

# **THE PROCUREMENT EXCELLENCE GUIDE**

A performance review system  
for  
Local Authority Procurement

Issue 1

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# **The Procurement Excellence Guide**

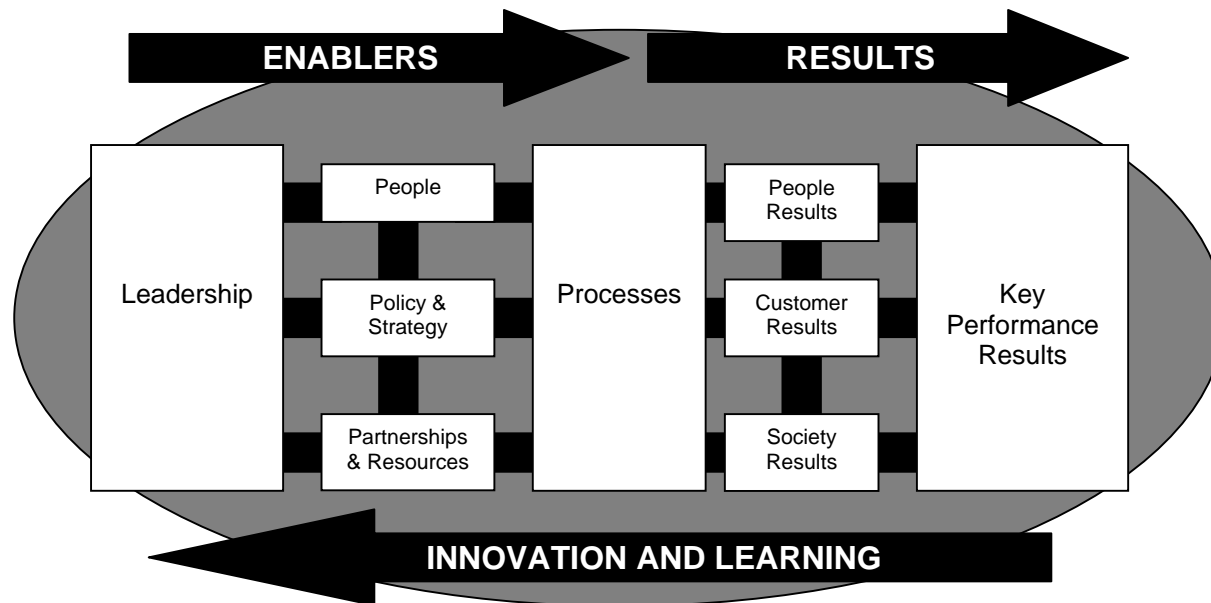
## **Introduction**

This Procurement Excellence Guide is intended to provide a structured method of assessing the health of your procurement activities, to measure the impact of changes and to demonstrate continuous improvement.

The Guide incorporates relevant recommendations from the Gershon and Filkin Reports and forms part of a suite of tools and techniques that have been developed to contribute to the process of Best Value Reviews.

The Guide is already in use in Central Government and is proving to be a useful diagnostic tool.

## The EFQM Excellence Model ®



- The EFQM Excellence Model on which this 'Procurement Excellence Guide' is based is widely used throughout the UK and Europe
- It is becoming the standard used by Central and Local Government and the Private Sector as a holistic means of assessing all aspects of an organisation's activities and results
- It is intended to promote continuous improvement and is an aid to effective benchmarking

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# How to Use the Procurement Excellence Guide

## How the Guide can help you

This Guide provides a structured method of assessing the health of your procurement activity.

It will help you examine your operation to identify strengths on which to build and those areas where improvement may be appropriate.

It will establish a base position against which you can assess priorities for action and measure the effect of any changes you make.

It will provide guidance on areas for benchmarking in order to compare with others, learn from their experience and so speed up the improvement process.

## Use in different types of procurement activity

This guide can be used to assess any type or size of procurement activity – from that directing your overall council's activity to small policy making units within a particular function.

For larger procurement activities virtually all the requirements contained in the Guide will be applicable. For smaller units some aspects of procurement may be covered elsewhere and will not be relevant to the unit being assessed. This does not invalidate the results but should prompt questions about adequacy of coverage and communication

## Who should carry out the assessment?

Assessments can be carried out by anyone in the procurement activity. There is merit in getting responses from as wide a range of people as possible. Perceptions at working level may be very different from those in more senior positions. They are all valid and the differences need to be analysed to establish the cause.

## Resources Required

This Guide will significantly reduce the resources required to carry out an assessment compared to using the full Excellence Model and 'Radar' assessment approach.

The main stages, activities and approximate durations for completing an assessment using this guide are:

**1. Preparation**

2 – 3 hours

Activities

- decide the scope and boundaries of the assessment
- identify who will participate and complete the assessment
- determine the timescales for the activity and set dates for reconciliation meetings etc.
- brief participants for consistency of approach.

**2. Doing the assessment**

3 – 4 hours

- individuals to work to complete the questionnaire and document the evidence for their scoring

**3. Collating the data**

4 – 6 hours

- this is an admin activity – setting the scores out on a spread sheet and collating the evidence

**4. Reaching a consensus**

3 – 4 hours

- the aim is to reconcile different perceptions in order to arrive at an agreement on the evidence and the appropriate score for each question.

## Completing the Questionnaire

- **Sections 1 to 5** ask questions about the Enablers, the systems and processes that an excellent Procurement activity should have considered in order to deliver the results required.

Tick one of the numbered boxes after each question based on your perception of what happens in your Procurement activity.

### Score as follows:

0. Don't know
1. No – this doesn't happen.
2. This happens occasionally but there is no consistency.
3. Yes this usually happens but it could be improved.
4. Yes, this is recognised as the way we do business, and we achieve real benefits.
5. This is an integral part of our culture and operation and can be regarded as best practice.

**Sections 6 to 9** ask questions about the Results, your achievements in terms of actually delivering the results in a number of key areas.

Again tick one of the numbered boxes after each question based on your perception of the results achieved.

### Score as follows:

0. Don't know
1. No
2. Yes – but we don't use the information.
3. Yes – and we can show improving trends.
4. Yes – we can show steady improvement over 3 years.
5. Yes – we can show excellent performance over 5 years.

## **How to use the Assessment Information**

- Having completed your assessment you are now able to identify the strengths of your operation and the areas for improvement in order to make continuous improvements to the way in which you meet your customers' and stakeholders' needs.
- If there are questions to which you have answered with 4 or 5 then these are areas of strength on which you can build.
- Can you identify why they are strengths – what is it that you are doing that makes them so effective? Can these aspects be transferred to other areas where you need to make improvement?
- In those areas where you scored 0, 1, 2 or 3 you may decide you need to make improvements. You will need to decide priorities and make real actionable plans to achieve the performance you require.

Priorities should take account of:

- your existing improvement plans and needs. The assessment may help you to supplement these and make them more focused
- where the greatest benefit will be derived
- the need for some quick wins. These should allow people to take action themselves and demonstrate progress.

## **Benchmarking**

- Comparison of your own operation against others who have achieved Excellence in areas in which you wish to make improvements is a cost and time effective way of speeding up the process without 'reinventing the wheel'.

A benchmarking service through the Civil Service College has been established that will give you reports on how you compare with others for each of the main criteria.

Through this service you can be linked with similar procurement activities that have demonstrated excellent performance. By sharing information and working on common problems real progress can be made.

## **Numerical Scoring**

- To get a feel for how your overall procurement activity compares with other procurement activities we have provided a numerical scoring system that gives an approximation to that which would be produced from a full EFQM Excellence Model assessment. (see Scoring System on page 32)

## The Enablers

### 1. Leadership

**Do Managers demonstrate the role and importance of Procurement and lead by example?**

	0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking
1.1 Has your Council clearly defined the role and strategic objectives for your procurement activity and the values by which you should operate?							
1.2 Is the Senior Procurement Professional always involved in the Council's strategic planning and use of outside resources?							
1.3 Do Managers outside your immediate procurement activity understand and actively support the requirements for effective procurement?							
1.4 Do Managers throughout your Council act as role models in promoting and using your procurement activity?							
1.5 Are your procurement activity's managers personally involved in the way that your organisation operates and continually trying to make improvements?							

	0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking
1.6 Are your procurement activity's managers actively involved with customers, partners, suppliers and other stakeholders in understanding and where possible, anticipating their needs?							
1.7 Have your procurement activity's managers established mechanisms for ensuring that your procurement activity meets the overall Council's needs?							
1.8 Do your procurement activity's managers actively support the wider procurement community and initiatives to enhance the profession?							
1.9 Do your procurement activity's managers update and improve their own skills?							

1.10 Do they encourage staff to do likewise?

1.11 Do your managers promote teamwork, learning, creativity and innovation?

1.12 Do your managers personally support, encourage and motivate individuals and teams and recognise their performance?

0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking

## 2. Policy & Strategy

**What are your Procurement activity's objectives and how are they developed?**

	0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking
2.1 Does your procurement activity participate in the development of the overall Council's policy and strategy?							
2.2 Does your procurement activity take into account the overall Council's objectives when developing its own?							
2.3 Does your procurement activity specify the needs and expectations of customers, employees, partners and other stakeholders when developing its own policy and strategy?							
2.4 Is your Council's procurement policy and strategy based on sound data, appropriate research, an analysis of measured performance and the lessons learned from previous experience?							

	0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking
2.5 Does your Council's procurement policy and strategy take into account wider central and local government strategies and initiatives?							
2.6 Does your Council's procurement policy and strategy take account of new techniques and developments in technology?							
2.7 Does your procurement activity's policy and strategy take full account of the role and opportunities provided by outside agencies and collaborative organisations, eg OGC, CIPS, SOPO, IDeA, LGA?							
2.8 Are your policy and strategy periodically reviewed and updated to ensure they are relevant to changes in the operating environment?							
2.9 Does your procurement activity have contingency plans to cover emergency situations and other perceived risks?							
2.10 Have the key procurement processes that are crucial to delivery of your policy and strategy been identified?							

2.11 Has your procurement policy and strategy been communicated to all relevant parties?

2.12 Is there a plan for implementation of your procurement policy and strategy with milestones, success criteria and standards defined to measure progress?

0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking

### 3. People

#### How well does your procurement activity manage and develop people?

- 3.1 Does your procurement activity have a comprehensive policy and plan for recruiting and retaining the right people with the right skills?
- 3.2 Does the organisation actively canvas and take into account your people's views and feedback on human resource and other policies and strategies?
- 3.3 Are there plans to maintain and develop as appropriate the skills and knowledge of everyone in the procurement activity?
- 3.4 Are regular performance appraisals carried out?
- 3.5 Do your people have clearly defined objectives and performance measures that are linked to the Council's objectives?
- 3.6 Are there established mechanisms for effective communication with and between people – up, down and horizontally?

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	0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking
3.7 Are there mechanisms for caring for people (eg flexible working, home working, health & safety, equal opportunities) and providing reward and recognition, appropriate and fair?							
3.8 Are people encouraged to actively engage with suppliers and customers?							
3.9 Are people encouraged to develop their own skills and expertise?							
3.10 Do managers monitor and manage people's workload?							
3.11 Are people empowered and encouraged to develop the behaviours inherent in high performance teamworking and cross functional working?							

#### 4. Partnerships and Resources

**How well does your procurement activity use its own physical assets, help manage those of the whole Council and create partnerships with suppliers and other organisations to mutual benefit?**

4.1 Does your procurement activity proactively develop and manage its relationships with key suppliers to mutual benefit?

4.2 Have working relationships been established with other appropriate professional bodies in order to obtain maximum benefit for your procurement activity and Council?

4.3 Have strategic partners for collaborative procurement been identified and developed?

	0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking
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4.4 Are there systems and processes in place to monitor and control the procurement activity's own operating costs and use of resources?							
4.5 Does the procurement activity have an active role in commercial assessment of capital and revenue spend?							
4.6 Does the procurement activity carry out or contribute to risk assessments on capital and revenue spend?							
4.7 Does the procurement activity fully participate in Best Value Reviews/Market testing							
4.8 Is the procurement activity actively involved in managing the Council's physical assets such as property, equipment and materials?							
4.9 Are systems in place to identify and assess any new technologies that may impact on the procurement activity?							

	0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking
4.10 Is there a defined policy and plan for managing information and knowledge? eg learning from experience, best practice, availability of specialist skills							
4.11 Is there an appropriate process for monitoring and reducing the transactional costs of small value spending, eg use of Procurement Cards?							
4.12 Is the procurement activity actively promoting the use of electronic commerce and are there plans to meet or exceed local or national targets?							
4.13 Do people have access to the right information to allow them to do their job effectively? eg Internet access, supplier database, e-mail system							

## 5 Processes

### How effectively are things done in the procurement activity?

5.1 Has the procurement activity defined all the key processes necessary to deliver its objectives?

5.2 Are processes tailored to meet the needs of customers, suppliers and other stakeholders?

5.3 Is the effectiveness of these processes measured?

5.4 Is responsibility for improving processes clearly defined within the procurement activity?

5.5 Does the procurement activity operate any quality, environmental or safety management systems?

5.6 Is the service provided by the procurement activity analysed to assess the customer's experience?

5.7 Is the service effectiveness benchmarked?

	0 Don't know	1 No – this doesn't happen	2 This happens occasionally but there is no consistency	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking
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5.8 Are customers, suppliers and other stakeholders consulted and involved in improving the procurement activity's processes?							
5.9 Is there an established and recognised system in place for good practice in one area to be communicated and adopted in other areas?							
5.10 Is the effectiveness of any changes to your processes assessed?							
5.11 Do people understand their role in seeking improvements to the way they work?							

## Results

### 6. Customer Results

**Is the procurement activity meeting its customers' needs and how is this known?**

	0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes and we can show improving trends	4 Yes we can show steady improvement over 3 years	5 Yes we can show excellent performance over 5 years	Evidence to support marking
6.1 Are customers asked how they feel about the services provided?							
6.2 Do customers' views agree with the procurement activity's views of the service provided?							
6.3 Does the procurement activity have any targets for customer satisfaction and improving these - eg service level agreements?							
6.4 Are these targets being met?							
6.5 Are levels of customer satisfaction benchmarked with other procurement organisations?							
6.6 Is there an effective system for handling and rapidly resolving complaints?							
6.7 Are complaints about the procurement activity analysed and improvements made?							

- 6.8 Does the procurement activity have its own internal systems and measures for assessing customer satisfaction? eg
  - cycle times
  - number of complaints/plaudits
  - take up of framework agreements
  
- 6.9 Is there data on customer service training, as appropriate, for procurement activity staff?
  
- 6.10 Are employees' suggestions for improving customer service actively sought, pursued and implemented?

0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes and we can show improving trends	4 Yes we can show steady improvement over 3 years	5 Yes we can show excellent performance over 5 years	Evidence to support marking

## 7 People Results

**Do people enjoy working within the procurement activity and do they feel they are being valued, cared for and their needs properly addressed and satisfied?**

- 7.1 Are people asked how they feel about working in the procurement activity?
- 7.2 Is there an understanding of what motivates people and gives them job satisfaction?
- 7.3 Are there targets that address motivation and job satisfaction?
- 7.4 Do people feel they are given opportunities to learn, develop their skills and expertise and enhance their job?
- 7.5 Do people feel they get appropriate support, coaching and training when they need it?
- 7.6 Do people feel they can discuss issues within the procurement activity, openly and frankly?

0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes and we can show improving trends	4 Yes we can show steady improvement over 3 years	5 Yes we can show excellent performance over 5 years	Evidence to support marking

	0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes and we can show improving trends	4 Yes we can show steady improvement over 3 years	5 Yes we can show excellent performance over 5 years	Evidence to support marking
7.7 Is the procurement activity perceived as practising and providing equal opportunities to all staff?							
7.8 Do people receive proper performance appraisal and feedback on a regular basis – not just at a once a year formal occasion?							
7.9 Do people feel they are listened to and their needs addressed?							
7.10 Is staff turnover at an acceptable level with retention of key people?							
7.11 Are the number of people pursuing vacancies in the procurement activity showing an upward trend?							

7.12 Are suitable working conditions and facilities provided that comply with Health and Safety requirements?

7.13 Are people developing their own skills and expertise?

7.14 Are people making improvements to the way they work?

0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes and we can show improving trends	4 Yes we can show steady improvement over 3 years	5 Yes we can show excellent performance over 5 years	Evidence to support marking

## 8 Society Results

**What impact does the procurement activity have on the locality and community in which it operates?**

8.1 Does the procurement activity affect the locality and community and how?

8.2 Is it known how the procurement activity is viewed by those parts of the community that are affected by it?

8.3 Does your procurement activity contribute to the local community in terms of education and training and support for voluntary work? eg Macmillan Hospices, support to local schools and colleges.

8.4 Is there information on how the procurement activity promotes and leads on sound environmental practice – in its own operations and by suppliers? eg sustainability

8.5 Do health and safety statistics show an improving trend?

	0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes and we can show improving trends	4 Yes we can show steady improvement over 3 years	5 Yes we can show excellent performance over 5 years	Evidence to support marking
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8.3 Does your procurement activity contribute to the local community in terms of education and training and support for voluntary work? eg Macmillan Hospices, support to local schools and colleges.							
8.4 Is there information on how the procurement activity promotes and leads on sound environmental practice – in its own operations and by suppliers? eg sustainability							
8.5 Do health and safety statistics show an improving trend?							

8.6 Does the procurement activity measure how its professionalism, integrity and contribution are viewed by external bodies? eg regulatory bodies and collaboration partners.

0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking

## 9 Key Performance Results

**Is the procurement activity able to demonstrate its performance to its customers and other stakeholders who have an interest in procurement?**

9.1 Are there measures that demonstrate the added value, savings, cost effectiveness and efficiency of the operation? eg % Procurement influence/ involvement over non pay spend

9.2 Are there measures that demonstrate the savings/benefits/contribution that the procurement activity is making to customers, stakeholders and the Council's operation?

9.3 Can progress in implementing the procurement policy and strategy be shown.

9.4 Is there performance data on key processes and systems?

9.5 Is there evidence to show that improvements in processes and systems have contributed to better performance results?  
 –cycle times  
 –use of electronic commerce

0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes and we can show improving trends	4 Yes we can show steady improvement over 3 years	5 Yes we can show excellent performance over 5 years	Evidence to support marking

- 9.6 Are indicators in place that will predict future performance in key areas of procurement activity? eg  
 – warehouse stock/turnover  
 – whole life cost  
 – potential savings
- 9.7 Are the benefits of working with consortia, partners and suppliers monitored and analysed?  
 – cost reduction  
 – added value of innovative services
- 9.8 Is the knowledge that the procurement activity obtains and develops managed and used to best effect?  
 eg – Review of previous contract performance  
 – market research

0 Don't know	1 No	2 Yes – but we don't use the information effectively	3 Yes this usually happens but it could be improved	4 Yes this is recognised as the way we do business and we achieve real benefits	5 This is an integral part of our culture and operation and can be regarded as best practice	Evidence to support marking

## PERFORMANCE REVIEW SCORING SYSTEM

- The purpose of the scoring system is to give an approximate cross reference to that used in a full Excellence Model Assessment.
- It is inevitably somewhat coarse so variations of up to 20 on the corrected score should not be regarded as significant.
- Scoring will allow internal comparison of performance over time and will also allow comparison with others to identify potential benchmarking and sharing of best practice opportunities.

### Scoring Method

1. Add up the scores you have given for each criterion eg Leadership, People etc.
2. **Multiply** the sum you have achieved by the factor shown in the table and then **subtract** the adjustment figure to achieve the corrected score for that criterion.
3. Add up all the corrected scores to give a total.

Criterion	Score Achieved – sum of all elements	Multiplying factor	=	Subtract Adjustment	= Corrected score
Leadership		x 1.66	=	-10	=
Policy and Strategy		x 1.33	=	-8	=
People		x 1.64	=	-9	=
Partnerships and Resources		x 1.38	=	-9	=
Processes		x 2.54	=	-14	=
Customer results		x 3.64	=	-20	=
People results		x 1.29	=	-9	=
Society results		x 2.0	=	-6	=
Key Performance Results		x 3.75	=	-15	=
				Total Score	

## **Glossary/References**

CIPS	Chartered Institute of Purchasing and Supply
Customers	Direct recipients of the Procurement activity's services
Council	The Local Authority of which the Procurement activity is a part
EFQM	The European Foundation for Quality Management
Filkin Report	Geoffrey Filkin on implementation Best Value in Local Government
Gershon Report	Review of Civil Procurement in Central Government report by Peter Gershon, Managing Director Marconi Electronic Systems Ltd for HM Treasury/Cabinet Office April 1999
IdeA	Improvement Development Agency
LGA	Local Government Associations
OGC	Office of Government Commerce
Outside resources	Non payroll expenditure
Procurement activity	Everyone who carries out procurement even though they may not have a direct line responsibility to the Procurement activity's managers
Procurement activity's managers	Managers who are directly within the Procurement activity's management structure
'RADAR' scoring system	The recommended scoring method for the Excellence Model
SOPO	Society of Purchasing Offices
Stakeholders	People who have an interest in the operation of the Procurement activity including Elected Members
Suppliers	Outside organisations providing goods, and or, services to the Procurement activity or its customers in the Council as a whole.