

THE PROCUREMENT EXCELLENCE PILOT

A simplified performance review system for Procurement Organisations

Issue 1

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The Procurement Excellence Pilot

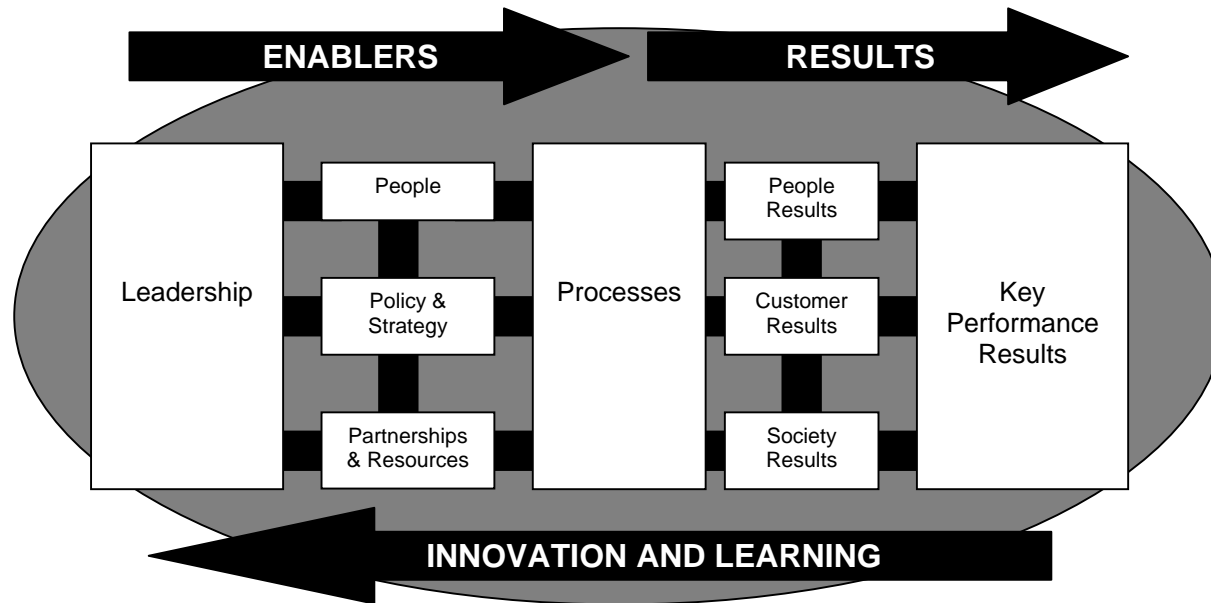
Introduction

The Procurement Excellence Pilot is intended to provide a quick and easy method of assessing the health of your procurement operation, in order to identify areas of strength on which to build and those where improvement may be appropriate.

It does not provide an assessment that is as comprehensive or rigorous as that provided by using the full Excellence Model but covers the same topics and is a useful starter to get procurement performance measurement underway.

You may find that the level of sophistication inherent in this simplified form is sufficient for your needs. If you do need to examine areas in greater depth and detail you should refer to the booklet 'Procurement Excellence – A Guide to Using the EFQM Excellence Model in Procurement'.

The EFQM Excellence Model ®



- The EFQM Excellence Model on which this 'Procurement Excellence Pilot' 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

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How to Use the Procurement Excellence Pilot

- The Procurement Excellence Pilot poses a series of questions designed to assess the strengths and areas for improvement in your Procurement Organisation
- It can be applied to any type of procurement organisation – centralised to highly devolved; where procurement is the main function of the total organisation; to a small service function supporting the main operation.
- We recommend that the assessment is carried out by a number of people at different levels within your Procurement Organisation. People's perceptions will vary depending on their role in the organisation. They are all valid and should be taken into account when assessing the overall situation.

Completing the Questionnaire

- **Sections 1 to 5** ask questions about the Enablers, the systems and processes that an excellent Procurement Organisation 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 Organisation .

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.
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

- The whole purpose of completing the Procurement Excellence Pilot assessment is to identify strengths and areas for improvement in order to make continuous improvements to the way in which you meet your customers' 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.
- 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. The Procurement Excellent Pilot can be used to measure your progress over time.

Benchmarking

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

To achieve specific and actionable plans you will probably need to examine your operation in greater detail and depth than can be provided by this 'Pilot'.

Numerical Scoring

- To get a feel for how your overall procurement operation compares with other Procurement Organisations 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 25)

The Enablers

1. Leadership

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

- 1.1 Has your Department's Management Board or Committee clearly defined the role and strategic objectives for your Procurement Organisation and the values by which you should operate?
- 1.2 Is your Procurement Organisation always involved in the overall Department's strategic planning and use of outside resources?
- 1.3 Do Managers outside your immediate Procurement Organisation understand and actively support the requirements for effective procurement?
- 1.4 Do Managers throughout your Department act as role models in promoting and using your Procurement Organisation?
- 1.5 Are your Procurement Organisation 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
1.1 Has your Department's Management Board or Committee clearly defined the role and strategic objectives for your Procurement Organisation and the values by which you should operate?							
1.2 Is your Procurement Organisation always involved in the overall Department's strategic planning and use of outside resources?							
1.3 Do Managers outside your immediate Procurement Organisation understand and actively support the requirements for effective procurement?							
1.4 Do Managers throughout your Department act as role models in promoting and using your Procurement Organisation?							
1.5 Are your Procurement Organisation Managers personally involved in the way that your organisation operates and continually trying to make improvements?							

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1.6 Are your Procurement Organisation Managers actively involved with customers, partners, suppliers and other stakeholders in understanding and responding to their needs?							
1.7 Have your Managers established mechanisms for ensuring that your Procurement Organisation meets the overall Department's needs?							
1.8 Do your Procurement Organisation Managers actively support the wider Procurement Community and initiatives to enhance the profession?							
1.9 Do your Managers update and improve their own skills and encourage staff to do likewise?							
1.10 Do your Managers encourage teamwork, learning, creativity and innovation?							
1.11 Do your Managers personally support, encourage and motivate individuals and teams and recognise their performance?							

2. Policy & Strategy

What are your Procurement Organisation'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 Organisation participate in the development of the overall departmental policy and strategy?							
2.2 Does your Procurement Organisation take into account the overall departmental objectives when developing its own?							
2.3 Do you specify the needs and expectations of customers, employees, partners and other stakeholders when developing your policy and strategy?							
2.4 Is your policy and strategy based on sound data, appropriate research, an analysis of measured performance and the lessons learned from previous experience?							
2.5 Does your policy and strategy take into account wider government strategies and initiatives?							
2.6 Does your policy and strategy take account of new techniques and technology?							

	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
2.7 Does your Procurement Organisation's policy and strategy take full account of the role of the Office of Government Commerce (OGC) and the opportunities it provides?							
2.8 Do you periodically review and update your policy and strategy to ensure they are relevant to any changes in the operating environment?							
2.9 Do you have contingency plans to cover emergency situations and other perceived risks?							
2.10 Have you identified the key procurement processes that are crucial to delivery of your policy and strategy?							
2.11 Have you communicated your procurement policy and strategy to all relevant parties?							
2.12 Do you have a plan for implementation of your policy and strategy with milestones, success criteria and standards defined to measure progress?							

3. People

How well does your Procurement Organisation manage and develop your people?

- 3.1 Does your Procurement Organisation have a comprehensive policy and plan for recruiting and retaining the right people with the right skills?
- 3.2 Do you actively canvas and take into account your people's views and feedback on human resource policies and practices?
- 3.3 Do you have plans to maintain and develop as appropriate the skills and knowledge of everyone in the Procurement Organisation?
- 3.4 Do you carry out regular performance appraisal of your people?
- 3.5 Do you empower your people and encourage the behaviours inherent in high performance teamworking and cross functional working?
- 3.6 Do you have established mechanisms for effective communication with and between your people – up, down and horizontally?

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

	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 your mechanisms for caring for, and providing reward and recognition for your people appropriate and fair?							
3.8 Has your Procurement Organisation implemented the requirements of the Government Procurement Service and do you actively promote and support this?							
3.9 Do your people have clearly defined objectives and performance measures that are linked to overall departmental objectives?							
3.10 Are your people encouraged to actively engage with suppliers and customers?							
3.11 Are your people encouraged to develop their own skills and expertise?							
3.12 Do you care for your people and monitor and manage their workload?							

4. Partnerships and Resources

How well does your Procurement Organisation use its own physical assets, help manage those of the whole Department and create partnerships with suppliers and other organisations to mutual benefit?

- 4.1 Does your Procurement Organisation develop and manage its relationships with key suppliers to mutual benefit?
- 4.2 Have you established a full working relationship with the OGC in order to obtain maximum benefit for your Procurement Organisation and Department as a whole?
- 4.3 Have you identified and developed strategic partners for collaborative procurement?
- 4.4 Are there systems and processes in place to monitor and control your Procurement Organisation's own operating costs and use of resources?
- 4.5 Does your Procurement Organisation have an active role in capital and programme spend?

	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
4.1							
4.2							
4.3							
4.4							
4.5							

	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
4.6 Does your Procurement Organisation carry out or contribute to risk assessments on capital and programme spend?							
4.7 Is your Procurement Organisation actively involved in managing the overall organisations physical assets such as buildings, equipment and materials?							
4.8 Do you have systems in place to identify and assess any new technologies that may impact on your Procurement Organisation?							
4.9 Is there a defined policy and plan for managing information and knowledge?							
4.10 Has your Procurement Organisation embraced electronic commerce and developed plans to meet or exceed government targets?							
4.11 Is the Government Procurement card in use in your Department and being fully exploited?							
4.12 Do your people have access to the right information to allow them to do their job effectively?							

5 Processes

How effectively do you do things in your Procurement Organisation?

5.1 Has your Procurement Organisation defined all the key processes necessary to deliver your objectives?

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

5.3 Do you measure the effectiveness of these processes?

5.4 Is responsibility for improving processes clearly defined within your Procurement Organisation?

5.5 Does your Procurement Organisation operate any quality, environmental or safety management systems?

5.6 Do you analyse the service provided by your Procurement Organisation to assess the customer's experience?

5.7 Do you benchmark your service effectiveness?

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

	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
5.8 Are your customers, suppliers, partners and other stakeholders consulted and involved in improving your Procurement Organisation's processes?							
5.9 Do you use the data available on the Government Secure Intranet to enhance your services?							
5.10 Are your people encouraged to develop their roles and interaction with customers?							
5.11 Do you have an established and recognised system in place for good practice in one area to be communicated and adopted in other areas?							
5.12 Do you assess the effectiveness of any changes to your processes?							
5.13 Do your people understand their role in seeking improvements to the way they work?							

Results

6. Customer Results

Is your Procurement Organisation meeting your customers' needs and how do you know?

	0 Don't know	1 No	2 Yes	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 Do you ask your customers how they feel about the services you provide?							
6.2 Do your customers' views agree with your views of your services?							
6.3 Does your Procurement Organisation have any targets for customer satisfaction and improving these - eg service level agreements?							
6.4 Are these targets being met?							
6.5 Do you benchmark your levels of customer satisfaction with other Procurement Organisations?							
6.6 Do you have an effective system for handling and rapidly resolving complaints?							
6.7 Do you analyse complaints, draw lessons from these and make appropriate improvements?							

- 6.8 Do you have your own internal systems and measures for assessing customer satisfaction? eg
 – Cycle times
 – Number of complaints/plaudits
 – Take up of framework agreements
- 6.9 Do you provide customer service training for your Procurement Organisation staff?
- 6.10 Are your employee's suggestions for improving customer service actively pursued and implemented?

0 Don't know	1 No	2 Yes	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 your people enjoy working within the Procurement Organisation and do they feel they are being valued, cared for and their needs properly addressed and satisfied?

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

	0 Don't know	1 No	2 Yes	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
7.1							
7.2							
7.3							
7.4							
7.5							
7.6							

	0 Don't know	1 No	2 Yes	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 your Procurement Organisation perceived as practising and providing equal opportunities to all your staff?							
7.8 Do your people receive proper performance appraisal and feedback on a regular basis – not just at a once a year formal occasion?							
7.9 Do your people feel that your Procurement Organisation is responsive to their needs?							
7.10 Is staff turnover decreasing and less people leaving for the private sector?							
7.11 Are the number of people pursuing vacancies in your Procurement Organisation showing an upward trend?							
7.12 Do you provide suitable working conditions and facilities and comply with Health and Safety requirements in your Procurement Organisation?							

8 Society Results

What impact does your Procurement Organisation have on the locality and community in which you operate?

- 8.1 Do you know what aspects of your Procurement Organisation's operation affect the locality and community and how?
- 8.2 Do you know how your Procurement Organisation is viewed by those parts of the community that are affected by you?
- 8.3 Does your Procurement Organisation contribute to your local community in terms of education and training and support for voluntary work? eg Macmillan Hospices, support to local schools and colleges.
- 8.4 To what extent does your Procurement Organisation promote and lead on sound environmental practice – in your own operations and by your suppliers?
- 8.5 Do your health and safety statistics show an improving trend?
- 8.6 Do you know how your Procurement Organisation's professionalism, integrity and contribution are viewed by bodies with whom you deal? eg regulatory bodies and collaboration partners.

	0 Don't know	1 No	2 Yes	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
8.1							
8.2							
8.3							
8.4							
8.5							
8.6							

9 Key Performance Results

Is your Procurement Organisation able to demonstrate your performance to your customers and other stakeholders who have an interest in procurement operations?

9.1 Do you have measures that demonstrate the cost effectiveness and efficiency of your operation?

9.2 Do you have measures that demonstrate the savings/benefits/contribution that you are making to your customers, stakeholders and the overall departmental operation?

9.3 Do you have performance data on key processes and systems?

9.4 Is there evidence to show that improvements in processes and systems have contributed to better performance results?

9.5 Do you have in place indicators that will predict your future performance in key areas of procurement activity? eg
 –Whole life cost
 –Potential savings

0 Don't know	1 No	2 Yes	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	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 Do you monitor the outcomes of improvements you make? eg –Cycle times –Use of electronic commerce							
9.7 Do you monitor and assess the benefits of working with OGC, partners and suppliers? –Cost reduction –Added value of innovative services							
9.8 Do you manage the knowledge that your Procurement Organisation obtains and develops and is it used to best effect? eg –Market research							

SCORING SYSTEM – SIMPLIFIED PERFORMANCE REVIEW

- 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 1.82	=	-10	=
Policy and Strategy		x 1.33	=	-8	=
People		x 1.5	=	-9	=
Partnerships and Resources		x 1.5	=	-9	=
Processes		x 2.15	=	-14	=
Customer results		x 4.0	=	-20	=
People results		x 1.5	=	-9	=
Society results		x 2.0	=	-6	=
Key Performance Results		x 3.75	=	-15	=
				Total Score	

Glossary

Customers	Direct recipients of the Procurement Organisation's services.
Department	The Main Department or Agency of which the Procurement Organisation is a part.
EFQM	The European Foundation for Quality Management.
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 Department as a whole.