businesses to exchange experiences and advice.

Contribution to Procurement Efficiency and Effectiveness
This toolset will be instrumental in reducing the time, complexity, and efficacy of pre-contract activities, thus lowering barriers for entry to market for small businesses.

Direct Feedback
Standards help: "Having ISO accreditation and the systems that back this up make it easier to bid for work. It's not a quick process though and requires effort."

Procurement teams: Difficult to get helpful feedback on unsuccessful bids. Sometimes seem inexperienced in procurement e.g., publicly publishing the names and companies of people asking RFP questions.

Needs single sign on: "This could be yet another login to remember."

Gap analysis: Could be a useful tool to figure out where my shortcomings are as a business.
There is a need for practical, just-in-time tools that cater to the immediate needs of small business owners. This includes templates, quick guides, and short videos that can be easily accessed and applied without requiring significant time investment.

Price pressure: Difficulties small businesses face in navigating government procurement processes, including the challenge of getting on government panels and the pressure to reduce prices to win contracts.

Features
- **Interactive Lessons:** Engaging and hands-on lessons covering all aspects of the procurement cycle.
- **Quizzes:** Regular quizzes to test comprehension and reinforce learning.
- **Certification:** Certification upon completion of courses to validate skills and knowledge.
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1.Pre-Qualification Programs
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- **Criteria Guidelines:** Detailed information on the requirements for different types of contracts.
- **Preparation Tools:** Resources and tools to help businesses meet pre-qualification criteria.
- **Streamlined Approval:** Faster and more efficient pre-qualification process once contracts are listed.

Needs to be flexible	Needs to be a reputable organisation • who is giving out the qualitifcation	there are so many pre-quals out there. so yet another hoop to jump through	DIA Marketplace not good - have created a set of specific things and are not flexible e.g., can't sell product don't want to pay 2%	NZBN registration - length of registration, 3 7 yrs can withstand fluctuations	would need to be recognised
Stevo	Stevo	Stevo	Stevo	Stevo	Stevo

2. Pre-Qualification Tool
Description: Description: The Pre-Qualification Tool is an innovative solution designed to help businesses navigate the pre-qualification process for contracts. It provides a guided experience through the necessary criteria and facilitates the submission of required documentation for pre-approval.
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- **Criteria Guidelines:** Detailed information on the requirements for different types of contracts.
- **Preparation Tools:** Resources and tools to help businesses meet pre-qualification criteria.
- **Streamlined Approval:** Faster and more efficient pre-qualification process once contracts are listed.

this embodies a whole bunch of measures (indicators) where you can be on an ongoing journey.	this is a pursuit of excellence. a base standard and then showing a direction of travel. might be best practice outside govt.	do they have a track record of building this/ doing this work	embed standards across the ecosystem
Stevo	Stevo	Stevo	Stevo

3. Risk Management Toolkit
Description: The Risk Management Toolkit provides essential resources for developing and implementing a robust risk management framework. It includes tools and templates for risk assessment, contingency planning, and best practices tailored to different industries and contract types.
Features:
- **Risk Assessment Tools:** Instruments for identifying and evaluating potential risks.
- **Contingency Planning Guides:** Templates and guides for developing effective contingency plans.
- **Key person risk**
- **Best Practices:** Recommendations and examples of successful risk

This is a legal process!! there are levers and requirements there is a duty of care that suppliers know what they are signing up for	Insurances usually cover this	Have risks been identified and mitigated for what is purchased	Value adds that lift smaller providers e.g., local knowledge	key person risk is essential back up plans are possible	business should manage their own risks.	usually managed on a project basis so methodology is a commonly asked question.
Stevo	Stevo	Stevo	Stevo	Stevo	Stevo	Stevo

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- **Improvement Suggestions:** Practical recommendations for enhancing future proposals.
- **Resource Library:** Access to tools and resources for proposal improvement.
- **Support Communities:** Forums and communities for businesses to exchange experiences and advice.

in person briefing is possible to go through a judicial process!	over $100,000 have to provide feedback • letter, list weighted criteria ,average, • also pricing showing agains average • notes are taken during panel evaluation	Could there be an opportunity to work with an external party to support equitable pricing
Stevo	Stevo	Stevo

Warrant of Fitness

Role in Ensuring Readiness and Compliance
The Warrant of Fitness (WOF) ensures that Vendors are fully compliant and prepared before entering the contract phase. It acts as a **certification** of readiness and a place to accumulate standards, framework alignments, references, and compliance documentation. The warrant does not replace other quality marks e.g., Tōtika or Safe365, it allows vendors to identify gaps in their readiness and use evidence artifacts to fill these.

Integration Across Phases
The WOF is integrated across all procurement phases, with a strong emphasis on the pre-contract stage to ensure Vendors meet necessary standards early on. As a living tool the warrant can be updated with information from successful contracts which forms a live record of business achievement.

Features of the WOF
The WOF is designed as a gap analysis for specific industries and provides a tool that stores business specific information, and documentation relating to four quadrants. Evidence and time sensitive material can be stored within a digital system that maintains the status of the business.

A generic set of factors would be used across all businesses and then some specific areas for industry verticals would apply. This could include industry specific certifications or qualifications for example.

Compliance factors
Legal status.
Insurances.
Policies and procedures.
Qualifications and memberships.
Financial compliance.
Health, Safety and Environment.

Quality Factors
References.
Case Studies.
Ratings and references.
Quality marks, ISO quality frameworks.
Skills, knowledge, and experience.
Micro credentials.

Capability/ Capacity Factors
Ability to do the work.
Industry specific qualifications.
Location of services.
Right-sized projects.
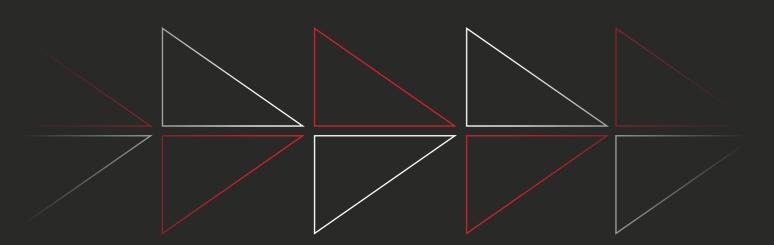Risk management framework.

Broader Outcomes
Social indicator measurement.
Impact and outcomes.
Social Approach.
Ethical compliance and memberships e.g., B-Corp, Akina.
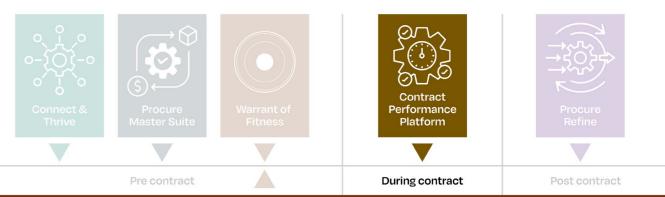
Direct Feedback
Users have expressed that while the WOF is a valuable tool, there is a need for more support in achieving compliance, particularly for first-time bidders.

Users have highlighted that there are requirements that specific industries might have that would make having a single warrant difficult for all industries. There is a set of standard requirements that can apply across all industries with specific requirements needing to be added. A multi-stage warrant of fitness with segments for different industry verticals would meet this need.

Design Elements

Business Information and Compliance:
- Company Registration: Proof of legal business registration with the New Zealand Companies Office.
- Financial Health: Recent financial statements, credit reports, and proof of financial stability.
- Tax Compliance: Certification of tax compliance from Inland Revenue (IRD).
Blair

References and Testimonials:
- Client Testimonials: Positive testimonials from previous clients, emphasizing successful project completion and satisfaction.
- References: Contact information for references who can verify the supplier's reliability and performance.
Blair

Capability and Experience:
- Previous Contracts: Documentation of past contract completions, including client references and performance evaluations.
- Industry Certifications: Relevant industry certifications and accreditations (e.g., ISO standards).
- Workforce Qualifications: Information on staff qualifications, certifications, and training records.
Blair

Design Principles

A Supplier Warrant of Fitness would:
- provide a structured and comprehensive overview of a supplier's capability to complete contracts
- offer assurance to procurers about the reliability and competency of the businesses they engage with.
- need to align with New Zealand's regulatory environment and best practices, making sure that suppliers are well-prepared to meet their contractual obligations.
Blair

A Supplier Warrant of Fitness (WoF) in New Zealand could serve as a **comprehensive assurance mechanism** to ensure that suppliers are capable of completing contracts effectively and reliably!
Blair

Quality Assurance:
- Quality Management System: Description of the quality management system in place, including processes for continuous improvement.
- Audit Reports: Results of recent internal and external quality audits.
Blair

WoF

Under New Zealand law, this would need to include several key components, aligned with regulatory requirements and best practices.
Blair

Technical Capacity:
- Technical Resources: Details of technical resources, including equipment, technology, and facilities.
- Innovation Capability: Evidence of innovative practices and capabilities relevant to the procurement contract.
Blair

Risk Management:
- Risk Assessment Plans: Detailed risk assessment and mitigation plans for potential project risks.
- Insurance Coverage: Proof of relevant insurance coverage, including liability, workers' compensation, and professional indemnity insurance.
Blair

Health and Safety:
- Health and Safety Policies: A comprehensive health and safety policy that complies with the Health and Safety at Work Act 2015.
- Incident Reports: Records of past health and safety incidents and corrective actions taken.
Blair

Legal and Ethical Compliance:
- Legal Standing: Confirmation of no ongoing or past significant legal disputes or litigation that could affect contract performance.
- Ethical Conduct: Code of ethics and conduct, including anti-bribery and corruption policies.
Blair

Phase Two:
During Contract

During the contract delivery phase there is an emphasis on project delivery that can sometimes be at the expense of contract performance. The procurement team having completed their role may now be less involved and contract management tools seem to mostly support documents, invoices and reports, but not contract delivery metrics, which leads to poor contract performance reporting and tracking.

Opportunities
1. Track contract performance and deliverables.
2. Record broader social outcomes and non-deliverable indicators.
3. Record evidence of completion of activities.
4. Maintain an integrated two-way conversation between buyers and vendors that is archived with the contract.
5. Reduce contract wastage with live metrics and an ongoing open conversation between buyer and vendor.

Risks:
1. Adding more compliance tasks for Vendors to complete.
2. Multiple systems providing fragmented reporting.
3. Agencies that have previously been incentivised to not record specific outcomes.
4. Requires high trust between Vendor and buyer as live data is exposed, this could lead to new, potentially uncomfortable, approaches between buyer and Vendor.

Contract Performance Platform

Description and Objectives

The "Contract Performance Platform" is designed to monitor and ensure that contract objectives are met throughout the contract duration. It provides real-time tracking and reporting tools. It covers both contract deliverables and wider social outcomes. The platform provides dashboards of contract performance and allows a two-way conversation between the buyer and the Vendor to be preserved with the contract record.

Tools and Methods for Monitoring Performance

The platform offers dashboards, automated performance alerts, and milestone tracking to keep projects on track. A communications tool ensures that contract decisions, variations, and updates are stored and archived with the digital contract record. Deliverables are also broken down into measurable data points meaning that contract related data can have a lifecycle even once the contract is complete, with implications for risk analysis and data mining.

Procurement Process Management Software

Purpose: Manage the entire procurement lifecycle, from opportunity identification to bid submission and contract management.
Features: Task management, document storage, compliance tracking, performance monitoring.
Benefit: Streamlines procurement processes, ensuring efficiency and compliance throughout.

Impact Measurement and Reporting Tool

Purpose: Measure and report on the social, economic, and environmental impacts of procurement activities.
Frameworks: Utilises metrics like Social Return on Investment (SROI).
Features: Impact evaluation and reporting for stakeholders.
Benefit: Demonstrates the broader value and impact of procurement activities, enhancing accountability and transparency.

Procurement Communication App

Purpose: Enhance communication between procurers and suppliers.
Features: Real-time updates, instant messaging, notifications, centralised communication hub.
Benefit: Improves responsiveness and clarity in procurement interactions, keeping all parties informed and connected.

Ensuring Contract Objectives Are Met and Sustained

By providing continuous oversight, the platform will help maintain high performance standards, ensuring that contracts deliver the intended benefits.

Direct Feedback

On the challenge of using multiple platforms:
"But managing the information is very [challenging] in our industry... because you have some companies that like to use SmartProcure, some people like to use Connexus... So, it gets a little bit difficult in the industry because different players have different platforms which they use".
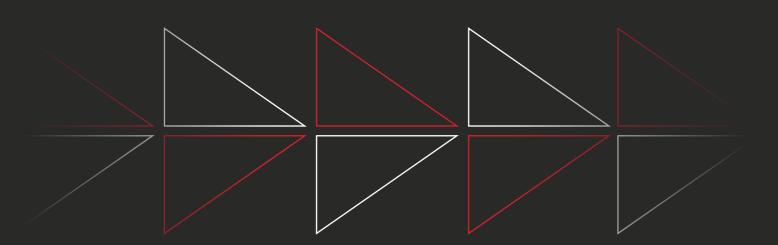
On the benefits of a standardized tool:
"If there was a standardised... tool, it would be a really, really good [solution]... because everything to do with tenders and attributes is about providing evidence of what you've done, and then make sense of it".

On the usefulness of a comprehensive software solution:
"We're still on the lookout for the perfect software solution for us... If you have anything where you can collect your data in one place, it's going to be advantageous".

Phase Three:
Post Contract

After the contract delivery phase there is an opportuniuty to review the performance of the contract and identify lessons learnt. In this phase the Buyer and Vendor should be able to identify which parts of the contract went well, which can be improved, and to develop case studies and references.

Opportunities
1. Review contract performance and identify areas to improve.
2. Gain credible references based on contract delivery.
3. Build a track record of successful completion that can be used to prove value and quality.

Risks:
1. Adding more tasks for buyers to complete.
2. Ensuring a standard way of measuring success.
3. Procurers have often moved on by the time a project is completed.

Procure Refine

Description and Objectives
"Procure Refine" focuses on the post-contract phase, offering tools for reviewing and refining procurement processes based on the outcomes of completed contracts.

System for Post-contract Review and Refinement
This system includes feedback loops, performance analysis, and lessons learned, helping to improve future procurement strategies.

Enhancing Future Procurement Processes
The insights gained from "Procure Refine" are crucial for continuous improvement, ensuring that each procurement cycle is more effective than the last.

Feedback and Continuous Improvement

Mechanism: Regular feedback sessions and reviews for both procurers and suppliers to address issues and enhance processes.
Culture: Encourages a mindset of learning and continuous improvement in procurement cycles.

Compliance and Accountability

Audits: Regular compliance checks and audits to ensure adherence to contractual terms and legal requirements.
Documentation: Promotes clear record-keeping for transparency and accountability.

Direct Feedback

Value in evaluation: Participants have highlighted the value of post-contract evaluations, with suggestions to increase the frequency of feedback sessions and the usefulness of having case studies to answer future procurement questions.

Performance Monitoring and Evaluation

Metrics: Establishes clear KPIs and metrics for tracking supplier performance and contract fulfilment.
Evaluation: Continuous monitoring to ensure suppliers meet obligations and achieve desired outcomes.

Client Testimonials and References

Testimonials: Collects and showcases positive client feedback.
References: Provides contact information for references to verify reliability and performance.

Design principles

Based on the ongoing research meetings, several product design principles have been highlighted, particularly in relation to improving procurement outcomes for diverse small businesses in Wellington. These principles emphasise inclusivity, sustainability, and user-centric design. Here's a summary of key design principles discussed:

1. Inclusivity and Accessibility (Whakaurunga me te Wātea)

Design for Diverse Needs: Products and services should be designed to meet the needs of diverse small businesses, including those led by Māori, Pasifika, women, and other underrepresented groups from the local business community. This includes considering different cultural perspectives, languages, and accessibility needs.
User-Centered Design: Engage end-users, particularly from diverse backgrounds, in the design process to ensure their voices are heard and their specific challenges are addressed.

2. Sustainability (Toitūtanga)

Environmental Impact: Prioritise eco-friendly materials and processes in product design. Consider the lifecycle of the product, ensuring that it minimises environmental harm.
Economic Sustainability: Design products that support long-term economic growth for small businesses, ensuring that they are affordable, durable, and capable of evolving with the market.

3. Simplicity and Clarity (Pūhanga me te Mārama)

Ease of Use: Products should be intuitive and easy to use, particularly for those who may not have extensive technical expertise. Simplicity in design can help reduce barriers to entry for small businesses.
Clear Communication: Design should include clear instructions, labels, and communication tools to ensure that users can easily understand and benefit from the product.

4. Adaptability and Scalability (Tāwhirowhiro me te Piki)

Flexibility: Products should be adaptable to the changing needs of small businesses, allowing for customisation and scalability as businesses grow or pivot.
Future-Proofing: Design with future trends and technologies in mind, ensuring that products remain relevant and valuable over time.

5. Collaboration and Co-Creation (Mahitahi me te Whakawhanaungatanga)

Engagement with Stakeholders: Actively involve small business owners, community leaders, and other stakeholders in the design process. Co-creation fosters a sense of ownership and ensures that products are truly beneficial to the community.
Partnerships: Establish strong partnerships with local suppliers and service providers to support the development of products that are locally relevant and supported by the community.

6. Cultural Sensitivity (Ngākau Tūhono)

Respect for Te Ao Māori: Integrate Māori values and perspectives into product design, ensuring that cultural heritage is respected and celebrated. This could include using Māori motifs, adhering to tikanga (customs), and supporting Māori-led businesses.
Diverse Representation: Ensure that the design reflects the diverse cultural landscape of Wellington, promoting products that resonate with various communities including local businesses.

These principles are intended to guide the development of products that not only meet the practical needs of small businesses but also the wider procurement community. By focusing on these areas, the goal is to create products that support the growth and success of diverse businesses while fostering a more inclusive and sustainable local economy.

Product Model

Key:

- ■ **Buyers** (blue)
- ■ **Vendors** (red)

Connect and Thrive

Vendors

Effort
- Attend events
- Participate in networks
- Attend learning sessions
- Be registered

Benefit
- Build relationships
- Develop situational awareness
- Meet vendors
- Identify business opportunities

Buyers

Effort
- Attend events
- Participate in networks
- Deliver learning sessions
- Foreward plan procurement
- Run structured market briefings

Benefit
- Build relationships
- Expand supply chain
- Meet vendors
- Prime suppliers

Procure Master Suite

Vendors

Effort
- Registration
- Assessments
- Learning activities

Benefit
- Identify business gaps
- Improve business maturity
- Prepare for opportunities

Buyers

Effort
- Maintain information
- Update as policy shifts

Benefit
- Raised vendor capability

Procure Refine

Vendors

Effort
- Additional reporting and post contract meetings
- Review processes

Benefit
- Development of case studies
- Build reputation with vendors
- Evidence of successful completion
- Continuous improvement

Buyers

Effort
- Contract review processes
- Approval of case studies
- Setting success criteria

Benefit
- Continuous improvement
- Evidence of closed contracts
- Proof of vendor quality
- Reports for key stakeholders

Warrant of Fitness

Vendors

Effort
- Registration
- Assessments
- Learning activities

Benefit
- Identify business gaps
- Improve business maturity
- Prepare for opportunities

Buyers

Effort
- Maintain information
- Update as policy shifts

Benefit
- Raised vendor capability

Contract Performance Platform

Vendors

Effort
- Contract maintenance activities
- Data collection

Benefit
- Evidence of contract delivery
- Governance oversight of contract status
- Evidence of social impact
- Single source of truth
- Improvde contract communication recording

Buyers

Effort
- Contract setup in the system
- Setting more granular criteria
- Additional monitoring

Benefit
- Clearly recorded contract communications
- Live data on contract performance
- Evidence of contract performance
- Evidence of Social impact

Impact Assessment

- **Expected Outcomes from Each Product:** The framework is expected to significantly improve Vendor engagement, reduce procurement process complexity, and enhance compliance and performance monitoring.
- **Metrics for Measuring Success:** Key metrics include the number of Vendors participating in procurement opportunities, the time taken to complete procurement processes, and overall user satisfaction. Total dollar value of newly procured opportunities by local businesses.

Opportunity at scale

The opportunity to develop a Warrant of Fitness and aligned tools bears fruit when it is adopted by several large buyer organisations. If the WOF is only used by one buyer, it effectively becomes a single institution panel and creates more work for Vendors. If the WOF is used by multiple buyers, it benefits Vendors by providing a consistent framework that can be completed once and then maintained. Entry into the WOF is a gap analysis offered to businesses, as such there needs to be reduced impediment to joining the system.

- Should have the bulk of information free and publically available.
- Should use a standard single sign on process e.g., google, LinkedIn, Real me, etc.
- Should not have a high fee for additional access (maybe a freemium model).
- Should offer a return on effort for businesses.
- Should have a way of reducing fraudulent and scam accounts (potentially through RealMe).
- Should be adopted by several (or many) large institutional buyers.

Development Process

Overview of the Methodology Used: The development of each product within the framework followed an iterative codesign, stakeholder-driven approach, ensuring that the needs of Vendors were central to the process.

Collaboration with Stakeholders and Small Businesses: Extensive consultations were held with various stakeholders, including Vendors, to gather insights and refine the framework. Most emphasis was placed on the voices of expertise (procurement experts) and experience (Vendors).

Process

- Workshop with project team to identify scope, approach and to develop a clear direction (voice of intent).
- Prototyped a procurement process that aligns with typical procurement practices in Aotearoa.
- Workshop with procurement specialists to test and refine the process.
- Prototyped WOF and product options from workshop insights to align with stages of the process.
- Workshop with procurement professionals to test and refine the product prototypes.
- Refined the products and Warrant of Fitness.
- Individual interviews with vendor representatives (x5) to test the products and WOF.
- Workshop with Vendors to present findings – "Challenge Session".

User Experience

- Must be single sign on.
- Must be easy to use.
- Must create a return on value to time.

Continuous Improvement

- **Monitoring and Evaluation:** Establish a regular review cycle to assess the effectiveness of the framework and make necessary adjustments (e.g. legal or regulatory change).
- **Ongoing Stakeholder Engagement:** Maintain open lines of communication with Vendors and other stakeholders to gather feedback and address emerging challenges.
- **Expansion of Training Programs:** Develop additional training resources to support Vendors throughout the procurement process.
- **Achieving supplier diversity:** Develop a credible pool of talented local suppliers.

Conclusion

This report underscores the importance of a robust procurement framework that supports the growth and sustainability of diverse small businesses in the Wellington region (and beyond!). The framework developed by WellingtonNZ will make significant strides toward this goal, but ongoing refinement and stakeholder engagement will be critical to its success. Final recommendations include continued emphasis on capability needs, simplification of processes, a phased implementation approach, and to encourage a wide range of buyer organisations to adopt the approach. If wider adoption can be achieved, the described benefits can be delivered in full.

Recommendations & Next Steps

Project Ue has uncovered some key opportunities to achieve the project intended future state which is to create:

- Increased options for buying through supplier diversity (and therefore competitive pricing).
- A level of assurance for buyers around ability to supply.
- Increased chances of a localised buying pool who know local conditions.

From our research it became clear that the most Vendors see the greatest value in starting chronologically in the process where business is won or lost. It is our recommendation that in order to get runs on the board, beginning with the Pre-Contract products makes most sense. Moreover, the Warrant of Fitness is in essence the prequalification framework businesses would need to meet to procure contracts. Incorporating these two prototypes into a single platform makes logical sense.

"Connect and Thrive" is important to consider from the outset as it will become the channel whereby the ProcureMaster Suite platform could conceivably be both marketed, and also prototyped and tested.

We recommend creating a commitment involving local authorities in our region. This is to ensure that the value can be created once and used many times, rather than imposing yet another set of requirements on already stretched smaller Māori, Pasifika, and local businesses.

Funding will be required to progress (detailed costings are not in this report's scope). As well as traditional funding avenues, Public Private partnerships with existing businesses could be an alternative way to look at the funding and stand up of the three pre-contract products. This could be by way of funding with in-kind contributions from businesses of capability and resource (for example, development).

At a high level the recommended next steps would look like the following:

1. Seek strategic support for adoption:

- **Strategic Support:** Gain the support of key organisational decision makers at a regional level (local authorities).
- **Business Case Development:** Commit to and cost the steps to detailed design and implementation costings.
- **Seek Approval:** Secure required signoffs and commence to procure.

2. Designing detailed requirements:

- **Stakeholder Identification and Engagement:** Identify, map, and gather input from stakeholders through a range of approaches including codesign workshops, focus groups, surveys, and interviews.
- **User Personas & Use Cases:** Define user personas and specific use cases to tailor the platform to real-world needs.
- **Procurement Lifecycle Mapping:** Identify how the suite fits into pre-contract, contract, and post-contract phases; prioritise essential features.
- **Core Features:** Focus on prequalification tools (including Warrant of Fitness), risk management, feedback portals, and integration with compliance systems.
- **Technical Requirements:** Ensure security, integration capabilities, and performance benchmarks; use agile methodologies for iterative development to manage risk.
- **Legal & Compliance:** Collaborate with legal advisors to ensure regulatory compliance and align with procurement laws.

3. Quick wins by sequencing and staging:

There are immediate areas where quick wins can be gained. In particular the project can be staged and sequenced to optimise the delivery and uptake. We recommend that the project is staged to deliver the key components first. The Warrant of Fitness is a key component of the ProcureMaster Suite and is likely to be of most value to businesses and buyers.

Gathering detailed requirements of the Warrant of Fitness could begin immediately and be used to begin the staged roll out of the suite of products.

4. Building the solutions:

- **Design Architecture:** Design the solution architecture based on detailed requirements.
- **Cloud Infrastructure:** Deploy on a cloud platform like AWS or Azure for scalability and reliability.
- **Security:** Implement end-to-end encryption, compliance with New Zealand privacy laws, and OAuth 2.0 for secure authentication.
- **User-Friendly Design:** Develop a responsive, intuitive interface; ensure compatibility across devices; focus on ease of use!
- **Data Management:** Centralise data storage and integrate analytics tools for real-time insights and reporting (Ue – drive the change).
- **CI/CD Pipeline:** Automate testing and deployment using Continuous Integration/Continuous Deployment pipelines for continuous improvement and quick updates.
- **Integration with Connect & Thrive:** Use this platform for marketing and user engagement and ensure unified user experiences across tools.

We acknowledge that there are a number of entities and initiatives operating in the procurement chain already. We see opportunities to assist some entities to align to a greater value for their stakeholders. Connect and Thrive for example, could be a programme that is deployed via existing channels like Te Awe or the Pacific Business Trust but supported and driven from WellingtonNZ.

Utilising innovative approaches to keep platform and engagement costs to a minimum will ensure that any ROI at a regional level for the development of ProcureMaster Suite can better be achieved. This could include utilising initiatives like GovTech to create a project proposal that is pitched to other authorities.

These steps will help ensure the ProcureMaster Suite and Warrant of Fitness products are effectively designed, implemented, and integrated into the broader procurement ecosystem. It will ensure the continuity of codesign principles which will ensure solutions are fit for use and of great value to vendors.

Appendices

Appendix A: Procurement process.

Appendix B: Warrant of fitness High level requirements

Appendix C: Examples of Quality Frameworks in NZ
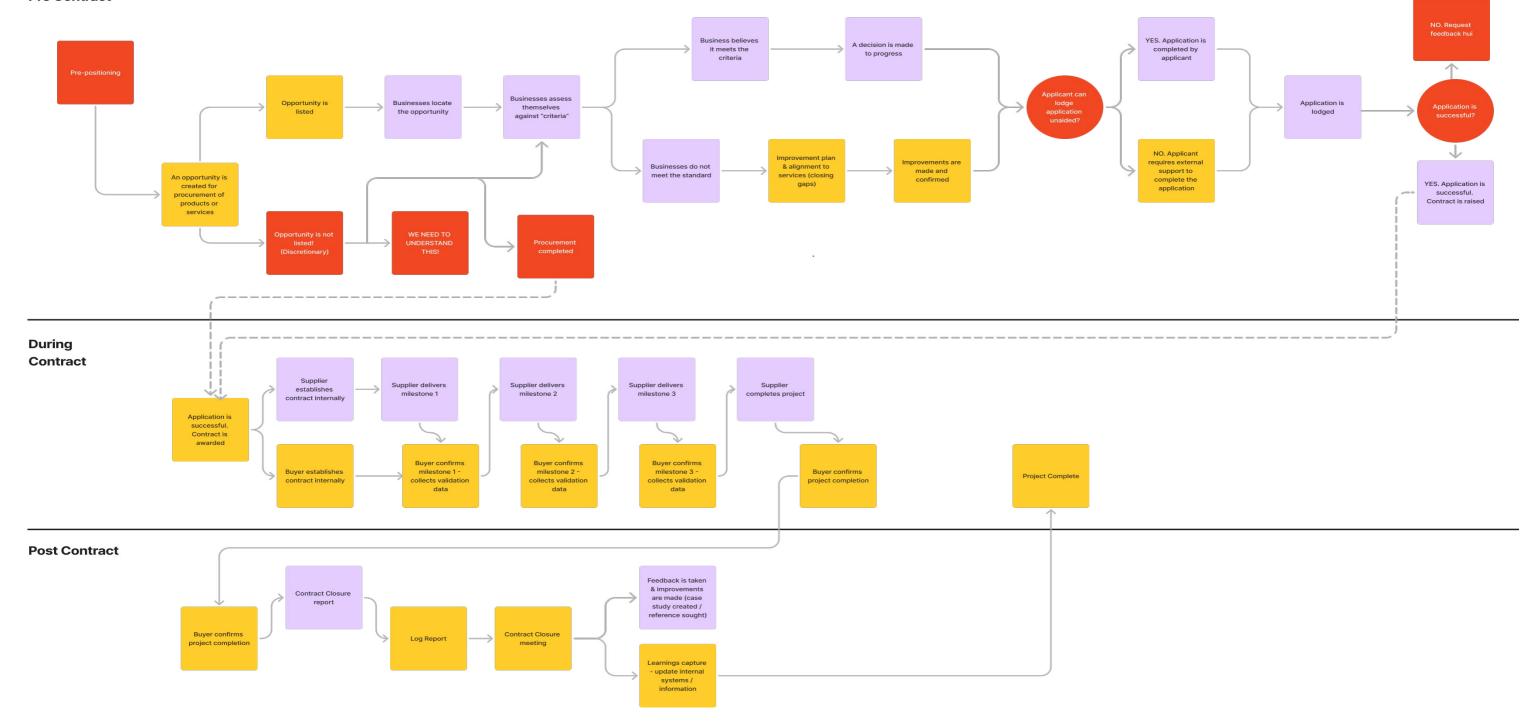
Appendix A
Procurement process

Stage one of the process was to map a hybrid procurement process to test. This prototype was used to highlight areas where products could be developed to assist Vendors and Buyers in improving the process.

Pre Contract

During Contract

Post Contract

Appendix B
Warrant of fitness high-level requirements

A digital tool allowing business owners to register, login, and manage the information relating to their business in one location.

This information can then be used to demonstrate different levels of compliance and maturity factors that are recognised by buying agencies when they are making procurement decisions.

The WOF is a tool that can continuously monitor and evaluate the business status and includes the following features:

- Document storage for policies, insurance, procedures, etc. Including the ability to set reminders relating to the currency and expiry of these.
- Link to NZBN to automatically pull company data.
- Ability to maintain and fulfil the baseline data requirements for businesses who will complete RFPs.
- Ability to carry out a GAP analysis of the business related to specific industry verticals.

The development of this WOF must consider the following principles for design of digital systems including:

- Privacy of information.
- Security of the solution and database.
- Sovereignty of the data.
- Compliance with Accessibility guidelines.
- User Experience (UX) best practices.
- Single sign on solution.
- Plain language guidelines adherence.

Compliance factors
- Business legal status.
- Insurances.
- Policies and procedures.
- Qualifications and memberships.
- Financial compliance.
- Health, Safety and Environment.

Capability/ Capacity Factors
- Ability to do the work.
- Industry specific qualifications.
- Location of services.
- Right-sized projects.
- Risk management framework.
- Skills, knowledge, and experience.

Quality Factors
- References from work completed.
- Case Studies from work completed.
- Ratings and references e.g., NPS from work completed.
- Quality framework.
- Quality marks, ISO frameworks and Micro credentials.

Broader Outcomes
- Social indicator measurement.
- Impact and outcomes.
- Social approach policies.
- Ethical compliance and memberships e.g., B-Corp, Akina.
- Living wage compliance.

Appendix C
Examples of Quality Frameworks in NZ

New Zealand has various quality frameworks and marks across different sectors to ensure standards and excellence in products, services, and operations. Some of these provide minimum levels to comly with the law e.g., NZ building code, others are about proving excellence and quality beyond requirements e.g., Qualmark. Here's a summary of **some** of the key frameworks and marks:

1. Primary Industries

- **New Zealand FernMark**: This trademark certifies that a product is authentically New Zealand-made, owned, or grown.
- **AsureQuality**: Provides food safety and biosecurity services, including certifications for organic products, animal welfare, and more.
- **Global G.A.P.**: An internationally recognized set of farm standards for good agricultural practices, often required for export markets.

2. Education

- **New Zealand Qualifications Authority (NZQA)**: Ensures that New Zealand qualifications are credible and meet the quality standards expected by students, employers, and the public.
- **Education Review Office (ERO)**: Evaluates and reports on the education and care of students in schools and early childhood services.

3. Healthcare

- **Health and Disability Services Standards (HDSS)**: Specifies the safety and quality standards for health and disability services.
- **Health Quality & Safety Commission**: Aimed at improving quality and safety in the health sector.

4. Tourism

- **Qualmark**: The official quality assurance organization for New Zealand's tourism industry. It provides a star rating system for accommodation and an endorsement program for visitor activities, services, and transport.

5. Construction

- **Building Code Compliance**: Ensures buildings are designed and constructed to meet safety, health, and sustainability standards.
- **Master Builders Guarantee**: Offers a range of guarantees and insurance policies for construction projects.

6. Environmental Standards

- **Enviro-Mark**: Certifies environmental management systems, helping organizations improve their environmental performance.
- **CarboNZero Certification**: Measures and reduces greenhouse gas emissions.

7. Business Excellence

- **IOD Four Pillars**: The Institute of Directors four pillars provides a framework for governance.
- **Baldrige Framework**: Although more commonly associated with the United States, some New Zealand businesses adopt this framework for performance excellence.
- **ISO Certifications**: Various ISO standards (e.g., ISO 9001 for quality management, ISO 14001 for environmental management) are widely used across different sectors and are the international standard for compliance and quality.

8. Food and Beverage

- **New Zealand Good Agricultural Practice (NZGAP)**: Certifies safe and sustainable agricultural practices.
- **BRCGS (British Retail Consortium Global Standards)**: Ensures food safety and quality throughout the supply chain.

9. Consumer Goods

- **Standards New Zealand**: Develops standards across various industries, ensuring products and services meet safety, quality, and performance criteria.
- **Energy Star**: An international standard for energy-efficient consumer products, widely recognized in New Zealand.

10. Information and Communication Technology (ICT)

- **ISO/IEC 27001**: An international standard for managing information security.
- **NZISM**:The NZISM is the New Zealand Government's manual on information governance, assurance, and information systems security.
- **GDPR Compliance**: Though European, many New Zealand businesses dealing with EU citizens' data comply with the General Data Protection Regulation.

11. Social and Community Services

- **Community Investment Standards/ Social Investment Framework**: Ensure the quality and effectiveness of social services funded by the government.
- **Rainbow Tick**: A certification for organizations that complete a diversity and inclusion assessment, specifically regarding the inclusion of LGBTQIA+ staff and clients.
- **Akina Framework**: Aligning the Living Standards Framework and Broader Outcomes to support social procurment.
- **B Corp:** A certification for for-profit companies that have high standards of social and environmental performance, accountability and transparency.
- **Living Wage Certification:** For organisations that commit to the living wage for their staff and supply chains.

12. Workplace Health and Safety

- **Health and Safety at Work Act (HSWA)**: Enforces workplace safety standards to ensure a safe working environment.
- **ACC Accreditation**: Employers can achieve accreditation for workplace safety under the ACC's Workplace Safety Management Practices (WSMP).
- **Tōtika Certification**: A single framework that brings all health and safety pre-qualifications together under one umbrella.

Common Elements Across Quality Frameworks

Based on how these frameworks generally operate, here are the common elements and questions that they address:

1. Compliance with Standards

- Are the operations, products, or services compliant with relevant national or international standards?
- What specific standards or regulations apply to this sector?

2. Continuous Improvement

- Is there a process for ongoing improvement and development?
- How does the organisation identify areas for improvement?

3. Risk Management

- How are risks identified, assessed, and mitigated?
- What risk management practices are in place?

4. Training and Competence

- Are staff adequately trained and qualified?
- How is competency assessed and maintained?

5. Customer/Stakeholder Satisfaction

- How is customer or stakeholder satisfaction measured and managed?
- What feedback mechanisms are in place?

6. Documentation and Record Keeping

- Are processes and procedures well-documented?
- How are records maintained and audited?

7. Environmental and Social Responsibility

- What practices are in place to ensure environmental sustainability?
- How does the organization address social responsibility and community impact?

8. Health and Safety

- What health and safety measures are implemented?
- How does the organization ensure a safe working environment?

9. Quality Control and Assurance

- How is quality monitored and assured?
- What quality control processes are in place?

10. Certification and Auditing

- Is the organization subject to regular audits?
- What certification processes are followed?

Common Implementation Steps for the Quality Marks

Based on how these frameworks generally operate, here are the common methods of applying for, assesing, and maintaining a quality mark:

1. Application and Initial Assessment

• Businesses apply for the Quality Mark by submitting detailed responses to the framework questions.
• An initial assessment is conducted by a certified body to review documentation and compliance.

2. Audit

• An audit is performed to verify the information provided and ensure practical implementation of policies and procedures.

3. Certification Decision

• Based on the assessment and audit results, a certification decision is made.
• Businesses that meet the criteria are awarded the Quality Mark.

4. Ongoing Monitoring and Reassessment

• Regular monitoring and periodic reassessments are conducted to ensure continuous compliance.
• Businesses are required to submit annual reports on their continuous improvement, risk management, and other critical areas.
• Documentation currency is maintained.

5. Feedback and Improvement

• Businesses receive feedback on their performance and areas for improvement.
• Opportunities for training and support are provided to help businesses maintain and improve their standards.