## 10 Success Factors

That Make a Procurement Champion





### **10 Success Factors** That Make a Procurement Champion

# Is your authority Champions League material or still in the Second Division?

An effective and efficient procurement regime will secure maximum benefit from an authority's expenditure on the purchase of goods, works and services.

#### The main objectives are:-

- Taking a long-term view of expenditure that includes future running costs;
- Delivering the best possible quality of product; and securing contractual relationships that avoid wasteful disputes and build on proven teams.

These ten success factors will help achieve the above objectives and deliver best practice within the procurement environment in which you operate. You are encouraged to examine your procedures now, to see how close your authority is to being in procurement's 'Champions League'.



## 1. Ensure everybody knows where they are going...

- Clear guidance from the top as to the way ahead is essential. If you don't know where you are going there is little hope of you getting there.
- Before you even start considering the other nine success factors, make sure members have approved a clear corporate procurement strategy, with measurable goals and who is expected to score them, for the next three years.
- Don't just stop there. Make sure that progress in implementing the strategy is continuously monitored and reported to members regularly.



### 2. ...what the rules are...

- Winning is a dream unless the whole team knows the rules. Practical Contract Procedure Rules will encourage best practice and help achieve the objectives within the strategy.
- Make sure everyone involved is aware of them and what they need to do to get the auditors and lawyers 'on side'
- When you are sure they know what they have to do, make sure you tell them how. Help your team by providing them with guidance to support the rules, and which actually demonstrates how to adhere to them and achieve the results you want.



### 3. ...and is aware of what is going on.

- Good communication is the key to success. Make sure you have an effective network which spreads best practice to those on the wings, ensures procurement issues are considered corporately, and maintains a consistent approach in dealing with suppliers.
- Encourage members and key decision makers to 'buy in' to the issues and help ensure the vital 'commitment from the top' by regularly consulting with them on major procurement issues.
- Ensure everybody knows the score by regularly telling them how well you are doing (e.g. progress in delivering the corporate procurement strategy) and constantly remind them of the potential benefits of adopting best practices.

### 4. Know the field and what you have to play with...

- Make your game attractive or nobody will want to play with you. Your key players must understand the supply industry and be aware of current market pressures, prices and influences.
- Engage with potential suppliers regularly (e.g. in pre-tender workshops), explore the market, encourage innovation and take steps to package projects so as to attract maximum interest from bidders.
- But before you do this make sure you know what you have to play with. Ensure your management information systems tell you how much the authority is spending, what it is spending it on and identifies common needs across the authority.



### 5. ...look far enough ahead...

- Thinking of today's game rather than the seasons ahead could result in relegation, so make sure your horizon spans the next three or four years.
- To move up a division you need to think about aggregation, collaboration and partnering as the primary means for securing your long term procurement plans.
- Build long term relationships with suppliers and, wherever possible, establish framework agreements where they are of benefit to you. Remember to use benchmarking to ensure quality and costs remain competitive and take care that long-term contracts do not prevent new opportunities from being explored.
- Make it common practice to evaluate projects on the basis of whole life value for money and establish a culture for appointing firms on the basis of whole life cost rather than today's 'lowest priced tender'.

### 6. ...and plan your steps accordingly.

- A great manager once said, "it's a game of two halves". So break your projects down into manageable steps and allow sufficient time for each stage. Make sure projects are reviewed on completion of each stage to ensure there is no 'scope creep' and that the deliverables are still attainable.
- Involve your supporters (e.g. stakeholders and end users) by identifying their needs at the earliest possible stage and, wherever relevant, establish integrated teams so they may make early contributions to what is required from each procurement exercise.
- Ensure options are appraised and business cases established for all major procurements, taking care to select the right procurement route. Prepare a Project Execution Plan to steer the rest of the process.
- Do not award contracts and then forget them. Make sure they are properly managed to ensure that the deliverables on offer at tender stage are achieved.



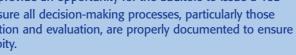


### 7. Ensure all your players are 'match fit'

- Behind every great team is a good coach.
- Identify the skills and qualifications required for each position and, using schedules of competencies, highlight any skills gaps. Then ensure sufficient funds are available so that training is delivered to fill any skills gaps, and that the needs of professional staff are kept updated (e.g. CPD).
- Remember to undertake skills audits regularly to ensure training programmes continue to be relevant and your players maintain their fitness.

### 8. Play fair and think about the risk of losing

- Make sure you do not provide an opportunity for the auditors to issue a 'red card' for unfair play. Ensure all decision-making processes, particularly those relating to tender selection and evaluation, are properly documented to ensure accountability and probity.
- Do all you can to avoid losing. Make risk management an integral part of all procurement processes by identifying the events that could prevent the delivery of the desired outcomes and take appropriate action.
- Through workshops, share risks with contractors and service providers, but take care not to blindly push high risks on to others as this could deter smaller firms or result in the receipt of higher bid prices. If really necessary allocate suitable contingencies to your budgets in respect of any risks that are borne by the client.







### 9. Explore new techniques (i.e. new technology)

- Do not be afraid of changing the way you do things, but be careful to weigh up all the issues first. For example, introduce electronic purchasing arrangements if you are sure they are of benefit (e.g. Procurement Cards; membership of an e-marketplace etc).
- Review all of your procure-to-pay systems and where appropriate, introduce electronic systems for issuing orders and processing invoices for high volume / low valued transactions.
- Make procurement guidance readily available on your authority's Intranet and maintain your Champions League status by including all of the standard documents currently in use (e.g. letters, authorisation forms, questionnaires and assessment forms).



#### 10. Learn and develop

- We all learn from our experiences, so undertake post completion reviews for all major procurements to determine the extent to which the objectives and deliverables were satisfactorily received.
- If your communications are effective then any new instances of good practice can rapidly become standard procedure in the future. Similarly, any weaknesses can be identified and rectified accordingly. So don't be put off if you go a goal down in the first half.
- Winning a championship requires many gains, so stay focused and be prepared to adjust your tactics. By benchmarking and using appropriate performance indicators measure the procurement performance of your authority on a year-by-year basis.



This will enable you to demonstrate whether you are truly moving towards the Champions League!

April 2006 Produced for the Local Government Task Force by Ken Odgers, ContractauditLine Tel: 01525715546 Web: www.contractauditline.com For further information please contact: Natalie Clinton, Local Government Task Force Tel: 020 7592 1149 Email: Natalie.clinton@constructingexcellence.org.uk Web: www.lgtf.org.uk