

Smart Buyer Principles Assessment Tool

This assessment is based on the Smart Buyer Principles identified in the Road Maintenance Task Force Report. That statement of principles is included at the end of this document. Score the following by ticking the appropriate box - (1) Disagree to (5) Strongly Agree

Whenever you score yourself "4 or 5" think of an example you can use to justify your score to an independent auditor

Assessment statement	Score				
	1	2	3	4	5
Our Organisation					
1. Fully understands the different contracting models available					
2. Holds meetings that updates the contracting industry on the forward works programme and any changes it is taking in approach and proactively engages with the contracting industry to ensure that gains optimal value out of any changes being implemented					
3. Has sufficient robust data (or is in the process of gathering robust data) on our networks that enables optimal integrated decision-making					
4. Has access to expertise that fully enables best use of the data available					
5. Is open to alternative solutions to those proposed in the contract documents					
6. Understands risk and how to allocate and manage it					
7. Has a Council that is prepared to pay more now to achieve a lower whole of life cost					
8. Actively pursues value for money & does not always award contracts to the lowest price					
9. Is able to manage supplier relationships / contracts to ensure that expenditure is optimal and sustains infrastructural assets at appropriate levels of service					
10. Supports ongoing skill and competency training and development for its staff					
11. Actively participates in gatherings to share and gain knowledge within the sector					
12. Is effective in keeping up with best practice in procurement including best practice RFP / contract documentation					
13. Regularly seeks and receives candid feedback from suppliers on its own performance as a client and consistently looks to improve its performance					
14. Explores opportunities for collaboration by either sharing in-house resources with neighbours, or by procuring together or tendering together. That exploration could be through an LGA s17A evaluation of transport function delivery options.					
Number of ticks in each column					
Multiplying factor	x1	x2	x3	x4	x5
Total Score in Column					
Total Score					

Score: Interpretation

65 to 70: **A smart buyer:** Our organisation is a smart buyer. We help to minimise rate increases by maximising the value created for our community

55 to 64: **Developing:** Our organisation has embraced the principles of being a smart buyer but can still create further improved value for our communities

30 to 54: **Limited:** Our organisation currently has limited capability to maximise the value created from being a smart buyer

0 to 29: **Basic** Our organisation is focused on tender process and compliance. We have not developed the capability to realise any of the value created for our community from being a smart buyer



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If you were to repeat this assessment in say one- or two-years' time, how do you expect it will have changed, which questions will show the greatest change (up or down) and what action / inaction on the part of your organisation will have been the driver of that change?

The need for 'smarter buyers'

A theme that underpins a number of the conclusions of this review is that RCAs must be both efficient and effective managers of their road assets and smart buyers of the services they require. These issues strongly relate to the concept of 'smart procurement' with a balanced focus across 'the three Es':

1. economy – through securing (or supporting) the provision of products, materials and expertise at the quality, in the volumes and at the times and locations required, at the lowest price
2. efficiency – through the processes used, including standard documentation and contracting forms selected for achieving best cost / quality and outcomes; and knowledge of the product / materials and supplier market applied
3. effectiveness – taking opportunities for changing from traditional products and materials by maintaining support for innovation in the nature and characteristics of products and materials, and for a strong supplier market

The impact of raising the capability of RCAs would include reduced supplier selection process costs, better management of risk and more objective assessment of performance for use in future supplier selection processes.

The contracting industry has provided the following useful analysis of the characteristics of a smart buyer: Some RCAs are smart buyers, but this is believed to be the exception.

Smart buyers have:

- An improved understanding of costs that better inform their decision-making process
- An understanding of the impact delivery models and supplier selection criteria can have on the value of contracts
- Robust forward work programmes that are communicated to the industry and supported by budgets that allows the work to be completed
- Knowledge of the network to determine treatments required based on physical evidence and supported by knowledge of the costs involved
- In house expertise that aids the decision-making process and allows acceptance of innovative solutions possibly with or without the involvement of consultants
- A clear understanding of risk and how it is allocated and managed
- An understanding that lowest price will not always deliver desirable outcomes
- An understanding that being prepared to pay more may result in enhanced whole of life value for money.

Not so smart buyers:

- Award contracts predominately based on price – with little appreciation of any risk to best value for money
- Outsource work to the detriment of asset knowledge
- Choose contract forms that are fashionable, not well understood and poorly managed
- Lack technical and contractual management skills
- Lack asset management skills that prevent the development of robust forward work programmes
- Do not support forward work programmes with appropriate budgets.

Task Force members debated the nuances around individual items in these lists but believe that they provide a platform on which to build a list of the characteristics that would be exhibited by an RCA that has the capability and the capacity to be a smart buyer.

One Task Force member described a smart buyer in the following terms:

A 'smart buyer' RCA ensures its staff are up-to-date, regularly shares best practice experiences with colleagues from other agencies and supports and resources their teams appropriately in the recognition that getting the strategic direction right is a very small cost compared to the consequence of getting it wrong. This requires staff to be involved in regular training, attendance and participation in sector gatherings, and involvement in NZTA investigating teams and the like. Ironically in the interests of 'cost-saving' many agencies are limiting staff involvement in these activities. A smart buyer does not ask the question – what if I train my staff and they leave? – but rather asks the question – what if I don't train my staff and they stay?

