

PROCUREMENT EXCELLENCE

A

GUIDE

TO USING THE

EFQM EXCELLENCE MODEL

IN

PROCUREMENT

Issue 1

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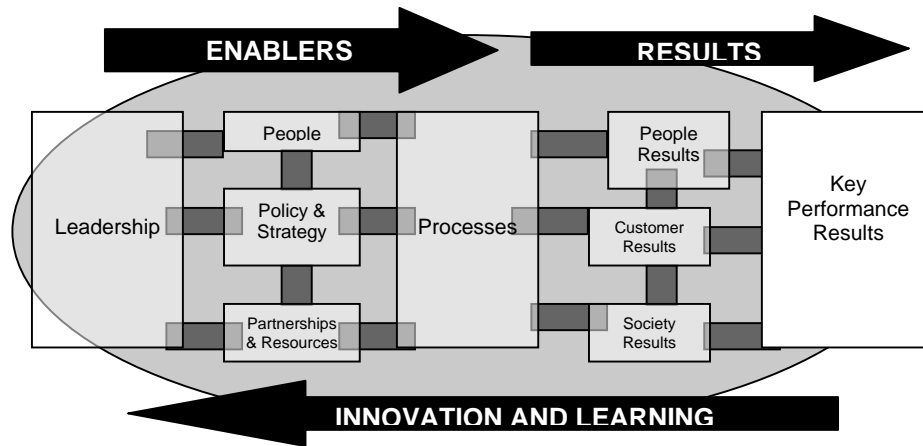
Introduction

This document is intended as a guide to applying the EFQM Excellence Model ® to procurement activities in order to identify areas of strength on which to build and those where improvement may be appropriate.

The Guide provides procurement related comment and interpretation to each of the main criteria and criterion parts in order to give emphasis and direction when applying the Excellence Model.

If you are not familiar with the Excellence Model or need a simplified version for a quick and easy method of assessing the health of your Procurement Organisation you should refer to the booklet 'The Procurement Excellence Pilot'.

The EFQM Excellence Model ®



- The EFQM Excellence Model® on which this 'Guide' is based is widely used throughout the UK and Europe
- It is increasingly being used by Central and Local Government and the Private Sector as an 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

®. 1999 EFQM The Model is a Registered Trademark of EFQM. The criteria and criterion parts are copyright 1999 EFQM.

About this Guide

The basic Excellence Model – the ‘Criteria’, ‘Criterion Parts’ and ‘Areas to Address’ are wholly applicable to Procurement Organisations and should be used as they stand.

In this Guide we have provided procurement related comment and interpretation and some additional ‘Areas to Address’ that supplement the basic model, are particular to procurement and reflect government initiatives, current procurement thinking and best practice.

Examples of ‘Procurement Good Practice’ are also provided together with ‘Possible Evidence and Measures’ that Assessors may look for when carrying out assessments.

Not all of these will be applicable to every procurement organisation so you should determine what is appropriate for your operation.

Assessments and Scoring

Assessments and the scoring system used may be pitched at the level of sophistication and accuracy to which your Procurement Organisation aspires.

The main benefit from using the Model is that you can carry out your own self assessment to establish your current level of Excellence and, when making changes, measure your performance improvement over time.

For normal use it is recommended that the ‘Radar’ scoring matrix is used as this provides an appropriate level of accuracy and consistency without excessive use of valuable resources.

Organisations that aspire to awards will need to use the ‘Award Simulation’ approach – leading to full external assessment when submitting an application for a UK Quality Award.

Using the Assessment Information

The whole purpose of completing the Excellence Model assessment is to identify strengths and areas for improvement in order to continuously enhance the way in which you meet your customer’s needs.

If you identify particular strengths – can you identify why they are - 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?

Having identified the areas for improvement you will need to decide priorities and then develop real actionable plans to achieve the performance you require.

You can measure your progress over time by reassessing against the Excellence Model.

Benchmarking

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

ENABLERS

1. LEADERSHIP

1. Leadership

How leaders develop and facilitate the achievement of the mission and vision, develop values required for long term success and implement these via appropriate actions and behaviours, and are personally involved in ensuring that the organisation's management system is developed and implemented.

Comment

Leaders of excellent organisations usually recognise the value and role of an effective procurement operation in managing the organisation's resources when they are used to acquire goods and services, or are provided to third parties to promote the organisation's objectives.

1. LEADERSHIP

1a. Leaders develop the mission, vision and values and are role models of a culture of Excellence.

Comment

Procurement is regarded as a strategic activity by the Board and Senior Management and is treated as such. They are role models in using and supporting the Procurement Organisation.

1a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Board and Senior Managers demonstrate the importance of procurement. • How the Board, Senior Managers, including the Head of Procurement personally and actively promote Excellence in procurement. 	<ul style="list-style-type: none"> • A Board Member having clear responsibility for procurement. • The Head of Procurement (HOP) is involved in strategic decision making. • The Board set clear strategic direction for the procurement operation - its mission, vision and values. • Experience in procurement is regarded as a requirement for Senior Managers. • Senior Managers are role models in demonstrating high customer service standards • The HOP is actively involved in promoting procurement both inside and outside the organisation. 	<ul style="list-style-type: none"> • The Board and Senior Managers communicate the importance and contribution of procurement. • The Board holds regular reviews of procurement performance. • There are clear objectives, operational plans and performance indicators for the Procurement Organisation approved by the Board. • HOP promotes procurement through marketing or education within the organisation. • HOP acts as influencer/mentor. • HOP communicates regularly with customers, stakeholders and suppliers. • HOP accepts feedback and acts upon it.

1a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How other Business Managers within the overall organisation promote and understand procurement excellence. • How the Procurement Organisation is involved in cross functional activities and collaboration. 	<ul style="list-style-type: none"> • Business Managers have an understanding of procurement through training and guidance. • Procurement plays an active and leading role in cross functional team working to promote the overall organisation's objectives. 	<ul style="list-style-type: none"> • Awareness/training sessions held for Business Managers. • New appointees given appropriate procurement orientation. • 'Fast Streamers' are assigned to Procurement as part of their development programme. • Membership of cross functional teams. • Minutes/action plans.

1. LEADERSHIP

1b. Leaders are personally involved in ensuring the organisation’s management system is developed, implemented and continuously improved.

Comment

Procurement Organisation Managers take a leading role in ensuring that the procurement management systems and processes are effective and efficient. They continually seek to make improvements in order to enhance Procurement’s contribution to the overall organisation’s strategic objectives.

1b. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How Managers encourage and promote procurement improvements to support and enhance the overall organisation’s strategic objectives. • How Managers ensure that procurement improvements are properly planned and resourced. • How Managers measure the effect of changes/improvements that they introduce. 	<ul style="list-style-type: none"> • Procurement has a clearly defined business direction and objectives that are approved by the Board. • Procurement has a defined system for reviewing and updating policies, practices, systems and processes. • Resources to effect the changes are assessed and allocated when the objectives are set and prioritised. • Measurement system and success criteria defined prior to implementation of changes. 	<ul style="list-style-type: none"> • The Board reviews objectives, operational plans and performance indicators on a regular basis. • System is understood and used. • All procurement staff (and others) are involved in the process. • Plans are detailed - showing resources, time scales/success criteria. • Plans are reviewed and updated regularly. • Positive trends over time with review and corrections/actions identified.

1. LEADERSHIP

1c. Leaders are involved with their customers, partners and representatives of society.

Comment

Managers of excellent procurement organisations ensure that there are well established co-operative relationships with customers, suppliers, other stakeholders and relevant outside bodies in order to ensure that the service provided meets their needs and is continuously improved.

1c. Other Areas to Address

Procurement Good Practice

Possible Evidence

1c. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> ● How customers and stakeholders are identified and their needs addressed by the Procurement Organisation's Managers. 	<ul style="list-style-type: none"> ● Customers are segmented and their needs and expectations identified and prioritised. Service arrangements and service quality (Service Level Agreements) are geared to these. ● Stakeholders' interests are defined and mechanisms established to demonstrate performance in meeting these. 	<ul style="list-style-type: none"> ● Service Level Agreements or equivalent in place and performance against these criteria regularly assessed and reviewed with customers. ● Performance against stakeholders needs regularly reviewed. ● Improvement plans established, targets updated and progress assessed.
<ul style="list-style-type: none"> ● How Procurement Organisation Managers involve suppliers in developing and improving the service they provide. 	<ul style="list-style-type: none"> ● Supplier management and development programme in place. 	<ul style="list-style-type: none"> ● Strategic suppliers identified. ● Plans developed and implemented for joint improvement activities. Progress monitored on a regular basis.
<ul style="list-style-type: none"> ● How the Procurement Organisation Managers establish and develop links with OGC, other Procurement Organisations, CIPs, Academia and relevant outside bodies. 	<ul style="list-style-type: none"> ● Procurement Organisation keeps abreast of latest developments, assesses and evaluates these to make improvements to the operation. ● Establishes and develops strategic alliances to mutual benefit eg OGC and other Government Departments. 	<ul style="list-style-type: none"> ● Procurement Managers have active involvement in wider procurement and external community activities and initiatives. Active support of OGC. Staff are encouraged to do likewise.

1. LEADERSHIP

1d. Leaders motivate, support and recognise the organisation's people.

Comment

Managers have a pivotal role in motivating, supporting and recognising the work of procurement people.

1d. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How individuals' efforts are recognised within the Procurement Organisation and the overall organisation. 	<ul style="list-style-type: none"> • Procurement Managers actively encourage innovation and initiative. • There is regular feedback from Managers on progress made and successes are acknowledged. • Individuals receive informal and formal feedback. 	<ul style="list-style-type: none"> • Improvement is an active part of staff meetings. • There is recognition of procurement work and achievement in newsletters/ other publications. • Managers give presentations to the Board (and others) on the Procurement Organisation's performance.
<ul style="list-style-type: none"> • How Managers represents procurement activities to customers, stakeholders and suppliers. 	<ul style="list-style-type: none"> • Head of Procurement establishes needs and holds periodic reviews of performance against these with customers, stakeholders and suppliers. 	<ul style="list-style-type: none"> • Staff actively involved in reviews with customers • Supplier reviews carried out periodically - successes as well as difficulties identified. Areas of mutual benefit pursued.
<ul style="list-style-type: none"> • How individuals are encouraged to develop their own skills and competencies. 	<ul style="list-style-type: none"> • Competency levels are defined for procurement staff. • Appraisal system established and used. • Training plans developed for all staff. • Career and succession plans produced. 	<ul style="list-style-type: none"> • Individuals aware of competencies required for their job and others. • Appraisal records up to date. • Training effectiveness monitored. • Succession plans for key positions developed by HOP and integrated into overall organisation's succession

1d. Other Areas to Address

Procurement Good Practice

Possible Evidence

plans.

2. POLICY AND STRATEGY

2. Policy and Strategy

How the organisation implements its mission and vision via a clear stakeholder focused strategy, supported by relevant policies, plans, objectives, targets and processes.

Comment

Excellent organisations recognise the value of involving Procurement at an early stage in the development of policy and strategy. Equally, the Procurement Organisation's own policy and strategy must support those of the overall organisation of which it is a part and recognise and support wider government procurement policies and practices.

2. POLICY AND STRATEGY

2a. Policy and Strategy are based on the present and future needs and expectations of stakeholders.

Comment

The Procurement Organisation’s policy and strategy should be fully integrated into and supportive of the overall organisation to which they provide a service.

The policy and strategy should take account of customer and stakeholder current and future needs and recognise wider government initiatives and strategies.

2a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation’s strategy is linked to the overall organisation’s strategy. 	<ul style="list-style-type: none"> • The Procurement Strategy is based on and supports the overall organisation’s mission, strategy and values. 	<ul style="list-style-type: none"> • Procurement strategy is documented and approved by the Board.
<ul style="list-style-type: none"> • How the Procurement Strategy links to and reflects wider government procurement strategies and initiatives. 	<ul style="list-style-type: none"> • Procurement strategy recognises and supports government procurement strategies and initiatives, and the role of the OGC. This is reflected in work plans, procedure manuals and work instructions for the Procurement Organisation. 	<ul style="list-style-type: none"> • Plans and accountabilities are defined to implement the initiatives with reviews to assess progress/compliance and follow up required.
<ul style="list-style-type: none"> • How the Procurement Organisation interfaces with, supports and collaborates with the Office of Government Commerce (OGC). 		<ul style="list-style-type: none"> • Procurement staff have a clear understanding of procurement initiatives and strategies. • Evidence of training/seminars/discussion groups to ensure knowledge/understanding.

2a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How customers and stakeholders are consulted and their views taken into account during the development of current and future procurement strategy. 	<ul style="list-style-type: none"> • The Procurement Organisation regularly consults with customers and stakeholders during strategy development and execution. 	<ul style="list-style-type: none"> • Customers and stakeholders needs are defined and documented. • Procurement Organisation provide stewardship against these needs - evidence of such events plus appropriate follow up.
<ul style="list-style-type: none"> • How the Procurement Organisation keeps abreast of new techniques and technologies and comparator activities. 	<ul style="list-style-type: none"> • New techniques, technologies and comparator activities are regularly assessed for possible application. 	<ul style="list-style-type: none"> • Mechanisms in place to ensure awareness of development eg. Review of journals/contact with Academia/other centres of excellence. Responsibilities for assessment defined with appropriate documentation of relevant decisions.
<ul style="list-style-type: none"> • How Procurement is involved in the development of the overall organisation's policies and strategies. 	<ul style="list-style-type: none"> • Procurement contributes to the overall organisation's policies and strategies at the developmental stage when there is the opportunity to add value/influence the course of events. 	<ul style="list-style-type: none"> • Procurement contributions are documented.

2. POLICY AND STRATEGY

2b. Policy and Strategy are based on information from performance measurement, research, learning and creativity related activities.

Comment

Excellent Procurement Organisations use analysis of their own performance, market research, developmental work and lessons learned from previous activities to guide policy and strategy development.

2b. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> ● How the Procurement Organisation captures, analyses and draws appropriate learning from its operations. 	<ul style="list-style-type: none"> ● The Procurement Organisation has a defined way of reviewing its performance on a regular basis and draws lessons from these reviews. 	<ul style="list-style-type: none"> ● Output from data analyses and documentation of lessons. ● Regular review minutes.
<ul style="list-style-type: none"> ● How the Procurement Organisation carries out market research and uses this in development of policy and strategy. 	<ul style="list-style-type: none"> ● Market research programme appropriate to needs of the organisation developed either alone or in collaboration with others. 	<ul style="list-style-type: none"> ● Market research data. ● Analyses of data/conclusions drawn.
<ul style="list-style-type: none"> ● How the Procurement Organisation uses the data available from OGC and other Government Departments in development of policy and strategy. 	<ul style="list-style-type: none"> ● Formal contact and review arrangements established with OGC. ● Benchmarking programme established and operational. 	<ul style="list-style-type: none"> ● Minutes of meetings. ● Benchmarking data and analyses.
<ul style="list-style-type: none"> ● How the Procurement Organisation uses the talents of its people, customers and stakeholders to guide policy and strategy development. 	<ul style="list-style-type: none"> ● Defined mechanism in place for consultation and review. 	<ul style="list-style-type: none"> ● Documentation of consultations and conclusions/actions.

2. POLICY AND STRATEGY

2c. Policy and Strategy are developed, reviewed and updated.

Comment

Excellent Procurement Organisations are able to monitor and measure the effectiveness of their policies and strategies and their contribution to the mission, values and effectiveness of the overall organisation.

2c. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> ● How the Procurement Organisation monitors the effectiveness of its policies and strategies and contribution to the overall organisation. ● How procurement policies and strategies are updated/improved. ● How the needs and expectations of various stakeholders including partners are balanced and reconciled. ● How risk is assessed in developing policy and strategy. ● How fundamental concepts of quality and excellence are included. 	<ul style="list-style-type: none"> ● The Procurement Organisation has established a baseline for its operations and assesses performance against this. ● Expected changes due to each policy/strategy are compared with actuals. ● Regular reviews of procurement performance identify where policies and strategies are not achieving the desired result. Corrective action is taken and performance assessed. ● Revised procurement policies and strategies are subject to same approval and communication processes as the originals. ● Common needs identified and incorporated. Priorities for others defined and agreed with Stakeholders. ● Risk management practices used. ● Principles of Excellence Model incorporated into Policy and Strategy. 	<ul style="list-style-type: none"> ● Measures are defined, documented and staff are aware of these. ● Performance reports available, notes of reviews and appropriate action. ● Evidence that policy and strategy changes are documented, approved and communicated to all who received originals. ● Evidence of meetings/priorities defined and communicated. ● Risk management programme documented – actions/results assessed. ● Comments in strategy documents

2. POLICY AND STRATEGY

2d. Policy and Strategy are deployed through a framework of key processes.

Comment

Excellent Procurement Organisations clearly identify the processes that are key to delivery of their policies and strategies. They continually seek ways of improving these processes in order to enhance their contribution to the overall organisation's objectives.

2d. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How procurement processes are tailored to meet the needs of customers and stakeholders. • How cost is removed from procurement processes. • How critical success factors for each key procurement process are defined and measured. 	<ul style="list-style-type: none"> • Processes are developed in conjunction with customers and stakeholders to be user friendly and efficient. • E-commerce/other techniques are fully exploited. • Key process performance is measured regularly and trended. 	<ul style="list-style-type: none"> • Evidence of consultation and joint development/approval. • Use of Government Procurement card. • Availability and use of Government Secure Intranet. • Government targets for E-commerce met. • Performance trends available plus improvement actions defined.

2. POLICY AND STRATEGY

2e. Policy and Strategy are communicated and implemented.

Comment

In Excellent organisations procurement policy and strategy are widely communicated and form the bases and guiding principles for plans and actions.

2e Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How ownership and commitment to procurement policies and strategies are demonstrated by the Board, Senior Managers and Procurement Organisation Managers. • How implementation is effected and measured. 	<ul style="list-style-type: none"> • Senior Managers communicate procurement policy and strategy down through the organisation and demonstrate commitment and ownership through their actions and personal involvement. • Customers and shareholders commitment to the policy and strategy is sought. • Implementation properly planned and resourced. • Effectiveness and progress monitored, measured and reported to the Board/Senior Management. • Clear cascade of policies and strategies from department/division/group to individual's objectives. 	<ul style="list-style-type: none"> • Planned programme of dissemination – personal presentations/discussions. • Managers systematically present and consult with customers and stakeholders. • Implementation plans produced and communicated to all concerned. • Regular reviews scheduled and actions identified and followed up. • Individual's objectives show linkages to overall organisation's procurement policies and strategies.

3. PEOPLE

3. People

How the organisation manages, develops and releases the knowledge and full potential of its people at an individual, team-based and organisation-wide level, and plans these activities in order to support its policy and strategy and the effective operation of its processes.

Comment

People is defined as all the individuals employed by the organisation and others who participate in the task of serving its customers, directly or indirectly.

In a procurement context this refers to all the individuals employed by the Procurement Organisation and others who carry out procurement activities.

This may include procurement staff in other parts of the Department/Agency, who, while independent of the Procurement Organisation in terms of line management, look to it for matters of procurement policy, strategy and training.

3. PEOPLE

3a. People resources are planned, managed and improved.

Comment

Procurement resources need to be flexible to handle widely differing demands - from strategy development and input at Board level to detailed and technical negotiation with suppliers.

Professional development should be a key consideration and an integral part of people management.

3a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> How the Procurement Organisation plans its people resources to meet the overall organisation's needs. 	<ul style="list-style-type: none"> The procurement resource plan reflects the Board level strategic input requirement as well as more routine management of standard procurement activities. The resource policy and plan covers recruitment and retention of the right people with the right skills. 	<ul style="list-style-type: none"> There is an approved Procurement Organisation resource plan available. Skill requirements identified. Resource plan documented and implemented.
<ul style="list-style-type: none"> How the Procurement Organisation takes into account the views and feedback of its people on human resource policies and practices. 	<ul style="list-style-type: none"> Regular surveys of staff views/feedback from assessments. 	<ul style="list-style-type: none"> System in place for collating and analysing feedback.

3a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation improves its ways of working. 	<ul style="list-style-type: none"> • The Procurement Organisation routinely assesses new tools and techniques and ensures its people are properly trained in the use of any that are adopted. • The Procurement Organisation has an active benchmarking programme to compare its operation against 'best in class'. • High performance team working skills developed. 	<ul style="list-style-type: none"> • The assessment process for evaluating new tools and techniques is well established - evidence of these assessments should be available with appropriate conclusions and actions defined. • There is a regularly updated improvement plan available. • Training plan reflects need to develop teamworking skills. • Examples of innovative working methodologies.

3. PEOPLE

3b People's knowledge and competencies are identified, developed and sustained.

Comment

Procurement Organisations in government have not had a tradition of longer-term career development for their people. This has resulted in a loss of expertise and high basic training requirements for new entrants. Excellent organisations provide career development for procurement people that is comparable with other mainstream activities and also ensure that Senior Managers in all other areas of the overall organisation have had exposure to procurement activities and needs.

Performance, compensation and recognition of individuals and teams are linked to quality and performance objectives.

3b Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation promotes the implementation and further development of the Government Procurement Service (GPS). 	<ul style="list-style-type: none"> • GPS implementation is planned and appropriately resourced. Progress is monitored and action taken to correct deviation from plan. • Individuals have a career plan with appropriate work experience to equip them for more senior/other procurement positions. 	<ul style="list-style-type: none"> • Implementation plans produced and disseminated. • Evidence of progress reviews and decisions taken on any deviations from plan. • Acquisition of appropriate professional qualifications. • Job rotations/secondments.
<ul style="list-style-type: none"> • How the Procurement Organisation educates and provides guidance to non-procurement staff - eg Senior Managers in other parts of the Department 	<ul style="list-style-type: none"> • Non Procurement Managers are educated through workshops/seminars/one to one/secondments etc on good procurement practice. • 'Fast Streamers' seconded to the Procurement Organisation for a period. 	<ul style="list-style-type: none"> • Programme of education agreed and implemented. • Greater Procurement influence on the overall organisation's programmes and decisions.

3. PEOPLE

3b. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation defines primary performance measures - job purpose/prime accountabilities. • How the Procurement Organisation responds to changing circumstances, needs and the operating environment. • How the Procurement Organisation reviews its performance, learns from and builds on its successes and makes effective plans to correct deficiencies. 	<ul style="list-style-type: none"> • The Procurement Organisation's prime performance measures have been identified and these cascade to team and individual performance measures. • Job purposes show linkages to prime performance measures. • Bases for performance measures are periodically reviewed for relevance/applicability. • Customers' needs and the operating environment are regularly assessed. • Staff are trained in providing customer service – internally and externally. • Performance against targets is regularly reviewed. Corrective action taken to address deviations in performance. 	<ul style="list-style-type: none"> • Performance measures documented, agreed by Senior Management, reviewed and agreed by teams and individuals. • Job accountabilities defined. • System established to check applicability of measures and bases for these. • Evidence of reviews/corrective action in response to comments/complaints. • Performance data. • Corrective action plans.

3. PEOPLE

3c. People are involved and empowered

Comment

In Excellent Procurement Organisations teams and individuals are encouraged to be proactive in their dealings with customers and suppliers.

This means actively engaging with them - through visits, open days, seminars etc to explore and identify needs and effective ways of working together to mutual benefit.

3c. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How individuals actively engage with customers and suppliers in order to develop innovative ways of working together. • How individuals are encouraged to develop their own skills and expertise and use them to the benefit of the Procurement Organisation. 	<ul style="list-style-type: none"> • Individuals are empowered to develop a programme of customer and supplier visits and to develop plans to improve methods of working. • Individuals are given active support by HOP. • Team working is actively encouraged • Individuals are encouraged to develop their skills and expertise through appropriate training/release/continuing professional development. • Achievements are recognised and celebrated. • Opportunities are sought to allow individuals to use their relevant skills. 	<ul style="list-style-type: none"> • Programme of visits for each individual. • Plans available for improvement - reviewed, approved and supported by HOP. • Cross functional teams with high Procurement involvement. • Evidence of training/developmental programmes. • Individuals pursuing/working towards qualifications. • Support from the organisation in terms of funding/time allowed. • Individuals able to use their skills. • Secondments/job rotations

3. PEOPLE

3d. People and the organisation have a dialogue

Comment

For effective procurement there needs to be close liaison between the Procurement Organisation and other parts of the overall organisation, and in many cases the creation and operation of cross functional teams.

3d. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation manages cross functional communication and contributes to the creation and operation of cross functional teams where appropriate. • How the Procurement Organisation provides specific opportunities and mechanisms for its people to exchange information/views/ideas on procurement matters/best practice. 	<ul style="list-style-type: none"> • The Procurement Organisation has a planned programme of making cross functional contacts to ensure awareness of needs. • Is instrumental in creation and management of cross functional teams. • Arrangements in place to provide up to date information to its people on all aspects of procurement. Likely to include some social aspects as well as pure work. 	<ul style="list-style-type: none"> • Programme available, followed and updated. • Dissemination of relevant information arising from these contacts. • Updating of operational plans as appropriate in the light of this information. • Evidence of active involvement eg. facilitating/administration. • Communication meetings within Procurement Organisation, social events/other mechanisms for exchange of information.

3. PEOPLE

3e. People are rewarded, recognised and cared for.

Comment

Procurement Organisation often have heavy workloads, tight deadlines and individuals working in isolation. In such circumstances morale and employee satisfaction can suffer. Effective Procurement Organisations address this issue through team support.

3e. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> How the Procurement Organisation supports its people, provides guidance and assistance and manages high workload periods. 	<ul style="list-style-type: none"> Effective team working culture and support established. Forward resource needs prediction and planning system in place. 	<ul style="list-style-type: none"> Employee morale and satisfaction surveys. Teamworking skill development activities Forward resource plans available and acted on.
<ul style="list-style-type: none"> How the Procurement Organisation provides facilities and services for its people. 	<ul style="list-style-type: none"> Working arrangements flexible to meet both the individual and organisational needs. Consultation with staff on needs. Social and cultural programme. 	<ul style="list-style-type: none"> Flexi-time arrangements where appropriate. Staff input to working needs – consultative meetings.
<ul style="list-style-type: none"> How the Procurement Organisation recognises its people. 	<ul style="list-style-type: none"> People’s achievements are recognised and celebrated. Active support given for self development. 	<ul style="list-style-type: none"> Social and cultural activities shared. Award ceremonies.

4. PARTNERSHIPS AND RESOURCES

4. Partnerships and Resources

How the organisation plans and manages its external partnerships and internal resources in order to support its policy and strategy and the effective operation of its processes.

Comment

In devolved government an essential aspect of an Excellent Procurement Organisation is the ability to create, maintain and effectively use partnerships and collaborative arrangements to mutual benefit.

Procurement Organisations may not have complete control over the resources they use to carry out their activities. Any restrictions should be identified but the emphasis should be on effective and efficient management within those constraints.

4. PARTNERSHIPS AND RESOURCES

4a External partnerships are managed

Comment

Significant savings/improved service and supply can be achieved by government departments/agencies operating in partnership or collaboration with each other.

The role of the Office of Government Commerce needs to be used to best effect by Procurement Organisations for the benefit of their department and government in general.

Competition remains the cornerstone of government procurement policy. This must be backed by honesty, fairness and even handedness in dealing with suppliers to avoid conflicts of interest. Within this framework of competition it is in departments' interest to work with suppliers to secure improvements in the performance of both parties to mutual benefit.

Procurement Organisations are the driving force for effective supplier management and where appropriate the development of longer term strategic relationships.

4a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation works with the OGC to obtain maximum benefit for the overall organisation and government generally. • How the Procurement Organisation develops collaborative arrangements with other government departments to mutual benefit. 	<ul style="list-style-type: none"> • Relationships with the OGC defined and built into operational plan. • Contribution to OGC defined in terms of people/skills etc. • Beneficial collaborative arrangements identified and then actively supported and resourced. • Results monitored to ensure benefit achieved. 	<ul style="list-style-type: none"> • Documentation of relationship. • Participation in OGC activities/initiatives. • 'Business case' for collaboration defined. • Results/benefits documented and reported regularly.

4a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation manages relationships with regulatory bodies. • How the Procurement Organisation handles supplier management and the development of relationships with key suppliers. 	<ul style="list-style-type: none"> • Relationship defined. Compliance with requirements. • The Procurement Organisation has developed and implemented a supplier management policy and strategy that is integrated into the procurement strategy to support the overall organisation's objectives. • Key suppliers are identified and there is a specific plan for development of the relationship with each to the appropriate level. • Contracts with suppliers are designed wherever practical to promote continuous improvement and benefit sharing. 	<ul style="list-style-type: none"> • Programme of actions available. • Supplier management plan developed and communicated to staff. Responsibility allocated. • Evidence of clear linkage between supplier management plan and overall organisation's procurement strategy. • Regular meetings/reviews with suppliers. • Plans for improvement in place and followed through. • Buyers able to identify contracts with built in continuous improvement/benefit sharing features.

4. PARTNERSHIPS AND RESOURCES

4b. Finances are managed.

Comment

Procurement Organisations are in a strong position to influence financial management and the use of financial resources in progressing the overall organisation's objectives and programme.

4b. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation is involved in capital or programme spend (in addition to normal running cost spend). 	<ul style="list-style-type: none"> • Procurement involvement in capital and programme spend is clearly defined and covers such aspects as <ul style="list-style-type: none"> – gathering market intelligence – advice on specifications – advice on legislation, competition rules and procurement rules – negotiations – contract formation and letting – contract management – relationship management – pricing mechanisms – legal issues 	<ul style="list-style-type: none"> • There is a defined policy for involving Procurement in capital and programme spend. • Best practice notes/guidance available and followed. • Programme and Capital Project Managers are aware of the need to apply procurement practices to their spend. • Programme and Capital Project Managers have received training/information on the requirements for effective procurement.
<ul style="list-style-type: none"> • How the Procurement Organisation assesses and manages risk. 	<ul style="list-style-type: none"> • Risk management techniques defined and used. • Risk management programme in operation. 	<ul style="list-style-type: none"> • Individuals have received training in risk management. • Plans/actions to minimise/eliminate risk available and implemented.

4. PARTNERSHIPS AND RESOURCES

4c. Buildings, equipment and materials are managed.

Comment

Procurement Organisations have a responsibility to effectively manage the assets that they use for their own operation. They are also ideally placed to lead or have a major input to effective and efficient management of the buildings, equipment and other assets of the overall organisation due to their knowledge of market conditions.

4c Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation contributes to management of the overall organisation's assets (ie departmental assets). 	<ul style="list-style-type: none"> • The Procurement Organisation is instrumental in examination and optimisation of the use of the whole organisation's assets. • Benchmarks against similar organisations and market conditions. 	<ul style="list-style-type: none"> • Evidence of periodic reviews of requirements, options, and tracking of market conditions.

4. PARTNERSHIPS AND RESOURCES

4d. Technology is managed

Comment

Rapid developments in computer hardware and software have provided the opportunity for step changes in the use of electronic commerce, with a corresponding reduction in procurement costs and the ability for end users to have direct access to suppliers while retaining appropriate controls and achieving best value for money.

Excellent Procurement Organisations have mechanisms in place to rapidly assess and embrace such technology.

4d. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation assesses and introduces electronic commerce to the benefit of the whole organisation. 	<ul style="list-style-type: none"> • The Procurement Organisation has a clearly defined policy and strategy for the introduction of electronic commerce which is approved and supported at Board level. • Implementation plans to meet government targets are in place and responsibilities assigned. • The Procurement Organisation is in discussion with suppliers and leading them towards electronic commerce capability. 	<ul style="list-style-type: none"> • Cohesive and comprehensive policy and strategy approved at Board level. • Use of Government Procurement Card or similar mechanism to take costs out of low value procurement. • Relevant staff have access to Government Secure Intranet and the Internet or plans to achieve this have been defined. • Plans and milestones established for adoption of electronic commerce for calls for competition.

4. PARTNERSHIPS AND RESOURCES

4e. Information and knowledge are managed

Comment

Information and Knowledge Resources are defined as business, technical and other information and experience, together with the means of making this available and accessible.

Procurement Organisations are one of the key links that an overall organisation has with the outside world. As such they are a prime conduit for information and knowledge flowing both ways and must have efficient and effective systems for collecting, collating and disseminating this to the right people.

4e. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> ● How the Procurement Organisation collects, assesses, validates and uses procurement related information, knowledge and experience to enhance its services. 	<ul style="list-style-type: none"> ● The Procurement Organisation has a clearly defined information and knowledge management policy that covers <ul style="list-style-type: none"> – the type of data to be collected – how it is assessed/validated/improved – how it is disseminated and used effectively ● Typical procurement related information will include <ul style="list-style-type: none"> – market intelligence – procurement activities of other Government Departments and Agencies – benchmarking data – best practice – new tools and techniques ● Generating innovative and creative thinking through the use of information and knowledge resources. 	<ul style="list-style-type: none"> ● Policy documented with responsibilities defined. ● Evidence of data collection, assessment, validation and transmission to interested parties. ● Evidence of such data being considered and used in decision making ie actions defined. ● People aware of need for information and knowledge management and know how to access it.

5. PROCESSES

5. Processes

How the organisation designs, manages and improves its processes in order to support its policy and strategy and fully satisfy, and generate increasing value for, its customers and other stakeholders.

Comment:

A **Process** is defined as a sequence of steps which adds value by producing required outputs from a variety of inputs

Procurement processes affect the overall organisation and can represent a significant proportion of the total cost of a transaction. Time is often a critical element as well and procurement processes should be flexible to accommodate particular needs of customers and stakeholders.

5 PROCESSES

5a. Processes are systematically designed and managed.

Comment:

Procurement processes have to satisfy the needs of a variety of interested parties:

- End users
- Suppliers
- Finance Division
- Auditors
- Procurement staff

As well as providing satisfactory control the processes need to meet wider government drives and initiatives, involvement and interface with OGC and legal requirements.

Key procurement processes should cover not only the purchase to pay cycle but the planning and analysis processes that surround the core.

Procurement processes are 'engines' for delivery of policy and programme. As such they need proper management, performance checks against expectations and appropriate adjustments to maintain top performance.

5a. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation identifies the key business needs of the overall organisation and the procurement processes that support these. • How the Procurement Organisation's processes are tailored to meet the needs of all interested parties. 	<ul style="list-style-type: none"> • The Procurement Organisation is involved in development of the overall organisation's strategic business plan and delivery of its programmes. • Procurement processes key to the success of these are identified and their impact evaluated. • An in depth analysis of the service provided – as customers experience it – and the processes which deliver that service. 	<ul style="list-style-type: none"> • The Procurement Organisation has identified its key processes and individual staff members are aware of these and their importance to the organisation. • Evidence of impact evaluation <ul style="list-style-type: none"> – risk analysis if they fail – contingency plans developed and tested
<ul style="list-style-type: none"> • How procurement process interface issues inside, the organisation and with outside bodies, are managed. 	<ul style="list-style-type: none"> • The Procurement Organisation maintains a dialogue with all interested parties to establish their needs and continuing satisfaction of these. 	<ul style="list-style-type: none"> • Regular meetings with interested parties – actions arising – processes adjusted to meet needs.
<ul style="list-style-type: none"> • How the Procurement Organisation allocates responsibility for day to day management of all its processes and ensures they perform as 'advertised'. 	<ul style="list-style-type: none"> • Each procurement process has a nominated 'owner' who monitors performance against agreed service levels and ensures compliance with these. 'Owner' reports performance regularly and 'trouble shoots' any problems or issues. 	<ul style="list-style-type: none"> • Ownership of processes documented. • People aware of who to contact in the event of difficulties. • Performance reports available and acted upon

5 PROCESSES

5b Processes are improved, as needed, using innovation in order to fully satisfy and generate increasing value for customers and other stakeholders

Comment:

Procurement Organisations generally have not had a tradition of innovation and creativity. The ones that have and are now regarded as leaders have achieved this through providing time and encouragement for their staff to develop and expand their roles and influence with their customers and through the adoption of the latest tools, techniques and technologies.

Changes in procurement processes will usually affect a much larger population than the Procurement Organisation itself and can have significant credits or debits. The impact and benefit on this wider population, End Users, Finance, Suppliers etc needs to be assessed when any procurement process changes are considered and measurement taken after implementation to confirm this.

5b. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation encourages its staff to innovate and develop their roles and processes with their customers. 	<ul style="list-style-type: none"> • Procurement staff have specific objectives to develop their roles and processes and interaction with their customers. • Good practice in one area is communicated and adopted in other areas. 	<ul style="list-style-type: none"> • Procurement staff can show evidence of their objectives and activities in developing their roles. • Mechanisms in place for spreading and adopting good practice internally.
<ul style="list-style-type: none"> • How the Process organisation assesses the overall benefit (debit) of any changes it makes to procurement processes. 	<ul style="list-style-type: none"> • The Procurement Organisation draws up a business case for any changes and reviews these with all interested parties to get their 'buy in' prior to implementation. 	<ul style="list-style-type: none"> • Business cases produce and reviewed with appropriate people. • Senior management approval obtained.

5 PROCESSES

5c. Products and Services are designed and developed based on customer needs and expectations

Comment

Procurement Organisations need to constantly seek ways of adding value while reducing processing costs and cycle times in order to more effectively and efficiently meet their customers' and stakeholders' needs.

Excellent Procurement Organisations lead in this activity rather than responding to customers' and stakeholders' concerns or requests.

Within the public sector there are numerous opportunities for benchmarking against similar (and dissimilar) organisations in order to establish new and challenging targets.

5c. Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> ● How the Procurement Organisation anticipates its customers' and stakeholders' needs and leads in performance enhancement. ● How the Procurement Organisation uses OGC and its network of public sector contacts to establish benchmarking partners. ● How the Procurement Organisation uses the data available on the Government Secure Intranet to enhance its target setting. 	<ul style="list-style-type: none"> ● The Procurement Organisation is aware of its customers' and stakeholders' business needs and targets and develops its own processes to further their aims and objectives. ● The Procurement Organisation has characterised its own operation and identified potential benchmarking partners. ● Data available from GSI is regularly analysed for applicability and use. 	<ul style="list-style-type: none"> ● Customer and stakeholder needs and targets defined. ● Analyses of Procurement Organisation's contribution to each of its customers' aims. ● Plans to adjust Procurement processes to enhance overall organisational effectiveness. ● Characteristics that the Procurement Organisation wishes to benchmark are defined and documented. ● List of potential partners and plans to establish contact with these. ● Responsibilities defined – output from analyses.

5. PROCESSES

5d Products and Services are produced, delivered and serviced

Comment

Procurement is often seen as a 'hurdle' that customers need to clear in order to get on with their 'real' job.

Procurement Organisations need to 'deliver as advertised', promote the added value that effective Procurement can give and ensure appropriate follow up to the services provided.

5d Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How the Procurement Organisation markets its services to the overall organisation. 	<ul style="list-style-type: none"> • Procurement marketing plan and programme established that involves everyone in the Procurement Organisation. 	<ul style="list-style-type: none"> • Marketing plan available to staff. • Progress and effectiveness monitoring.
<ul style="list-style-type: none"> • How the Procurement Organisation ensures that it performs 'as advertised'. 	<ul style="list-style-type: none"> • Monitoring programme of procurement performance with follow up/correction of deficiencies. 	<ul style="list-style-type: none"> • Regular reporting of results – follow up actions.

5. PROCESSES

5e Customer relationships are managed and enhanced

Comment

There is a need for Procurement to be proactive in its dealings with customers in order to adequately influence strategy and ensure appropriate input.

This requires development of relationships, understanding customers business needs and objectives and demonstrating how Procurement can add value.

5e Other Areas to Address	Procurement Good Practice	Possible Evidence
<ul style="list-style-type: none"> • How Procurement people develop customer relationships and understanding of their business needs. 	<ul style="list-style-type: none"> • Procurement people have a programme of customer visits/contacts. • Customer business needs are identified and the Procurement processes examined to ensure user friendliness/effectiveness. • Back up for Procurement staff if away on leave or sick. 	<ul style="list-style-type: none"> • Visit programme. • Documentation of customer needs. • Processes reviewed with customers. • Alternative contacts identified.

6. CUSTOMER RESULTS

6. Customer Results

Definition

What the organisation is achieving in relation to its external customers.

Comment:

A **Customer** is defined as the immediate customer of the Procurement Organisation and all other customers in the complete chain of distribution of its products and services.

Customers of Procurement Organisations will judge satisfaction with the services provided in a variety of ways and against their particular needs. Their input is therefore essential in order to determine what constitutes satisfaction for them and the measures to assess it.

6. CUSTOMER RESULTS

6a. Perception Measures

These measures are of the customers' perceptions of the organisation (obtained for example from customer surveys, focus groups, vendor ratings, compliments and complaints).

Comment

Although the Procurement Organisation needs to have its own measures of its performance in providing customer satisfaction customers will have their own perceptions of the quality of work produced.

The Procurement Organisation needs to have in place suitable measures of these customer perceptions.

6a. Other Areas to Address	Procurement Good Practice	Possible Measures
<ul style="list-style-type: none"> • Performance of the Procurement Organisation against customer expectations. This will include 'how' the service is provided – not just the technical excellence. 	<ul style="list-style-type: none"> • A clear understanding of what customers and stakeholders expect from the Procurement Organisation. • Challenging performance standards that meet or exceed these customer expectations. • Measurement of customer satisfaction – but consider only 'very satisfied' or 'delighted' as 'captive' customers. 	<ul style="list-style-type: none"> • SERVQUAL Methodology - see Procurement Marketing Best Practice Guide (Surveys of customer satisfaction - be cautious of too frequent surveys). • Amount of additional programme/policy delivery achieved due to Procurement contribution. (Implies an annual plan and tracking against this). • Demand for procurement training and awareness. • Quality of guidance/documentation. • Perception of image, accessibility, responsiveness.

6. CUSTOMER RESULTS

6b. Performance Indicators.

These measures are the internal ones used by the organisation in order to monitor, understand, predict and improve the performance of the organisation and to predict perception of its external customers.

Comment

Direct measurement of customer satisfaction should not be carried out too often otherwise 'survey fatigue' might be counter-productive. (Once per year would generally be appropriate for a full survey). The Procurement Organisation therefore needs to measure customer satisfaction, by indirect means, more regularly in order to maintain a running assessment and to correlate this with the full surveys.

6b. Other Areas to Address	Procurement Good Practice	Possible Measures
<ul style="list-style-type: none"> • Indirect methods of assessing or inferring customer satisfaction with the Procurement Organisation's performance. 	<ul style="list-style-type: none"> • The Procurement Organisation has a range of indirect measures targeted at those areas that correlate with customer satisfaction and Procurement Organisation influence. 	<ul style="list-style-type: none"> • Percentage of non pay spend influenced by the Procurement Organisation • Percentage take up of framework agreements – percentage of spend on a particular item or service placed through a framework agreement. • Performance against Service Level Agreements/other performance standards. • Performance against specific customer requests eg timeliness • Level of complaints/compliments and responses/action to the former • Staff 'customer service' training levels • Level of staff suggestions made for improvements in customer service and those implemented.

7. PEOPLE RESULTS

7. People Results

Definition

What the organisation is achieving in relation to its people.

Comment

Everyone who is involved in procurement – those directly employed by the Procurement Organisation and those who carry out procurement activities but employed by other parts of the organisation should be asked for their perception of what the Procurement Organisation is achieving in relation to their satisfaction.

7. PEOPLE RESULTS

7a. Perception Measures

These measures are of the people's perception of the organisation (obtained, for example, from surveys, focus groups, interviews, structured appraisals).

Comment

The main areas of specialist input and contribution to its people from the Procurement Organisation will be:

- (i) in the provision of technical guidance, support and expertise to those people carrying out procurement.
- (ii) in developing their professional status in Procurement and managing their careers.

7a. Other Areas to Address	Procurement Good Practice	Possible Measurers
<ul style="list-style-type: none"> ● Performance of the Procurement Organisation against its people's expectations. This will include not only the physical provision of facilities, technical excellence and backup but the culture and empathy of the organisation. 	<ul style="list-style-type: none"> ● A clear understanding of what the organisation's people expect it to provide. ● Measurement of people's satisfaction with <ul style="list-style-type: none"> – the information, training, policy guidance, procedures that they need to carry out their job effectively and efficiently – the support, guidance and assistance in progressing their career in public sector procurement – the 'culture' of the Procurement Organisation – communication – leadership – recognition – pay, benefits, terms and conditions – the working environment 	<ul style="list-style-type: none"> ● Satisfaction surveys of the people involved in Procurement ● Feedback from focus groups <ul style="list-style-type: none"> – positive to negative comments ● Feedback from counselling sessions – strengths/weaknesses identified.

7. PEOPLE RESULTS

7b. Performance Indicators

These measures are the internal ones used by the organisation in order to monitor, understand, produce and improve the performance of the organisation's people and to predict perceptions.

Comment

The Procurement Organisation needs to make its own assessment of employee satisfaction and to correlate this with direct surveys of people satisfaction with what it does and the way it goes about its business.

7b. Other Areas to Address	Procurement Good Practice	Possible Measures
<ul style="list-style-type: none"> Indirect methods of assessing or inferring employees' satisfaction with the Procurement Organisation's performance. 	<ul style="list-style-type: none"> The Procurement Organisation has a range of indirect measures targeted at those areas that correlate with people satisfaction. 	<ul style="list-style-type: none"> Performance against the organisation's own targets <ul style="list-style-type: none"> number achieved percentage of people achieving their personal targets Number of people 'lost' to the private sector. Percentage of procurement people receiving at least one counselling session/year. Number of people pursuing vacancies in the Procurement Organisation. Number of people pursuing professional qualifications. Training success rates. Number of constructive suggestions for improvement of customer service. Designated posts entered into GPS register. Involvement in improvement activities. Sickness and absenteeism. Attendance at social/cultural events organised by the Procurement Organisation.

8. SOCIETY RESULTS

8 Society Results

Definition

What the organisation is achieving in relation to local, national and international society as appropriate.

Comment

Procurement Organisations are often a prime conduit for contact with the private sector, trade organisations and regulatory bodies, such as, the EC, WTO, Planning Authorities etc.

This section examines how the Procurement Organisation is viewed by the outside world. It involves perception of the organisation's approach to quality of life, the environment, the preservation of global resources and the organisation's own internal measures to assess this.

8. SOCIETY RESULTS

8a. Perception Measures

These measures are of the society's perception of the organisation (obtained, for example, from surveys, reports, public meetings, public representatives, governmental authorities).

Comment

'Society' for Procurement Organisations could be interpreted as those bodies and people with which it has contact – in order to carry out its business – the local community, its suppliers, partners, other Government Departments.

8a. Other Areas to Address	Procurement Good Practice	Possible Measures
<ul style="list-style-type: none"> • Performance of the Procurement Organisation in complying with all relevant regulations plus a proactive concern for society and the people with whom it deals. • What aspects of the Procurement Organisation's operation affect the locality and community and how. • How the Procurement Organisation is viewed by those parts of the community that it does affect. 	<ul style="list-style-type: none"> • An awareness of how the Procurement Organisation is seen by the bodies with which it deals. ie is it perceived as professional, knowledgeable, compliant with regulations and agreements and a contributor to the sensible interpretation and promotion of these? • Knowledge of what aspects do affect the community and locality and whether they are positive or negative. • Knowledge of how the Procurement Organisation is viewed and plans for how this can be effectively managed and improved. 	<ul style="list-style-type: none"> • Surveys of bodies with which the Procurement Organisation deals covering such aspects as <ul style="list-style-type: none"> – compliance – contribution – integrity • Survey could cover <ul style="list-style-type: none"> – regulatory bodies – collaboration partners – NGOs/Agencies • Reduction of adverse aspects – turn/them into positive aspects • Survey results • Trends of perceptions over time • Plans for improvement

8. SOCIETY RESULTS

8b Performance Indicators.

These measures are the internal ones used by the organisation in order to monitor, understand, predict and improve the performance of the organisation and to predict perceptions of society.

Comment

As a centre of excellence the Procurement Organisation is in a position to use its expertise for the benefit of the community in which it operates.

8b. Other Areas to Address	Procurement Good Practice	Possible Measures
<ul style="list-style-type: none"> • Internal and indirect methods of assessing or inferring the impact the Procurement Organisation has on the society in which it operates. 	<ul style="list-style-type: none"> • The Procurement Organisation has a range of indirect measures that allows it to assess its effect on society and to correlate these with direct surveys (see 8a) <ul style="list-style-type: none"> – the Procurement Organisation is a proactive and supportive member of the public procurement community • The Procurement Organisation has developed and implemented a rational environmental policy which combines real protection for the environment while delivering value for money for its customers. 	<ul style="list-style-type: none"> • Percentage of time given to work associated with the wider public procurement community. <ul style="list-style-type: none"> – OGC committees and workgroups – lectures, presentations to outside bodies – involvement in professional bodies developing standards/best practice – Health and Safety statistics – accolades/acknowledgements/awards • Percentage of suppliers working with the Procurement Organisation on environmental improvement for their area of supply. • Percentage of contracts incorporating an environmental protection clause.

9. KEY PERFORMANCE RESULTS

9 Key Performance Results

Definition

What the organisation is achieving in relation to its planned performance.

The organisation will need to define what measures are 'key' to their business and why.

Comment

Excellent Procurement Organisations should be able to demonstrate to their customers and other stakeholders who have an interest in the procurement operation, how their needs and expectations are being met.

Performance will be demonstrated through the results achieved, positive trends and comparison/benchmarking with other organisations carrying out similar activities both in the private and public sectors.

9. KEY PERFORMANCE RESULTS

9a. Key Performance Outcomes.

These measures are key performance outcomes planned by the organisation.

Comment

The two main areas in which a Procurement Organisation will be expected to demonstrate its performance are

- (i) the efficiency of its own operation, its running costs and ability to show year on year efficiencies.
- (ii) the benefit that it is bringing to the organisation as a whole by its professional activities.

9a. Other Areas to Address	Procurement Good Practice	Possible Measures
<ul style="list-style-type: none"> • The cost of its own operation taking into account any changes in the scope and complexity of the operation. • The financial savings/benefits/contribution that the Procurement Organisation is making to the overall operation. • The savings/benefits/contribution from Partnership/collaborative working with OGC. 	<ul style="list-style-type: none"> • Excellent organisations should be able to demonstrate a trend of continuing improvements in efficiency and operating cost reduction through the use of new techniques, improved processes, use of electronic commerce etc. • The Procurement Organisation should be able to show a financial contribution to the overall organisation. Benefits may include quality improvements/reduced life cycle costs. 	<ul style="list-style-type: none"> • Annual cost of the operations adjusted for scope and complexity changes. • Cost to spend £1. • Cost to place and process an order <ul style="list-style-type: none"> – segmented if appropriate to differentiate between low and high value goods and services • Cost trends for regular procurements against RPI or other relevant indices/benchmarks. • Cost of a ‘basket’ of goods and services. • Credits gained from post tender negotiation. • Comparison with other Procurement Organisations procuring similar goods and services. • Life cycle cost reductions. • Quality evaluations – may be incorporated in life cycle costs. • Extra programme/policy delivered compared to the plan developed at the start of the planning period. • Maintenance costs/building costs eg 3% reduction/annum.

9. KEY PERFORMANCE RESULTS

9b. Key Performance Indicators.

These measures are the operational ones used in order to monitor, understand, predict and improve the organisation's likely key performance outcome results.

Comment

Many improvement activities are undertaken by Procurement Organisations in order to contribute to the overall effectiveness and efficiency of the overall organisation. Measurement of the direct financial results of these is often difficult but measurement of the extent and progress of these improvement activities is important in order to achieve correlation with the financial results (see 9a)

9b. Other Areas to Address	Procurement Good Practice	Possible Measures
<ul style="list-style-type: none"> • Areas of activity that directionally will improve overall performance and financial results but a precise contribution cannot be easily determined. 	<ul style="list-style-type: none"> • The Procurement Organisation has a range of other measures that will indicate the progress and effectiveness of improvement activities. 	<ul style="list-style-type: none"> • Number of collaborations with other Procurement Organisations. • Strategic partnerships formed with suppliers. • Benchmarking activities developed and followed through to action/completion. • Grants incorporating procurement conditions/guidance. • Reviews taken after major contracts to learn lessons from successes and difficulties. • Use of electronic commerce <ul style="list-style-type: none"> – percentage of procurement transacted using electronic commerce • Level of market research carried out. • Key processes reviewed and updated. • Procurement processes performance, development/improvement and innovation. • Software packages implemented successfully. • Information and knowledge databases utilisation.

Glossary

CIPS	Chartered Institute of Purchasing and Supply
Customers	Direct recipients of the Procurement Organisation's services
EFQM	The European Foundation for Quality Management
EC	European Commission
OGC	Office of Government Commerce
Overall Organisation	The Main Department or Agency of which the Procurement Organisation is a part
Procurement Organisation	Everyone who carries out Procurement even though they may not have a direct line responsibility to the Procurement Organisation Managers
Procurement Organisation Managers	Managers who are directly within the Procurement Organisation's management structure
Stakeholders	People who have an interest in the operation of the Procurement Organisation
Suppliers	Outside organisations providing goods, and or, services to the Procurement Organisation or its customers in the overall organisation
WTO	World Trade Organisation