

Case Study: National Australia Bank – Supplier Diversity Program

‘It would be good to have directories or registries to find other social and community suppliers who are accredited.’

NAB staff

BACKGROUND

National Australia Bank (NAB) Group procures over \$4.7 billion worth of goods and services from more than 24,000 businesses annually. NAB works hard to ensure its sourcing decisions have a positive impact on the environment and in the communities in which it works.

NAB’s Group Supplier Sustainability Program (GSSP) monitors and manages sustainability risks and opportunities within its supply chain. The GSSP has developed sustainability principles and requirements for suppliers to NAB. One of these principles focuses on supplier diversity and was developed to encourage purchases with indigenous businesses, women-owned businesses, Australian Disability Enterprises (ADE’s) and social enterprises by NAB supply chain partners.

APPROACH

An internal working group was established including representatives across Environment & Sustainability, Procurement and the Indigenous team to drive the program’s implementation. Senior management commitment has been invaluable to the success of the program.

The objective of the program is to support sustainable enterprises and communities by purchasing products from accredited indigenous-owned, women-owned, Australian Disability Enterprises and other social enterprises. Direct procurement from these diverse suppliers has been a challenge as NAB procures nationally and many of the diverse suppliers are small to medium and rarely national. Since January 2012, NAB has shifted its focus to Tier 2 procurement, maintaining national partnerships with key suppliers and encouraging these large suppliers to include diverse businesses in their supply chains.

The first step in this journey has been to engage with Tier 1 suppliers on the benefits of supplier diversity. Tier 1 suppliers have been approached based on a number of criteria including the volume, spend and availability of diverse suppliers that are a good fit with the Tier 1 supplier’s expertise. The next major step has been to include supplier diversity criteria into relevant tenders in 2012.

While NAB is facilitating relationships between its national suppliers and diverse suppliers, successful engagement is still at the discretion of the Tier 1 supplier. Decisions are still based on commercial considerations such as price, capacity and capability of delivery. Once the Tier 1 and Tier 2 suppliers establish a relationship, NAB’s role can shift from relationship management to monitoring and reporting on progress.



Waverley Industries operates a range of social enterprises.

IMPACT

NAB has worked directly with a number of diverse suppliers with many successes, some of which are outlined below.

Print Junction is a family-owned, Supply Nation certified Indigenous business in Adelaide originally engaged to print NAB's first Reconciliation Action Plan in 2008. They have been on NAB's print panel since 2010 and today they have the opportunity to respond to all printing projects. As a result of their ongoing work with NAB and other purchasers, in 2012 Print Junction hired an Indigenous trainee to meet this growth.

Waverley Industries is an Australian Disability Enterprise that was recruited to manage the 40,000 internal envelopes that were stockpiling at NAB's courier company. Seeing an opportunity to reduce waste and engage a diverse supplier, Waverley Industries were invited to process the internal envelopes and return them to NAB for re-use. In total, four pallets of envelopes were processed and out of this collaboration project, Waverley Industries have won additional work managing the assembly of NAB's Out of the Box kits.

LOOKING FORWARD

NAB views accreditation as paramount when working with diverse suppliers. This is currently provided through Supply Nation and Australian Disability Enterprises. NAB hopes that social enterprises and women-owned businesses will develop certification bodies in Australia in the near future, effectively extending assurance across NAB's targeted diversity suppliers.

NAB's 2013 target for supplier diversity is to maintain and expand the number of diverse suppliers. As successes are achieved, NAB will continue to facilitate relevant introductions across different categories and locations.