Your guide to paving the way to supply chain diversity and Indigenous business engagement

In business, more than in any other environment, it is important to seek out new and innovative ways of tapping into markets, or new and innovative ways to expand existing markets. This does not happen in a bubble, in fact this is where partnerships and collaboration really does the heavy lifting when it comes to growth. In this month's Industry Trends article, we recognise that there is an untapped opportunity to sustainably strengthen commercial foundations and build on successful, established business practises.

In Australia there are approximately 2.1 million businesses and only about 15,000 of them are Indigenous owned. There is a real opportunity to redress the imbalance and add to an organisation's or company's triple bottom line, making a real difference across a diverse landscape of commercial activity.

Procurement, like many other commercial enterprises, seeks to find the most appropriate solutions for its customers and partners. Partnering well through positive engagement with Indigenous businesses should be something that we are all open to achieving. This could be easier said than done unless you are within arm's reach of a helpful guide to achieving this important goal.

A helpful guide to achieving mutually beneficial engagements with Indigenous businesses

Before we get to the "how" we should give some consideration to the "why". One of the established and accepted truisms in commercial environments is that diversity helps reduce risk. This can mean building mutually beneficial business relationships with Indigenous owned suppliers. All over the world, organisations are actively building relationships with Indigenous owned businesses. In the US, Sweden, Norway and NZ there are policies in place to ensure Indigenous businesses are included in procurement and supply chains.

Unfortunately, this has also given rise to isolated, cynical practises that are becoming more commonplace. The term for this is "black washing", where to secure government contracts some organisations will simply tick a box for the sake of reporting. Instead, we advocate for a genuine 3-step plan to ensure that best practise and best results can be achieved.

1) Think through your target-setting

In terms of diversification, it's important to ensure that genuine value can be shown for all parties involved. Take the time to understand the benefits and opportunities offered within each measurables be it percentage of spend, marketing, or any other target ensuring that the partnership is growth-led as opposed to a result of tokenism.

2) Actively seek out Indigenous business suppliers/partnership opportunities

One of the best ways to do this is to refer to experts in the field. These experts can not only connect you with appropriate Indigenous businesses but also help you ensure that you're cultivating a culture of mutual respect as well as benefit. Among others you could seek advice and help with your strategy from:

- Supply Nation which is a national body that has registered over 2,000 Aboriginal and Torres Strait Islander (ATSI) businesses that collectively gross more than $1 billion annually in turn over, and that figure is growing at roughly 12.5% per annum.
- The Business Council Australia, through their Raising the Bar programme supports economic development for Aboriginal and Torres Strait Islander businesses and champions the Indigenous Procurement Policy (IPP)
- Reconciliation Australia is a nationally recognised not for profit that facilitates reconciliation through the building of relationships, respect and trust between ATSI and the broader Australian community.
- At state level you could also seek out Kinaway Chamber of Commerce (Victoria); The NSW Indigenous Chamber of Commerce (NSW); Aboriginal Business Directory WA (WA); the Aboriginal Business Industry Chamber of South Australia (ABISCA).

It is also recommended that your organisation or company develops and puts in place a reconciliation action plan. Essentially this is a document that supports your business plan and includes practical steps towards positive change.

3) Learn from those that are succeeding in this space

There are two more pieces of advice that will help establish and grow the benefits of diversification and engaging with Indigenous businesses. The first is to ensure you are nurturing the relationship. Understanding that a level of investment into the relationship will help build trust and understanding between your two parties. This might also extend 2 reducing payment terms and or offering upfront payments and elevating the business too preferred supplier status.

The piece of advice we'd like to conclude with is, continue to look observe those companies that are successfully nurturing their business relationships with Indigenous commercial entities and suppliers. You could look to:

- Lend Lease and Indigenous-owned PSG holdings (PSGH) who entered into a successful joint venture to deliver a $213 million programme for the Department of Defence. The downstream benefits included the engagement of 15 other Indigenous enterprises within the construction field.
- Muru Office Supplies and KPMG entered into an agreement that saw Muru increase their own investments into Indigenous community projects.

These are just two examples and there are many others. Remember an investment in supply chain diversity and engaging with Indigenous businesses offers returns of better relationships, benefits to the wider community, as well as reduction in risk. All of which transcend the P&L sheet and ensure that a sustainable path to true success is paved.