

# PRINCIPLES OF DYNAMIC FOOD PROCUREMENT

Recommended by The  
National Food Strategy

**DYNAMIC FOOD**  
**PROCUREMENT**  
ADVISORY BOARD



# WHY ADOPT DYNAMIC FOOD PROCUREMENT?

**Dynamic Food Procurement** has the potential to be a transformational force for good.

With the right technology, it is proven to transform conventional procurement approaches by enabling **SME inclusive food procurement**, fulfilment, consolidation and delivery along **short, transparent, supply chains**.

By enabling the public and private sector to procure food direct from SME primary producers and secondary suppliers, **caterers can be part of the solution *and* reduce costs**.

Short, transparent supply chains are an essential prerequisite for making **informed choices** when procuring food. This is crucial because it is **how food is produced** that is the biggest determinant of the food system's contribution to major issues like biodiversity loss and climate change. Short supply chains can also bring wider regional economic benefit and more resilient food security.



# HOW IT WORKS

The key principles that distinguish Dynamic Food Procurement from conventional approaches



## Distinguishing Principles of Dynamic Food Procurement Across The Supply Chain



## FOOD PRODUCERS & SUPPLIERS

1. A Dynamic Purchasing System (DPS) approach is open to all primary producers that meet the standards. Multiple producers per food category can supply in a transparent marketplace.
2. Producers can tender at any time – not just at contract start and if unsuccessful initially, they can reapply again and again having addressed non-qualifying issues.
3. Technology makes supplying simple for producers. Ordering and fulfilment process is tailored to individual producer bespoke capabilities. (e.g. Orders placed at date/time of producer's choosing, order lead times and days of fulfilment can be configured, collections can be made from producer site)
4. Approved producer invoices are paid within 14 days.
5. Intransparent, retrospective fees (sometimes called listing fees or marketing fees) are not charged to producers by logistics providers. The margin earned by the logistics provider is paid by the customer at the point of purchase.

## LOGISTICS PROVIDERS

1. A Dynamic Purchasing System (DPS) allows multiple Regional Logistics Providers to tender at any time – not just at contract start. If unsuccessful initially, they can reapply again and again once the non-qualifying issues are addressed.
2. Technology enables regional Logistics Providers to adopt more short supply chains into their category mix - profitably and sustainably.
3. Regional Logistics Providers can provide food supply chain transparency by managing multiple bespoke online stores for each customer with provenance and production approach of food traced from the point of purchase right through the chain to customer delivery and invoice. The technology also brings rigour to the management of producer ordering and fulfilment, quality control, batch inventory stocking, picking/packing, invoicing/billing and delivery - in one integrated end to end platform.
4. Logistics Provider invoices are paid within 14 days.
5. SME Logistics Providers revenue is transparent and fully configurable: (e.g.% markup by food category, producer fulfilment collection and customer delivery charges and customer drop size discounting) – no retrospective listing/marketing fees are charged to producers.



## Distinguishing Principles of Dynamic Food Procurement Across The Supply Chain



### PROCURERS & CATERERS

1. A Dynamic Purchasing System (DPS) allows multiple primary producers, secondary suppliers and logistics providers to tender providing an open, transparent and competitive marketplace
2. Supply chain transparency means informed choices can be made around the social, environmental and economic value generated by each producer and product
3. End to end supply chain digitization enables analyses (from macro level to a granular site or farm level) to be performed to measure procurement across performance financial, environmental, and nutritional measurements.
4. Multiple supplier invoice consolidation means lower burden and cost of contract financial management. Delivery consolidation means a lower carbon footprint and improved air quality.
5. An open marketplace with reduced barriers to entry for producers and supply chain transparency enables food prices to be competitive throughout the contract duration. Listing fees are not charged by the caterer to suppliers.

### CHEFS & COOKS

1. More choice: Dynamic Purchasing Systems (DPS) enable a wider choice of produce from a range of producers and suppliers - all on one single online store. Multiple Logistics Providers enables a choice of service provision.
2. Technology enabled shorter supply chains bring fresher, more inspiring seasonal produce into the kitchen.
3. Convenience: Online ordering enables reduction in order errors, choice of delivery days and times plus consolidation of multiple producers/suppliers into a single delivery and invoice.
4. Value: Open, transparent marketplace of food enables greater competition and better vision of the range of prices available.
5. Supply chain transparency enables informed choices to be made at the point of purchase on animal welfare, climate/biodiversity impact and social/economic factors. This can be communicated to diners to build service popularity, take up and, hence, service profitability.