Technical Procurement Skills and ‘Agency Centric’ Thinking Is Not Enough!

John Ivil
General Manager Government Procurement
25 January 2016
Agenda

• Context
  – System change is occurring in NZ (not just in procurement)
  – Procurers need to get aboard the train or miss it (and bring their agencies with them)
  – The issues government are facing are not too dissimilar to the private sector
• A few questions to ponder – some advice for preparing for the future
• Procurement Capability Index – How do we measure ‘procurement readiness’ within government agencies?
• Wrap up/Questions

"The first big issue requiring attention is the interface of Government with citizens...

"A second important issue is fragmentation...

"The large number of agencies, portfolios and votes makes it more difficult to agree and actively pursue cross cutting objectives, and provide integrated service delivery.

Better Public Services Advisory Group report 2011

"For a country as small as New Zealand, we have an inordinately complex and cluttered state sector...

"The gains from consolidating go beyond efficiencies in running costs: they include more co-ordinated activity, pooled expertise, lower transaction costs and fewer and easier points of interaction for citizens and business."
Procurement (depending who you speak to) is:

• traditionally misunderstood
• undervalued
• under led
• understrength, and
• it won’t change until ‘we’ do something about it!

So how can we fix it as individuals or teams – what can we do?
What do future procurement ‘stars’ bring to the table and how do they operate?

• Technical Skills +
  – Personality – ability to work with others
  – A system thinker
  – Determination - with balance
  – Commercial acumen and speak the language of business
  – An ability to move on from success – pain is temporary but so is accomplishment
  – Walks the tightrope between confidence and arrogance
We only get one chance to make a good first impression, how do we hit it out of the park?

• We do our research – try not to ‘wing it’
• We shut up and actively listen
• Think about your audience and what is important to them – it’s not all about you!
• Confidence – we are the experts....aren’t we?
How does our current bias to traditional procurement approaches inhibit our relationship with business?

- Feeds frustration
- Stifles innovation
- Adds cost
- Reflects badly on individuals and the profession
- Undermines system change

*Good processes and good outcomes are not mutually exclusive!*
How do we keep pace with an ever changing commercial environment - whilst supporting diverse stakeholders?

• We continue to invest in our professional development – remember you are a stakeholder
• We work to understand the disruptive strategies at play
• We communicate appropriately
• We do not work in a silo – work with the system in mind and remember it is easier when we work together
• We ensure we know our strengths and weaknesses
The quality of 4YP with regard to strategically engaging with critical suppliers and markets is an input to the PCI. The PCI will be one input to the Investment Decision Making evaluation process and to BASS.

The PCI will provide a benchmarked measure of how successful leaders have been in building agency capability to use procurement to deliver successful outcomes.

The LSP defines the need for senior leaders to be stewards in the use of supply markets levers to achieve outcomes.

A benchmarked evaluation of procurement capability (commercial acumen)
Procurement Capability Index

### Capability Maturity Model
1. Strategic planning for commercial outcomes
2. Procurement strategy alignment with agency key result areas
3. Commercial leadership to drive outcomes
4. Procurement function engagement with agency stakeholders
5. Governance and organisation of the procurement function
6. Alignment with policy and processes
7. Sourcing and collaboration
8. Supplier relationship management
9. Management of people and skills development
10. Knowledge and performance management
11. Use of technology processes and tools

42 self assessed questions in 11 Categories (Moderated externally once per annum)

### Plus the Following Metrics

#### Plan and Manage for Great Results
1. 4 Year Plan (4YP) meets defined standards for commercial content
2. Annual Procurement Plan Accuracy c.f. GETS
3. % of Contracts (> $100k) with a valid Procurement Plan

#### Be Fair to All Suppliers
4. # of contracts entered into using Exemptions to the rules (Rule 15)
5. # of procurement specialists and % qualified
6. # of other buyers and % trained

#### Get the Right Supplier
7. % of eligible spend channelled through collaborative contracts

#### Get the Best Deal for Everyone
8. % of contracts ($100k plus) reviewed in last 12 months
9. % of the critical suppliers/providers (from the 4YP) who have a formal partnering/framework agreement

#### Play by the Rules
10. Supplier feedback (in conjunction with Industry bodies)
11. % of contracts extended past original term without re-advertising
12. % of contracts with a GETS published post-award notice

#### Procurement Capability Index Score
Rating System: - Strong - Well placed - Needing development - Weak - Unable to rate/not rated

- Increased independence
- Reports to Cabinet
- Sector leadership
- Treasury Investor Confidence Rating
- Recognition and awards

The PCI will benchmark commercial skills across agencies
The PCI and Engagement with Agencies

PCI Targets key influencers and Procurement specialists

- Leadership Success Profile
  - 4 Year Planning
  - Procurement Capability Index

- Procurement Academy
  - Communities of Practice
  - Guides, tools & templates
  - Procurement Capability Index

- e-Learning
  - Induction training
  - Guides, tools & templates

- CEO’s
  - Tier 2 & 3 Managers

- CPO’s, Heads of Procurement, Procurement Specialists

- Contract Owners
  - Delegation Holders
  - Buyers/ Contract Managers
PCI Supports the SSC Leadership Success Profile

Key Leadership Questions

“Where are we going? And how do we get there?”

Leadership as strategy. You will position teams, organisations and sectors to shape, define and respond to the future. Be it policy or service delivery, you work effectively with others to figure out what the future should look like – and how to get there.

Key Leadership Questions

“How do we together build for a better NZ?”

Leadership that builds sustainability, resilience and connections. You ensure capabilities, assets and initiatives are built with the future of the State Services system in mind. You know when and how to use relationships, ICT, financial, supply market and people levers. Managing the tension between the ‘and, and’ you make decisions for the good of the system for the long term.

Key Leadership Questions

“Who are we going? And how do we get there?”

Leadership as strategy. You will position teams, organisations and sectors to shape, define and respond to the future. Be it policy or service delivery, you work effectively with others to figure out what the future should look like – and how to get there.
PCI Supports the SSC Leadership Success Profile

Key Leadership Questions

‘How do we together build for a better NZ?’

Leadership that builds sustainability, resilience and connections. You ensure capabilities, assets and initiatives are built with the future of the State Services system in mind. You know when and how to use relationships, ICT, financial, supply market and people levers. Managing the tension between the ‘and’ and ‘and’ you make decisions for the good of the system for the long term.
Find out more at:

www.procurement.govt.nz

john.ivil@mbie.govt.nz