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A better slice for everyone

The role of purchasing nowadays

Domino's Procurement and Quality department recently changed its name to the partnerships team. Why does 'partnerships' better describe what the international team at Domino's does? Group Chief Procurement Officer, or he would rather call himself as Group Chief Partnerships Officer John Harney talks about the shift his team has made from focusing on 'the lowest unit price' to building long term relationships with partners where innovation and new ideas are the essence of the work of his team to build value. All of this to further grow the business, as well as to play an important role in realizing the company's sustainability ambition.



Positively surprised

John Harney- Group Chief Partnership Officer says: *"As soon as people walk into our office, they are surprised by the innovative look of our office. We have everything under one roof: the office the fresh dough production and the warehouse, in Nieuwegein. It is a privilege to work for one of the leading companies in the food business. Yes we are a data driven company, focused on growth. A competitive purchasing price has been important in this for a long time. But we are also changing with the times as a company. We believe that growth can go hand in hand with doing the right thing. We want to have a better slice for everyone."*

Within the partnership department, it's all about the right balance, between total cost, innovation and relationships with partners. John continues: *"Recently I therefore changed the name of our team to Partnerships. To be successful in procurement, you need to be able to look beyond price. That is not only better for everyone, but a broader view of the role as a purchaser makes it more challenging and more fun. Paying attention to new innovations and building long-term relationships with suppliers is just as important as the price aspect."*



Three leg stool model

The partnership team therefore works according to a well thought-out but simple model; 'Three leg stool strategy'. All three 'legs' are equally important:

1. Fair price

A traditional purchasing thought is that procurement is purely and simply about getting the lowest price from suppliers at any cost. John: *"People often forget that low unit prices can actually mean high total costs through product failure, delivery failures etc. they not only put pressure on the relationship, but also take away the opportunity to come up with new ideas and innovations. Especially in these times, room for innovation and investment in product development is extremely important."*

2. Innovation

The second 'leg' is about innovation. More important than ever is innovation and development of new products, processes and ideas is key to effective procurement. *"Take the purchase of meat, for example. Buying at the lowest price also means that animal welfare standards may not be a high priority. From our sustainability ambition, we have committed ourselves to the Better Chicken Commitment, among others. For our department, this means that we look together with our suppliers at the supply of slower-growing breeds of chicken and, from the entire chain, at how we can work together with our suppliers to achieve these goals."* According to John.

3. Long term relationships

To achieve the goals together, you need to understand each other's ideas, wishes and challenges. *"To stay with the example of sustainable chicken; a supplier is willing to participate, but runs up against the availability of the product. Our team, together with the supplier, looks for solutions as to how it can be done. Building a sustainable relationship is often underestimated in 'our world'. But precisely because of the long-term relationships we have with suppliers, we have always been able to supply our shops, despite the scarcity of certain products especially during the pandemic. I am so proud of that."*

John concludes his story with perhaps the most important message:

"To keep all three legs of the chair together, you need a good foundation: passion. When people know how to combine their passion with the application of this model, they make the difference in their work and within the profession".



Domino's Belgium