

## Procurement innovation agenda

A procurement innovation agenda describes the procurement needs that have priority for the next two to five years within an organisation. The agenda helps you identify internal obstacles that the organisation cannot yet solve for itself. The agenda shows external market parties such as suppliers the new concepts, products and services that will be needed in the future. It is an open invitation to participate in the innovation process. A procurement innovation agenda must always be representative of the mission, vision and goals of an organisation.

### 1. When is a procurement innovation agenda useful?

A procurement innovation agenda has internal and external objectives.

Internal:

- Helps an organisation to think outside the existing framework.
- Creates support within an organisation and sets priorities in the field of innovation.
- Provides the pegs on which to hang future activities such as procurement and implementation, and gives direction to current and future initiatives.
- Provides insight into an organisation's need for innovation and reveals the type of initiatives that the organisation will support.

External:

- Invites market parties such as suppliers to participate in the objectives or asks them to give an indication of future opportunities.
- Helps an organisation enter into discussions with market parties that can provide the required innovation. In many cases that will not be current suppliers.
- Thereby increases the chance of actually procuring and implementing innovations.

### 2. Step-by-step plan

Necessary innovations often relate to more than one organisational goal. This means that you will often need to recruit people from various disciplines in order to establish the innovation needs of your organisation. Once you have gathered together the right input, you can begin to work on formulating your knowledge requests and ultimately publishing the procurement innovation agenda. The following step-by-step plan will help you through this process.

#### Step 1: Whom do you involve in the process?

It is important that you consider whom you wish to involve in thinking about innovation and the procurement innovation agenda. Roughly speaking, there are two options:

- *Closed process*: determine the need for innovation with colleagues and management. This means there is no input from suppliers or other parties. This can be a solution if time or resources are limited, or in the case of sensitive matters such as security. The risk is that you formulate innovation challenges that have already been solved and are available on the market.
- *Open process*: in addition to reaching an internal decision about innovation needs (closed process), you also discuss the matter with chain partners, market parties, knowledge institutes, and other relevant parties as to what the innovation needs of the organisation should be. External parties often know more than an organisation alone. Which parties you

choose, and how you ensure that the relevant parties are able to exercise any influence on this, is explained from step 5 onwards. Are there differences between the outcomes of the closed and open processes for determining innovation needs? If so, you need to choose the line you wish to take (see step 3).

### Step 2: Mobilise your organisation

Involve all relevant parties within the organisation in the procurement innovation agenda. Ensure that there is contact and cross-fertilisation between, for example, experts in specific fields, procurement staff, innovation departments, engineering bureaus and economic departments.

The most important result from this step is management support for the procurement innovation agenda within the organisation and the formal recording of such support, without which people will be less inclined to provide information and input.

### Step 3: Determine the goals of the innovation

Once there is support and commitment, then you can decide on the goals of the innovation. What do you want to achieve with the procurement innovation agenda? Goals may include:

- Achieving new goals, for instance in the area of sustainability
- Developing new concepts
- Improving primary and secondary processes
- Improving products and services
- Redistributing tasks

Formulate the chosen goals as far as possible in line with SMART criteria. Are you aiming for more ideological goals? If so, consider of the ways in which you can measure success or failure.

### Step 4: Decide the areas of innovation

If you know what your innovation goals are, you can define the areas of innovation. These are areas from which you expect solutions that can contribute to your innovative goals, such as IT, Logistics or a theme such as the Built Environment. Define these areas broadly, to allow scope for unexpected trends and innovations. The better you know the area from which the required innovation is to come, the more interesting you will be to specific market parties (see step 5).

It is often necessary to introduce a clear focus, for example, to the themes proposed by colleagues in step 1. It is often not possible to innovate in all possible areas. Furthermore, introducing clear focus now will ensure later in step 5 that it is clear to the market parties what your goals are for the immediate future.

### Step 5: Decide on the sources for innovation within the areas

Have the areas of innovation been decided? If so, you should then formulate the list of parties, or information sources, from which you expect to obtain information. You should consider:

- knowledge centres
- market parties
- your own organisation

Formulating your goals in various areas will make it easier to ensure that you are addressing the right partners. To create a complete overview of usable sources, you could conduct a market analysis.

#### Step 6: Formulate the knowledge requests

At this stage you have your innovation goals, innovation areas and the sources of innovation on the basis of which you expect your knowledge and information to be defined. To then be able to challenge the selected sources of information, you need to use knowledge requests. These are more concrete questions within the decided areas of innovation. You can formulate knowledge requests in such a way that they invite innovation sources to provide innovative and thus unexpected answers as quantifiable results. To draft an effective and precise knowledge request, you need to know something about the relevant area. The more concrete the knowledge requests, and thus the linked subjects that ultimately form part of the procurement innovation agenda, the greater the supplier's willingness to invest will be. [Here](#) you can find a step-by-step plan for the formulation of an effective knowledge request.

#### Step 7: Willingness to provide finance and investment

Are the knowledge requests not yet sufficiently concrete? If not, then you may need to encourage a knowledge centre or other party to help you by, for example, carrying out research or conducting a pilot. Your organisation needs to think carefully about how you want or are able to finance this. A good example of how you can encourage financing, a contract or other form of stimulus is set out on page 14 of the [innovation agenda](#) of Rotterdam.

#### Step 8: Formulate the procurement innovation agenda

Position the combination of areas and knowledge questions within a specific timeline. In this way you specify the time period within which you seek a solution for a problem. Naturally, your organisation will make the ultimate decision as to what should be in the procurement innovation agenda.

#### Step 9: Publish the procurement innovation agenda

Decide what channels you will use for the publication of the procurement innovation agenda. Have you chosen a closed process? If so, you can choose to distribute this solely within your own organisation via:

- Intranet
- Closed network
- Department newsletter

Do you want to reach a wider target group? If so, you can choose for distribution within a specific arena:

- Trade journals
- Specialist websites

And/or you can choose wide distribution:

- Internet
- Social media
- Newspapers
- Periodicals

### Step 11: Management of expectations

Has a procurement innovation agenda been published? Then your organisation and the outside world need to be informed about this. You need to be satisfied that the market will also take the ambitions that you have formulated seriously and will act on these. You should therefore not make any hard promises that your organisation is unable to fulfil.

### Step 12: Periodic updates and progress reports

You can update a procurement innovation agenda annually so that it continues to represent your organisational goals and is in line with market developments. Depending on the situation, you could repeat some or all of the above steps.

The ultimate goal of the procurement innovation agenda is to solve current and future obstacles with innovative solutions. You could decide to produce annual reports on progress in this area. With a several-year procurement innovation agenda you could distil a concrete plan each year setting out the projects that are to be tackled within the chosen themes. You could also, for example, distribute a newsletter for each current or completed project in which you report on progress or the end result.

### 3. Source

This information was taken from the “Innovation Procurement for Contracting Authorities” document that was prepared by [PIANOo](#) in 2017.